

Silergy Corp.
(Incorporated in the Cayman Islands)
and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2021 and 2020 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Silergy Corp.

Opinion

We have audited the accompanying consolidated financial statements of Silergy Corp. and its subsidiaries (collectively referred to as the “Company”), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's consolidated financial statements for the year ended December 31, 2021 is stated as follows:

Occurrence of Sales Revenue for Specific Customers

The sales revenue amounted NT\$21,488,658 thousand for the year ended December 31, 2021. The revenue of specific agents had grown significantly and the sales amount was significant, thus the occurrence of sales revenue for specific agents was identified as the key audit matter.

The audit procedures developed for this key audit matter were as follows:

1. Understood and evaluated operating procedure and internal control related to revenue recognition. Test the design and implementation effectiveness of the control.
2. Sampled and tested sales transactions from specific agents, whose sales revenue had grown significantly, by inspecting orders, delivery documents, receipt of payment and sending confirmation letters in order to validate the occurrence of sales revenue.
3. Confirmed whether there were any material sales returns and discounts, and supporting documents for the year ended December 31, 2021 and subsequent period.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the 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 members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 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 Ming-Yen Chien and Cheng-Chun Chiu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 10, 2022

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

SILERGY CORP.
(Incorporated in the Cayman Islands)
AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 11,614,236	44	\$ 9,248,146	47
Financial assets at amortized cost - current (Notes 4 and 8)	1,246,936	5	229,696	1
Accounts receivable, net (Notes 4, 9 and 23)	1,919,874	7	1,016,757	5
Other receivables (Notes 4 and 9)	54,909	-	74,012	-
Inventories (Notes 4, 5, 10 and 28)	2,784,411	10	2,314,096	12
Prepayments (Note 18)	<u>446,083</u>	<u>2</u>	<u>152,899</u>	<u>1</u>
Total current assets	<u>18,066,449</u>	<u>68</u>	<u>13,035,606</u>	<u>66</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4, 5 and 7)	3,004,196	11	1,638,644	8
Investments accounted for using the equity method (Notes 4, 5, 12 and 31)	854,729	3	529,349	3
Property, plant and equipment (Notes 4 and 13)	1,471,287	6	1,190,616	6
Right-of-use assets (Notes 4 and 14)	100,924	1	99,835	1
Investment properties (Notes 4 and 15)	632,625	2	582,184	3
Goodwill (Notes 4, 5, 16 and 28)	1,370,260	5	1,824,929	9
Other intangible assets (Notes 4, 17 and 28)	737,355	3	832,630	4
Deferred tax assets (Notes 4 and 25)	54,150	-	38,252	-
Refundable deposits (Note 32)	331,668	1	54,017	-
Net defined benefit assets - non-current (Notes 4 and 21)	889	-	995	-
Long-term prepayments (Note 18)	<u>18,609</u>	<u>-</u>	<u>40,229</u>	<u>-</u>
Total non-current assets	<u>8,576,692</u>	<u>32</u>	<u>6,831,680</u>	<u>34</u>
TOTAL	<u>\$ 26,643,141</u>	<u>100</u>	<u>\$ 19,867,286</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - current (Note 7)	\$ 21,929	-	\$ -	-
Accounts payable (Note 19)	733,715	3	616,402	3
Accounts payable - related parties (Note 31)	7,784	-	1,720	-
Other payables (Note 20)	1,017,188	4	672,769	4
Current tax liabilities (Note 25)	466,678	2	47,532	-
Lease liabilities - current (Notes 4 and 14)	46,191	-	36,793	-
Other current liabilities (Notes 20 and 23)	<u>49,299</u>	<u>-</u>	<u>46,350</u>	<u>-</u>
Total current liabilities	<u>2,342,784</u>	<u>9</u>	<u>1,421,566</u>	<u>7</u>
NON-CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - non-current (Note 7)	16,599	-	33,376	-
Deferred tax liabilities (Notes 4 and 25)	19,420	-	10,886	-
Lease liabilities - non-current (Notes 4 and 14)	33,091	-	40,759	1
Guarantee deposits	<u>53,295</u>	<u>-</u>	<u>10,095</u>	<u>-</u>
Total non-current liabilities	<u>122,405</u>	<u>-</u>	<u>95,116</u>	<u>1</u>
Total liabilities	<u>2,465,189</u>	<u>9</u>	<u>1,516,682</u>	<u>8</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 22 and 27)				
Share capital				
Common shares	<u>943,567</u>	<u>4</u>	<u>929,014</u>	<u>5</u>
Capital surplus	<u>9,256,486</u>	<u>35</u>	<u>7,799,136</u>	<u>39</u>
Retained earnings				
Legal reserve	996,568	4	996,568	5
Special reserve	1,129,475	4	703,512	4
Unappropriated earnings	<u>13,184,448</u>	<u>49</u>	<u>8,912,441</u>	<u>45</u>
Total retained earnings	<u>15,310,491</u>	<u>57</u>	<u>10,612,521</u>	<u>54</u>
Other equity				
Exchange differences on translating foreign operations	(1,461,963)	(6)	(1,129,475)	(6)
Unearned employee benefits	<u>(315,207)</u>	<u>(1)</u>	<u>(180,211)</u>	<u>(1)</u>
Total other equity	<u>(1,777,170)</u>	<u>(7)</u>	<u>(1,309,686)</u>	<u>(7)</u>
Total equity attributable to owners of the Company	23,733,374	89	18,030,985	91
NON-CONTROLLING INTERESTS (Notes 11 and 22)	<u>444,578</u>	<u>2</u>	<u>319,619</u>	<u>1</u>
Total equity	<u>24,177,952</u>	<u>91</u>	<u>18,350,604</u>	<u>92</u>
TOTAL	<u>\$ 26,643,141</u>	<u>100</u>	<u>\$ 19,867,286</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

SILERGY CORP.
(Incorporated in the Cayman Islands)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE, NET (Note 23)	\$ 21,506,066	100	\$ 13,876,445	100
OPERATING COSTS (Notes 10, 24, 28 and 31)	<u>10,050,220</u>	<u>47</u>	<u>7,204,323</u>	<u>52</u>
GROSS PROFIT	<u>11,455,846</u>	<u>53</u>	<u>6,672,122</u>	<u>48</u>
OPERATING EXPENSES (Notes 4, 9, 21, 24 and 31)				
Selling and marketing expenses	968,160	4	738,991	5
General and administrative expenses	665,320	3	712,877	5
Research and development expenses	3,202,832	15	2,161,121	16
Expected credit loss	<u>198</u>	<u>-</u>	<u>722</u>	<u>-</u>
Total operating expenses	<u>4,836,510</u>	<u>22</u>	<u>3,613,711</u>	<u>26</u>
OTHER OPERATING INCOME AND EXPENSES, NET (Notes 13 and 23)	<u>16,716</u>	<u>-</u>	<u>50,503</u>	<u>-</u>
PROFIT FROM OPERATIONS	<u>6,636,052</u>	<u>31</u>	<u>3,108,914</u>	<u>22</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	69,833	-	66,491	-
Other income (Note 24)	213,356	1	226,536	2
Foreign exchange loss, net (Notes 4 and 33)	(101,074)	-	(98,111)	(1)
Interest expenses (Note 24)	(1,096)	-	(981)	-
Gain on disposal of investments	7,722	-	308,371	2
Miscellaneous expenses	(40,617)	-	(51,918)	-
Impairment loss (Note 16)	(412,103)	(2)	(334,101)	(2)
Gain on financial instruments at fair value through profit or loss (Note 30)	66,223	-	234,348	2
Share of loss of associates (Note 12)	<u>(25,536)</u>	<u>-</u>	<u>(134,754)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>(223,292)</u>	<u>(1)</u>	<u>215,881</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	6,412,760	30	3,324,795	24
INCOME TAX EXPENSE (Notes 4 and 25)	<u>(615,430)</u>	<u>(3)</u>	<u>(83,000)</u>	<u>(1)</u>
NET PROFIT FOR THE YEAR	<u>5,797,330</u>	<u>27</u>	<u>3,241,795</u>	<u>23</u>

(Continued)

SILERGY CORP.
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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OTHER COMPREHENSIVE LOSS (Notes 4, 21, 22 and 25)				
Items that will not be reclassified subsequently to profit or loss:				
Exchange differences arising on translation to the presentation currency	\$ (583,859)	(3)	\$ (889,929)	(6)
Remeasurement of defined benefit plans	(117)	-	(167)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	250,413	1	417,740	3
Share of the other comprehensive (loss) income of associates accounted for using the equity method	<u>(4,885)</u>	<u>-</u>	<u>46,735</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>(338,448)</u>	<u>(2)</u>	<u>(425,621)</u>	<u>(3)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 5,458,882</u>	<u>25</u>	<u>\$ 2,816,174</u>	<u>20</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 5,733,776	27	\$ 3,278,478	23
Non-controlling interests	<u>63,554</u>	<u>-</u>	<u>(36,683)</u>	<u>-</u>
	<u>\$ 5,797,330</u>	<u>27</u>	<u>\$ 3,241,795</u>	<u>23</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 5,401,171	25	\$ 2,851,708	20
Non-controlling interests	<u>57,711</u>	<u>-</u>	<u>(35,534)</u>	<u>-</u>
	<u>\$ 5,458,882</u>	<u>25</u>	<u>\$ 2,816,174</u>	<u>20</u>
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$61.51</u>		<u>\$35.72</u>	
Diluted	<u>\$57.72</u>		<u>\$34.01</u>	

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

SILERGY CORP.
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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company							Other Equity (Notes 22 and 27)			Non-controlling Interests (Notes 11 and 22)	Total Equity	
	Share Capital (Note 22)		Capital Surplus (Notes 22 and 27)	Retained Earnings (Note 22)			Exchange Differences on Translating Foreign Operations	Unearned Employee Benefits	Total	Total			
	Number of Shares	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings							Total
BALANCE AT JANUARY 1, 2020	91,481	\$ 914,802	\$ 6,752,006	\$ 763,980	\$ 237,236	\$ 7,019,735	\$ 8,020,951	\$ (703,512)	\$ (136,158)	\$ (839,670)	\$ 14,848,089	\$ 356,696	\$ 15,204,785
Appropriation of the 2019 earnings													
Legal reserve	-	-	-	232,588	-	(232,588)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	466,276	(466,276)	-	-	-	-	-	-	-
Cash dividends distributed by Silergy Corp.	-	-	-	-	-	(686,101)	(686,101)	-	-	-	(686,101)	-	(686,101)
	-	-	-	232,588	466,276	(1,384,965)	(686,101)	-	-	-	(686,101)	-	(686,101)
Changes in percentage of ownership interests in subsidiaries	-	-	1,543	-	-	-	-	-	-	-	1,543	(1,543)	-
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	2,984	-	-	-	-	-	-	-	2,984	-	2,984
Recognition of employee share options by Silergy Corp.	-	-	306,810	-	-	-	-	-	-	-	306,810	-	306,810
Net profit for the year ended December 31, 2020	-	-	-	-	-	3,278,478	3,278,478	-	-	-	3,278,478	(36,683)	3,241,795
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	(807)	(807)	(425,963)	-	(425,963)	(426,770)	1,149	(425,621)
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	-	3,277,671	3,277,671	(425,963)	-	(425,963)	2,851,708	(35,534)	2,816,174
Issue of common shares under employee share options	1,174	11,746	449,602	-	-	-	-	-	-	-	461,348	-	461,348
Recognition of restricted employee shares issued by Silergy Corp.	247	2,466	286,191	-	-	-	-	-	(44,053)	(44,053)	244,604	-	244,604
BALANCE AT DECEMBER 31, 2020	92,902	929,014	7,799,136	996,568	703,512	8,912,441	10,612,521	(1,129,475)	(180,211)	(1,309,686)	18,030,985	319,619	18,350,604
Appropriation of the 2020 earnings													
Special reserve	-	-	-	-	425,963	(425,963)	-	-	-	-	-	-	-
Cash dividends distributed by Silergy Corp.	-	-	-	-	-	(975,465)	(975,465)	-	-	-	(975,465)	-	(975,465)
	-	-	-	-	425,963	(1,401,428)	(975,465)	-	-	-	(975,465)	-	(975,465)
Changes in percentage of ownership interests in subsidiaries	-	-	(67,248)	-	-	-	-	-	-	-	(67,248)	67,248	-
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	2,733	-	-	(60,224)	(60,224)	-	-	-	(57,491)	-	(57,491)
Recognition of employee share options by Silergy Corp.	-	-	522,261	-	-	-	-	-	-	-	522,261	-	522,261
Net profit for the year ended December 31, 2021	-	-	-	-	-	5,733,776	5,733,776	-	-	-	5,733,776	63,554	5,797,330
Other comprehensive loss for the year ended December 31, 2021, net of income tax	-	-	-	-	-	(117)	(117)	(332,488)	-	(332,488)	(332,605)	(5,843)	(338,448)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	5,733,659	5,733,659	(332,488)	-	(332,488)	5,401,171	57,711	5,458,882
Issue of common shares under employee share options	1,262	12,623	503,841	-	-	-	-	-	-	-	516,464	-	516,464
Recognition of restricted employee shares issued by Silergy Corp.	193	1,930	495,763	-	-	-	-	-	(134,996)	(134,996)	362,697	-	362,697
BALANCE AT DECEMBER 31, 2021	94,357	\$ 943,567	\$ 9,256,486	\$ 996,568	\$ 1,129,475	\$ 13,184,448	\$ 15,310,491	\$ (1,461,963)	\$ (315,207)	\$ (1,777,170)	\$ 23,733,374	\$ 444,578	\$ 24,177,952

The accompanying notes are an integral part of the consolidated financial statements.

SILERGY CORP.
(Incorporated in the Cayman Islands)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 6,412,760	\$ 3,324,795
Adjustments for:		
Expected credit loss recognized on trade receivables	198	722
Net gain on financial instruments at fair value through profit or loss	(66,223)	(234,348)
Depreciation expenses	280,935	180,730
Amortization expenses	183,655	199,466
Interest income	(69,833)	(66,491)
Dividend income	(66,127)	-
Interest expenses	1,096	981
Compensation cost of employee share options	522,261	306,810
Compensation cost of restricted employee shares	362,697	244,604
Share of loss of associates	25,536	134,754
Loss on disposal of property, plant and equipment	60	307
Property, plant and equipment transferred to expenses	14	-
Gains on disposal of intangible assets	(16,776)	(50,810)
Gains on disposal of investments	(7,722)	(308,371)
Write-down of inventories	102,525	97,438
Unrealized gain on foreign currency exchange	(3,073)	(1,539)
Impairment loss of goodwill	412,103	334,101
Changes in operating assets and liabilities		
Increase in accounts receivable	(899,264)	(67,385)
Decrease in other receivables	13,441	223,561
Increase in inventories	(564,479)	(462,483)
Increase in prepayments	(293,077)	(20,631)
Increase in refundable deposits	(250,227)	-
(Increase) decrease in defined benefit assets - non-current	(40)	165
Increase (decrease) in accounts payable	116,419	(72,423)
Increase in accounts payable - related parties	6,064	616
Increase in other payables	353,091	205,836
Increase in other current liabilities	2,949	17,519
Cash generated from operations	6,558,963	3,987,924
Interest received	74,891	47,223
Interest paid	(1,096)	(981)
Income tax paid	(202,146)	(50,090)
	<u>6,430,612</u>	<u>3,984,076</u>
Net cash generated from operating activities		(Continued)

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CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	\$ (1,017,240)	\$ -
Proceeds from sale of financial assets at amortized cost	-	1,581,379
Purchase of financial assets at fair value through profit or loss	(1,309,306)	(1,182,168)
Proceeds from sale of financial assets at fair value through profit or loss	-	88,225
Proceeds from liquidation and refund of shares of financial assets at fair value through profit or loss	-	1,234,280
Purchase of investments accounted for using equity method	(414,599)	(1,160,767)
Proceeds from sale of investments accounted for using equity method	27,955	1,312,220
Net cash outflow on business combinations	-	(152,776)
Payments for property, plant and equipment	(530,266)	(307,636)
Proceeds from disposal of property, plant and equipment	169	-
Payments for intangible assets	(122,106)	(54,024)
Proceeds from disposal of intangible assets	-	34,262
Increase in long-term prepayments	(17,170)	(24,959)
Cash dividends received	66,127	-
Increase in refundable deposits	(27,424)	(10,982)
Net cash (used in) generated from investing activities	<u>(3,343,860)</u>	<u>1,357,054</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowing	-	(100,000)
Increase in guarantee deposits	43,200	3,507
Repayment of the principal portion of lease liabilities	(52,807)	(39,015)
Cash dividends paid	(971,321)	(683,341)
Proceeds from exercise of employee share options	516,464	461,348
Net cash used in financing activities	<u>(464,464)</u>	<u>(357,501)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>(256,198)</u>	<u>(243,136)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,366,090	4,740,493
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>9,248,146</u>	<u>4,507,653</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 11,614,236</u>	<u>\$ 9,248,146</u>

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

SILERGY CORP.
(Incorporated in the Cayman Islands)
AND SUBSIDIARIES

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

1. GENERAL INFORMATION

Silergy Corp. (“Silergy”) was incorporated as a limited company under the Company Act of the Cayman Islands on February 7, 2008. Silergy Corp. and its subsidiaries (collectively, the “Company”) mainly design, develop, and sell various integrated circuit products and provide related technical services.

Silergy’s shares have been listed on the Taiwan Stock Exchange since December 2013.

The functional currency of Silergy is the U.S. dollar. However, for greater comparability and consistency of financial reporting, the consolidated financial statements are presented in New Taiwan dollars, since Silergy’s shares are listed on the Taiwan Stock Exchange.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on March 10, 2022.

3. APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the Company’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2022

New, Amended or Revised Standards and Interpretations (the “New IFRSs”)	Effective Date Announced by IASB
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 are applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” are applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Company assessed that the application of above standards and interpretations would not have any material impact on the Company’s accounting policies.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of Silergy and the entities controlled by Silergy (i.e. its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statements of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by Silergy.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Company and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 11 and Tables 6 and 7 for the detailed information of subsidiaries (including the percentage of ownership and main businesses).

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. Other types of non-controlling interests are measured at fair value.

Where the consideration the Company transfers in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gains on bargain purchases. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. The measurement period does not exceed 1 year from the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments is remeasured at fair value at the end of subsequent reporting period with any gain or loss recognized in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

f. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e. foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of Silergy and its foreign operations (including subsidiaries, associates or branches operating in other countries or those that use currencies that are different from Silergy's currency) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income attributed to the owners of Silergy and non-controlling interests as appropriate. The exchange differences accumulated in equity, which resulted from the translation of the assets and liabilities of the entities in the Company from functional currencies to the presentation currency, are not subsequently reclassified to profit or loss.

On the disposal of a foreign operation (i.e. disposal of the Company's entire interest in a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners are reclassified to profit or loss.

g. Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

h. Investments in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The Company uses the equity method to account for its investments in associates. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes its share in the changes in the equity of associates attributable to the Company.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Company's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate and joint venture is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

When the Company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Company's consolidated financial statements only to the extent of interests in the associate that are not related to the Company.

i. Property, plant and equipment

Property, plant and equipment are initially stated at cost and subsequently stated at cost less accumulated depreciation.

Property, plant and equipment in the course of construction are carried at cost. Cost includes professional fees. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties include right-of-use assets and properties under construction that meet the definition of investment properties.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Investment properties acquired through leases were initially measured at cost. These investment properties are subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method.

For a transfer of classification from property, plant and equipment and right-of-use assets to investment properties, the deemed cost of an item of property for subsequent accounting is its carrying amount.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

k. Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units or groups of cash-generating units (referred to as cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized on goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal, and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

l. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

2) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

3) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

m. Impairment of property, plant and equipment, right-of-use assets, investment properties, intangible assets other than goodwill and assets related to contract costs

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use assets, investment properties and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

n. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL and financial assets at amortized cost.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends, interest earned and remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 30.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost, other receivables and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets and contract assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables) and operating lease receivables.

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables and operating lease receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

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

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of Silergy's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

i. Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are designated as at FVTPL.

A financial liability may be designated as at FVTPL upon initial recognition when doing so results in more relevant information and if:

- i) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- ii) The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and has performance evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- iii) The contract contains one or more embedded derivatives so that the entire combined contract (asset or liability) can be designated as at FVTPL.

For a financial liability designated as at FVTPL, the amount of changes in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income and will not be subsequently reclassified to profit or loss. The gain or loss accumulated in other comprehensive income will be transferred to retained earnings when the financial liability is derecognized. If this accounting treatment related to credit risk would create or enlarge an accounting mismatch, all changes in the fair value of the liability are presented in profit or loss.

Fair value is determined in the manner described in Note 30.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

o. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of integrated circuit products. Sales of integrated circuit products are recognized as revenue at the time of delivery because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Revenue from the rendering of services

Revenue from the rendering of services comes from the provision of services based on contracts. The Company recognizes revenue on the basis of percentage of completion for its contracts.

p. Leasing

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets, except for those that meet the definition of investment properties. With respect to the recognition and measurement of right-of-use assets that meet the definition of investment properties, refer to Note j for the accounting policies for investment properties.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, and variable lease payments which depend on an index or a rate, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

q. Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to the grants and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they become receivable.

r. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plan or reductions in future contributions to the plan.

s. Share-based payment arrangements

The fair value at the grant date of the employee share options or restricted shares for employees is expensed on a straight-line basis over the vesting period, based on the Company's estimate of employee share options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options or other equity - unearned employee benefits. It is recognized as an expense in full at the grant date if vested immediately.

When restricted shares for employees are issued, other equity - unearned employee benefits are recognized on the grant date, with a corresponding increase in capital surplus - restricted shares for employees.

At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to capital surplus - employee share options or capital surplus - restricted shares for employees.

t. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (refundable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. A deferred tax liability is not recognized on taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income, in which case, the current and deferred tax are also recognized in other comprehensive income.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Accounting Judgements

a. Significant influence over associates

The Company, the single largest shareholder with less than 50% of the voting rights on the investee, does not have control but has significant influence over the investee.

As stated in Note 12, the Company is the single largest shareholder with 46.09% of the voting rights of Winsheng Material Technology Co., Ltd. (“WMT”). Considering the size of the Company’s holding of voting rights relative to the size and holdings of the other shareholders, which are not widely dispersed, the Company cannot direct the relevant activities of and does not have control over WMT. Consequently, the Company considered and classified WMT as an associate by virtue of the Company’s ability to exercise significant influence over WMT.

Key Sources of Estimation Uncertainty

a. Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from a cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

b. Write-down of inventory

Net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and the historical experience of selling products of a similar nature. Changes in market conditions may have a material impact on the estimation of net realizable value.

c. Fair value measurements and valuation processes

Where some of the Company’s assets and liabilities measured at fair value have no quoted prices in active markets, the Company determines the appropriate valuation techniques for the fair value measurements and whether to engage third party qualified valuers.

Where Level 1 inputs are not available, the Company or engaged valuers determine the appropriate inputs by referring to the analyses of the financial position and the operation results of the investees, recent transaction prices, prices of the same equity instruments not quoted in active markets, quoted prices of similar instruments in active markets, and valuation multiples of comparable entities. If the actual changes of inputs in the future differ from expectation, the fair value might vary accordingly.

The Company updates inputs every quarter to confirm the appropriateness of the fair value measurement.

Information on the valuation techniques and inputs used in determining the fair value of various assets and liabilities is disclosed in Notes 7 and 30.

6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Cash on hand	\$ 546	\$ 607
Checking accounts and demand deposits	8,845,690	9,247,539
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	<u>2,768,000</u>	<u>-</u>
	<u>\$ 11,614,236</u>	<u>\$ 9,248,146</u>

Interest rate ranges for bank deposits on the balance sheet date were as follows:

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Deposits	0.00%-2.30%	0.00%-0.33%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Financial assets - non-current</u>		
Non-derivative financial assets		
Overseas unlisted common shares		
Hangzhou Hualan Microelectronic Co., Ltd. (“Hualan”)	\$ 66,456	\$ 86,367
Calterah Semiconductor Technology (Shanghai) CO., Ltd. (“Calterah”)	91,248	108,081
Shenzhen Anchuang Technology Equity Investment Partnership (Limited Partnership) (“Anchuang”)	26,049	26,189
Powerland Technology Inc. (“Powerland”)	159,590	130,016
Ningbo Meishan Bonded Port Area Anchuang Growth Equity Investment Partnership L.P. (“Ningbo Anchuang”)	75,976	76,384
Zhenjiang Puhe Equity Investment Fund Partnership (Limited Partnership) (“Puhe”)	43,415	43,648
Shanghai Geometrical Perception and Learning Co., Ltd. (“Geometrical”) (a)	81,873	15,390
Hefei Kangtong Equity Investment Partnership (Limited Partnership) (“Kangtong”) (b)	182,195	27,158
Alphatecture Venture Fund Limited Partnership (“Alphatecture”) (c)	178,685	144,507
Yiwu Huaxin Yuanjing Venture Investment Center L.P. (“Huaxin”) (d)	130,245	98,208
Zhejiang Sentronic Semiconductor Co., Ltd. (“Sentronic”) (e)	245,871	309,016
Hangzhou Einno Semiconductor Co., Ltd. (“Einno”) (f)	37,610	5,172
Hangzhou Xinling Enterprise Management Partnership L.P. (“Xinling”) (g)	136,044	80,225

(Continued)

	December 31	
	2021	2020
Chengdu Analog Circuit Technology Inc. (“ACTT”) (h)	\$ 88,358	\$ 87,296
Hefei Walden II IC Industry Investment Partnership L.P. (“Walden”) (i)	613,635	179,357
Fujian Baicheng New Energy Technology Co., Ltd. (“Baicheng”) (j)	123,116	152,769
AIStorm, Inc. (“AIStorm”) (k)	27,022	42,720
Enovate3D (Hangzhou) Technology Co., Ltd. (“Enovate3D”) (l)	151,952	-
Zhejiang Hexin Semiconductor Co., Ltd. (“Hexin”) (m)	151,952	-
Shenzhen Juyuan Xinchuang Capital Fund, LLP (“Juyuan Xinchuang”) (n)	173,659	-
Guangzhou Huaxin Shengjing Venture Capital Center (Limited Partnership) (“Guangzhou Huaxin”) (o)	52,098	-
Xiamen Jianda Guili Equity Partners LLP (“Guili”) (p)	151,952	-
Hangzhou Xight Semi-conductor Technology Co., Ltd. (“Xight”) (q)	15,195	-
Jiangsu CAS-IGBT Technology Co., Ltd. (“CAS-IGBT”) (r)	-	26,141
Wuxi Huaxin Semiconductor Partnership (L.P.) (“Wuxi Huaxin”) (r)	-	-
Vango Technologies, Inc. (“Vango”) (s)	-	-
Hangzhou Xinzhuiwei Enterprise Management Partnership L.P. (“Xinzhuiwei”) (t)	-	-
Silicon Micro Technology L.P. (“SMT”) (u)	-	-
	<u>\$ 3,004,196</u>	<u>\$ 1,638,644</u>

Financial liabilities - current and non-current

Non-derivative financial liabilities

Contingent consideration (v)	<u>\$ 38,528</u>	<u>\$ 33,376</u> (Concluded)
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- a. In January 2019, Silergy Semiconductor Technology (Hangzhou) Co., Ltd (“Hangzhou Silergy”) signed an investment agreement with Geometrical to subscribe capital for RMB8,000 thousand. In March 2020 and July 2021, Hangzhou Silergy subscribed another capital for RMB54 thousand and RMB10,000 thousand, respectively. As of December 31, 2021, the subscribed capital contribution accounted for 2.438% of the paid-in capital.
- b. In October 2019, Hangzhou Silergy signed an investment agreement with Kangtong to subscribe capital for RMB30,000 thousand. In May 2020, Hangzhou Silergy disposed partial of its investment in Kangtong at \$88,225 thousand, which bringing the gains of disposal amounting to \$3,723 thousand. As of December 31, 2021, the subscribed capital contribution accounted for 20.000% of the paid-in capital. The operation of Kangtong is conducted by the General Partner. Hangzhou Silergy is limited partner, only have distribution right, and does not have power over the relevant activities of Kangtong. Thus, Hangzhou Silergy does not have significant influence over Kangtong.
- c. In January 2020, the Company signed an investment agreement with Alphatecture to subscribe capital for US\$10,000 thousand. The Company paid US\$5,074 thousand and US\$1,381 thousand in 2020 and February 2021, respectively. As of December 31, 2021, the Company has paid US\$6,455 thousand, and the subscribed capital contribution accounted for 7.906% of the paid-in capital.

- d. In April 2020, Hangzhou Silergy signed an investment agreement with Huaxin to subscribe capital for RMB30,000 thousand. Hangzhou Silergy paid RMB22,500 thousand and RMB7,500 thousand in 2020 and March 2021, respectively. As of December 31, 2021, Hangzhou Silergy has paid RMB30,000 thousand, and the subscribed capital contribution accounted for 2.147% of the paid-in capital.
- e. In April 2020, Hangzhou Silergy signed an investment agreement with Sentronic to subscribe capital for RMB39,744 thousand. In November 2020, Hangzhou Silergy subscribe another capital for RMB31,350 thousand. As of December 31, 2021, Hangzhou Silergy has paid RMB71,094 thousand, and the subscribed capital contribution accounted for 23.169% of the paid-in capital. Pursuant to the articles of incorporation of Sentronic, voting rights were determined on the basis of percentage of capital commitment. Hangzhou Silergy had a capital commitment of 19.674% in Sentronic, and thus Hangzhou Silergy does not have significant influence over Sentronic.
- f. In May 2020, Hangzhou Silergy signed an investment agreement with Einno to subscribe capital for RMB5,000 thousand. In July 2021, Hangzhou Silergy subscribed another capital for RMB1,000 thousand. As of December 31, 2021, Hangzhou Silergy has subscribed RMB6,000 thousand, and the subscribed capital contribution accounted for 13.625% of the paid-in capital.
- g. In September 2020, Hangzhou Silergy signed an investment agreement with Xinling to subscribe capital for RMB35,020 thousand. Hangzhou Silergy paid RMB18,380 thousand and RMB12,956 thousand in 2020 and January 2021, respectively. As of December 31, 2021, Hangzhou Silergy has paid RMB31,336 thousand, and the subscribed capital contribution accounted for 36.857% of the paid-in capital. The operation of Xinling is conducted by the General Partner. Hangzhou Silergy is limited partner, only have distribution right, and does not have power over the relevant activities of Xinling. Thus, Hangzhou Silergy does not have significant influence over Xinling.
- h. In September 2020, Hangzhou Silergy signed an investment agreement with ACTT to subscribe capital for RMB20,000 thousand. As of December 31, 2021, the subscribed capital contribution accounted for 1.139% of the paid-in capital.
- i. In October 2020, Hangzhou Silergy signed an investment agreement with Walden to subscribe capital for RMB200,000 thousand. Hangzhou Silergy paid RMB41,091 thousand, RMB31,279 thousand, RMB22,484 thousand, RMB40,846 thousand and RMB5,642 thousand in 2020, January, April, May and June 2021, respectively. As of December 31, 2021, Hangzhou Silergy has paid RMB141,342 thousand, and the subscribed capital contribution accounted for 11.418% of the paid-in capital.
- j. In December 2020, Hangzhou Silergy signed an investment agreement with Baicheng to subscribe capital for RMB35,000 thousand. As of December 31, 2021, the subscribed capital contribution accounted for 5.776% of the paid-in capital.
- k. In November 2020, Silergy Technology signed an investment agreement with AIStorm to acquire 178,784 preferred shares for US\$1,500 thousand. As of December 31, 2021, the subscribed capital contribution accounted for 0.682% of the paid-in capital.
- l. In July 2021, Hangzhou Silergy signed an investment agreement with Enovate3D to subscribe capital for RMB35,000 thousand. As of December 31, 2021, the subscribed capital contribution accounted for 16.367% of the paid-in capital.
- m. In July 2021, Hangzhou Silergy signed an investment agreement with Hexin to subscribe capital for RMB35,000 thousand. As of December 31, 2021, the subscribed capital contribution accounted for 14.113% of the paid-in capital.
- n. In November 2021, Hangzhou Silergy signed an investment agreement with Juyuan Xinchuang to subscribe capital for RMB100,000 thousand. Hangzhou Silergy paid RMB40,000 thousand in November 2021. As of December 31, 2021, the subscribed capital contribution accounted for 1.429% of the paid-in capital.

- o. In November 2021, Hangzhou Silergy signed an investment agreement with Guangzhou Huaxin to subscribe capital for RMB30,000 thousand. Hangzhou Silergy paid RMB12,000 thousand in November 2021. As of December 31, 2021, the subscribed capital contribution accounted for 1.768% of the paid-in capital.
- p. In October 2021, Hangzhou Silergy signed an investment agreement with Guili to subscribe capital for RMB35,000 thousand. As of December 31, 2021, the subscribed capital contribution accounted for 58.236% of the paid-in capital. The operation of Guili is conducted by the General Partner. Hangzhou Silergy is limited partner, only have distribution right, and does not have power over the relevant activities of Guili. Thus, Hangzhou Silergy does not have significant influence over Guili.
- q. In October 2021, Hangzhou Silergy signed an investment agreement with Xight to subscribe capital for RMB3,500 thousand. As of December 31, 2021, the subscribed capital contribution accounted for 8.587% of the paid-in capital.
- r. In March 2021, CAS-IGBT restructured investment structure by set up Wuxi Huaxin with all the equity of CAS-IGBT as the price. As of December 31, 2021, the subscribed capital contribution accounted for 3.442% of the paid-in capital.
- s. The board of directors of Vango had resolved to liquidate Vango in April 2020. The Company received partial refunds from the liquidation in August 2020 and June 2021. As of December 31, 2021, Vango has not completed its liquidation procedures.
- t. In March 2020, Hangzhou Silergy signed an investment agreement with Hangzhou Xinzhuowei to subscribe capital for RMB20,000 thousand. Hangzhou Silergy paid RMB15,800 thousand in 2020. In December 2020, Xinzhuowei liquidated. In January 2021, all related registration procedures had been completed.
- u. In August 2018, the Company signed an investment agreement with SMT to subscribe capital for US\$30,000 thousand. The subscribed capital contribution accounted for 24.671% of the paid-in capital. The Company did not have power over the relevant activities of SMT. Thus, the Company did not have significant influence over SMT. However, in April 2020, the Company acquired 21.875% equity of Greenpine Device Ltd. (“Greenpine”). The Company is able to exercise significant influence over Greenpine, and it was accounted for using the equity method. Besides, SMT was a shareholder of Greenpine, and according to the investment agreement, Greenpine must be the sole investment target of SMT. The aforementioned change in influence led to the Company accounting for all of its shares held of SMT using the equity method starting from April 2020. In October 2020, the Company disposed of the equity of Greenpine, which caused the Company to lose significant influence over SMT, and accounted for the shares as at FVTPL again. The aforementioned adjustment was regarded as a disposal of all of the equity of SMT and the reacquisition of 24.671% equity of SMT based on the fair value of US\$26,966 thousand in October 2020. In November 2020, SMT liquidated and the Company received refunds.
- v. In July 2019, the Company acquired a division of NewEdge Technologies, Inc. Pursuant to the contract, under specific conditions, the Company has to pay a certain amount of contingent consideration, which would be settled in two phases. Contingent consideration in the amounts of US\$792 thousand and US\$555 thousand has to be paid before May 31, 2022 and 2023, respectively.
- w. In January 2022, Hangzhou Silergy signed an investment agreement with Hangzhou Xinruiwei Equity Investment Partnership (Limited Partnership) (“Xinruiwei”) to subscribe capital for RMB23,400 thousand. Hangzhou Silergy paid RMB1,000 thousand and RMB22,400 in January and February 2022, respectively.

- x. In February 2022, Hangzhou Silergy signed an investment agreement with Hangzhou Huaxin Yunkai Equity Investment Partnership (Limited Partnership) (“Yunkai”) to subscribe capital for RMB30,000 thousand. Hangzhou Silergy paid RMB15,000 thousand in February 2022.
- y. In February 2022, Hangzhou Silergy signed an investment agreement with Sichuan ZILLNK Technology Co., Ltd. (“ZILLNK”) to subscribe capital for RMB30,000 thousand.

8. FINANCIAL ASSETS MEASURED AT COST - NON-CURRENT

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Current</u>		
Time deposits with original maturities of more than 3 months	\$ <u>1,246,936</u>	\$ <u>229,696</u>
Interest rate range	0.20%-0.28%	0.55%-2.73%

9. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Accounts receivable</u>		
At amortized cost		
Gross carrying amount	\$ 1,922,901	\$ 1,019,670
Less: Allowance for impairment loss	<u>(3,027)</u>	<u>(2,913)</u>
	<u>\$ 1,919,874</u>	<u>\$ 1,016,757</u>
<u>Other receivables</u>		
Rent receivables	\$ 7,501	\$ 508
Tax refund receivables - income tax	2,378	2,981
Interest receivables	1,127	6,185
Tax refund receivables - export tax	-	38,795
Others	<u>44,353</u>	<u>25,543</u>
	<u>\$ 54,909</u>	<u>\$ 74,012</u>

Accounts Receivable

The average credit period of sales of goods was 30-90 days. Due to the short average credit period of sales of goods, no interest was charged on trade receivables.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company’s credit risk was significantly reduced.

The Company applies lifetime expected loss provision for all accounts receivable. The expected credit losses on accounts receivable are estimated with reference to the past default records of the debtor and an analysis of the debtor's current financial position and general economic conditions of the industry in which the debtors operate. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The following table details the loss allowance of accounts receivable:

December 31, 2021

	Not Past Due	1 to 60 Days Past Due	61 to 90 Days Past Due	91 to 180 Days Past Due	Over 180 Days Past Due	Total
Gross carrying amount	\$ 1,838,486	\$ 84,323	\$ 56	\$ 36	\$ -	\$ 1,922,901
Loss allowance (Lifetime ECLs)	-	(3,009)	-	(18)	-	(3,027)
Amortized cost	<u>\$ 1,838,486</u>	<u>\$ 81,314</u>	<u>\$ 56</u>	<u>\$ 18</u>	<u>\$ -</u>	<u>\$ 1,919,874</u>

December 31, 2020

	Not Past Due	1 to 60 Days Past Due	61 to 90 Days Past Due	91 to 180 Days Past Due	Over 180 Days Past Due	Total
Gross carrying amount	\$ 853,949	\$ 165,092	\$ 626	\$ 3	\$ -	\$ 1,019,670
Loss allowance (Lifetime ECLs)	-	(2,913)	-	-	-	(2,913)
Amortized cost	<u>\$ 853,949</u>	<u>\$ 162,179</u>	<u>\$ 626</u>	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ 1,016,757</u>

The movements of the loss allowance of accounts receivable were as follows:

	2021	2020
Balance at January 1	\$ 2,913	\$ 2,406
Net remeasurement of loss allowance	198	722
Amounts written off	-	(73)
Foreign exchange gains and losses	<u>(84)</u>	<u>(142)</u>
Balance at December 31	<u>\$ 3,027</u>	<u>\$ 2,913</u>

10. INVENTORIES

	December 31	
	2021	2020
Finished goods	\$ 853,089	\$ 779,702
Work in progress	1,358,925	1,135,170
Raw materials	<u>572,397</u>	<u>399,224</u>
	<u>\$ 2,784,411</u>	<u>\$ 2,314,096</u>

The cost of goods sold for the years ended December 31, 2021 and 2020 was \$10,050,220 thousand and \$7,204,323 thousand, respectively. The cost of goods sold included inventory write-downs of \$102,525 thousand and \$97,438 thousand for the years ended December 31, 2021 and 2020, respectively.

11. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements:

Investor	Investee	Nature of Activities	Proportion of Ownership		Remark
			2021	2020	
Silergy Corp. ("Silergy")	Silergy Technology ("TECH")	Development, design and sales of power management ICs	100.00%	100.00%	1)
	Silergy Semiconductor Technology (Hangzhou) Co., Ltd ("Hangzhou Silergy")	Development, design and sales of electronic components, and related technical services	100.00%	100.00%	2)
	Silergy Semiconductor (Samoa) Limited ("Silergy Samoa")	Holding company	100.00%	100.00%	3)
	Silergy Semiconductor (Hong Kong) Limited ("HK Silergy")	Holding company	100.00%	100.00%	4)
	Silicon Prospect Investment Limited ("Silicon Prospect")	Holding company	100.00%	100.00%	5)
Hangzhou Silergy	Nanjing Silergy Micro Technology Co., Ltd. ("Nanjing Silergy Micro") (originally named Nanjing Silergy Semiconductor Technology Co., Ltd. ("Nanjing Silergy"))	Development, design and sales of electronic components	66.67%	66.67%	6)
	Xian Silergy Semiconductor Technology Co., Ltd. ("Xian Silergy")	Development, design and sales of electronic components	100.00%	100.00%	7)
	Chengdu Silergy Semiconductor Technology Co., Ltd. ("Chengdu Silergy")	Development and design of electronic components	100.00%	100.00%	8)
	Shanghai Silergy Semiconductor Technology Co., Ltd. ("Shanghai Silergy")	Development and design of electronic components	100.00%	100.00%	9)
	Hefei Silergy Semiconductor Technology Co., Ltd. ("Hefei Silergy")	Development, design and sales of electronic components	100.00%	-	10)
	Silergy Samoa	Silergy Technology (Taiwan) Inc. (originally named Integrated Crystal Technology Inc. ("Crystal"))	Development, design and sales of electronic components	100.00%	100.00%
Silergy Technologies Private Limited		Development, design and sales of electronic components	100.00%	100.00%	12)
Silergy Korea Limited		Development, design and sales of electronic components	100.00%	100.00%	13)
Nanjing Silergy Micro	Shanghai Silergy Microelectronics Technology Co., Ltd. ("Shanghai Silergy Micro") (originally named Shanghai Pengxi Semiconductor Technology Co., Ltd. ("Shanghai Pengxi"))	Development and design of electronic components	100.00%	100.00%	14)
	Nanjing Silergy Micro (HK) Co., Limited ("Nanjing Silergy (HK)") (originally named Nanjing Silergy Semiconductor (Hong Kong) Technology Co., Ltd.)	Development, design and sales of electronic components	100.00%	100.00%	15)

Remarks:

- 1) In May 2008, Silergy set up TECH, which mainly develops and designs power management integrated circuits (ICs). As of December 31, 2021, the paid-in capital of TECH was US\$3,122 thousand.
- 2) In May 2008, Silergy set up Hangzhou Silergy, which develops, designs, and sells electronic components (e.g., ICs), electronic products, communications products and computer software and provides related technical services. As of December 31, 2021, the capital of Hangzhou Silergy was US\$58,520 thousand.
- 3) In December 2012, Silergy set up Silergy Samoa, a holding company. As of December 31, 2021, the capital of Silergy Samoa was US\$24,300 thousand. Silergy Samoa set up a Japan branch in April 2016. As of December 31, 2021, a total capital of US\$3,619 thousand had been injected into the Japan branch.
- 4) In October 2015, Silergy set up HK Silergy, a holding company. Silergy injected capital into HK Silergy at US\$425 thousand in April 2021. As of December 31, 2021, the capital of HK Silergy was US\$11,800 thousand.

- 5) In May 2020, Silergy set up Silicon Prospect, a holding company. Silergy injected capital into Silicon Prospect at US\$8,000 thousand in June 2021. As of December 31, 2021, the capital of Silicon Prospect was US\$13,000 thousand.
- 6) In August 2012, Hangzhou Silergy set up Nanjing Silergy, which mainly develops, designs, and sells electronic components (e.g., ICs), electronic products, communications products and computer software. On December 31, 2019, due to consideration of the overall operation plan, the Company's board of directors decided to bring in external investors and implemented a capital increase by issuing common shares at a premium in the amount of RMB100,203 thousand, and RMB15,500 thousand of capital increase was fully subscribed by the external investors. After the capital increase, the paid-in capital of Nanjing Silergy was RMB46,500 thousand and Hangzhou Silergy's proportion of ownership decreased from 100% to 66.67%. In April 2020, Nanjing Silergy changed its registration name to Nanjing Silergy Micro Technology Co., Ltd.
- 7) In April 2015, Hangzhou Silergy set up Xian Silergy, which develops, designs, and sells electronic components (e.g., ICs), semiconductors and other electronic products. As of December 31, 2021, the capital of Xian Silergy was RMB91,000 thousand.
- 8) In November 2016, Hangzhou Silergy set up Chengdu Silergy, which develops and designs electronic components (e.g., ICs), semiconductors and other electronic products. As of December 31, 2021, the capital of Chengdu Silergy was RMB34,000 thousand.
- 9) In December 2019, Hangzhou Silergy set up Shanghai Silergy, which mainly develops and designs electronic components (e.g., ICs), semiconductors and other electronic products. As of December 31, 2021, the capital of Shanghai Silergy was RMB10,000 thousand.
- 10) In August 2021, Hangzhou Silergy set up Hefei Silergy, which mainly develops, designs, and sells electronic components (e.g., ICs), semiconductors and other electronic products. As of December 31, 2021, the capital of Shanghai Silergy was RMB35,000 thousand.
- 11) In September 2014, Silergy Samoa acquired a 42.59% equity interest in Crystal, consisting of 7,028 thousand common shares, at \$71,685 thousand. Crystal mainly develops, designs, and sells electronic components. In January 2015, Silergy Samoa bought 9,472 thousand common shares of Crystal at \$99,579 thousand and thus acquired a 100% equity interest in Crystal. Crystal changed its registration name to Silergy Technology (Taiwan) Inc. in March 2017. As of December 31, 2021, Crystal's capital was \$317,000 thousand.
- 12) In May 2016, Silergy Samoa set up Silergy Technologies Private Limited in India, which develops, designs and sells electronic components. As of December 31, 2021, the capital of Silergy Technologies Private Limited was US\$2 thousand.
- 13) In November 2017, Silergy Samoa set up Silergy Korea Limited in Korea, which develops, designs and sells electronic components. As of December 31, 2021, the capital of Silergy Korea Limited was US\$311 thousand.
- 14) In April 2016, Hangzhou Silergy set up Shanghai Pengxi, which develops and designs electronic components (e.g., ICs), semiconductors and other electronic products. In June 2019, in consideration of the overall operation plan, the Company's board of directors resolved to adjust the organizational structure, by transferring all of its shares owned of Shanghai Pengxi to Nanjing Silergy (In April 2020, Nanjing Silergy changed its registration name to Nanjing Silergy Micro Technology Co., Ltd.). In August 2021, Shanghai Pengxi changed its registration name to Shanghai Silergy Microelectronics Technology Co., Ltd. ("Shanghai Silergy Micro"). As of December 31, 2021, the paid-in capital of Shanghai Silergy Micro was RMB53,000 thousand.

15) In December 2019, Nanjing Silergy set up Nanjing Silergy Semiconductor (Hong Kong) Technology Co., Ltd. in Hong Kong, which mainly develops, designs, and sells electronic components (e.g., ICs), semiconductors and other electronic products. In June 2020, Nanjing Silergy Semiconductor (Hong Kong) Technology Co., Ltd. changed its registration name to Nanjing Silergy Micro (HK) Co., Limited (“Nanjing Silergy (HK)”). As of December 31, 2021, Nanjing Silergy Micro has injected capital of US\$5,201 into Nanjing Silergy (HK).

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests	
	December 31	
	2021	2020
Nanjing Silergy Micro	33.33%	33.33%

See Table 7 for information on the places of incorporation and principal places of business.

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests		Accumulated Non-controlling Interests	
	For the Year Ended		December 31	
	2021	2020	2021	2020
Nanjing Silergy Micro	\$ 63,554	\$ (36,683)	\$ 444,578	\$ 319,619

The summarized financial information below represents amounts before intragroup eliminations.

Nanjing Silergy Micro and subsidiaries

	December 31	
	2021	2020
Current assets	\$ 1,260,786	\$ 808,830
Non-current assets	460,300	471,474
Current liabilities	(363,259)	(288,071)
Non-current liabilities	(24,092)	(33,376)
Equity	\$ 1,333,735	\$ 958,857
Equity attributable to:		
Owners of Nanjing Silergy Micro	\$ 889,157	\$ 639,238
Non-controlling interests of Nanjing Silergy Micro	444,578	319,619
	\$ 1,333,735	\$ 958,857

	For the Year Ended December 31	
	2021	2020
Revenue	\$ 2,515,945	\$ 1,272,510
Profit (loss)/total comprehensive income for the year	<u>\$ 190,661</u>	<u>\$ (110,049)</u>
Profit (loss)/total comprehensive income attributable to:		
Owners of Nanjing Silergy Micro	\$ 127,107	\$ (73,366)
Non-controlling interests of Nanjing Silergy Micro	<u>63,554</u>	<u>(36,683)</u>
	<u>\$ 190,661</u>	<u>\$ (110,049)</u>
Net cash inflow (outflow) from:		
Operating activities	\$ 295,582	\$ (218,705)
Investing activities	(68,054)	(181,591)
Financing activities	<u>(26,051)</u>	<u>223,515</u>
Net cash inflow (outflow)	<u>\$ 201,477</u>	<u>\$ (176,781)</u>

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2021	2020
<u>Investments in associates</u>		
Material associates		
Hefei SMAT Technology Co., Ltd. (“SMAT”)	\$ 455,379	\$ 474,709
Winsheng Material Technology Co., Ltd. (“WMT”)	204,031	54,640
Associates that are not individually material		
Zhuhai Hengqin Accu-Rate Technology Co., Ltd. (“Accu-Rate”)	150,514	-
JT Microelectronics (Shenzhen) Co., Ltd. (“JT”)	<u>44,805</u>	<u>-</u>
	<u>\$ 854,729</u>	<u>\$ 529,349</u>

a. Material Associates

1) SMAT

In December 2015, SMAT was set up by Hangzhou Silergy, HK Silergy and unrelated third parties. The Company acquired, through Hangzhou Silergy, a 22.22% equity interest in SMAT using a patent worth RMB100,000 thousand, and, through HK Silergy, a 16.42% equity interest for RMB73,876 thousand. The fair value of the patent was determined by an independent third party. Accordingly, a gain of RMB61,361 thousand resulting from the patent-related transaction with SMAT was recognized only to the extent of the interests in this associate that were not related to the Company. To the extent of the investment related to the Company, Hangzhou Silergy recognized an unrealized gain of RMB38,639 thousand, which would be amortized over the economic life of the patent. As of the end of 2021 and 2020, the total realized gain was \$16,776 thousand and \$16,548 thousand, respectively.

The board of directors of SMAT agreed to increase capital and complete the related procedures by the first half of 2018 and the fourth quarter of 2020. The Company did not subscribe to the capital increase in shares in accordance to the original shareholding ratio. Thus, the shareholding ratio of Hangzhou Silergy and HK Silergy dropped from 22.22% and 16.42% to 20.20% and 14.92%, respectively, in the first capital increase, and then dropped to 19.80% and 14.63% in the second capital increase. The Company recognized a loss on disposal of associates amounting to \$112 thousand.

On March 16, 2021, the board of directors of the Company resolved to dispose of 1.29% of the equity of SMAT for RMB6,500 thousand, and the transaction was completed in July 2021. The Company recognized a profit on disposal of associates amounting to \$1,779 thousand, and the shareholding ratio of Hangzhou Silergy dropped to 18.51%.

2) WMT

In November 2020, Silicon Prospect acquired 2,750,000 ordinary shares of WMT for \$55,000 thousand, and its shareholding percentage was 19.84% after the acquisition. Since Silicon Prospect has a seat on the board of directors of WMT, Silicon Prospect is able to exercise significant influence over WMT. The goodwill amounting to US\$514 thousand generated from the acquisition of WMT is included within the carrying amount of the investment.

On May 12, 2021, the board of directors of the Company subscribed for 8,800,000 shares of WMT through share issuance for cash of \$220,000 thousand, and the subscription was completed in October 2021. After the subscription, the shareholding ratio of Silicon Prospect rose to 46.09%. However, management considers that it only does exercise significant influence over WMT; thus, the Company accounts for WMT as an associate, refer to Note 5 for the details.

3) Greenpine and SMT

In April 2020, the Company acquired 3,500 ordinary shares of Greenpine for US\$36,500 thousand, and its shareholding percentage after the acquisition was 21.875%. Since the Company is able to exercise significant influence over Greenpine, and SMT was a shareholder of Greenpine, and Greenpine must be the sole investment target of SMT based on the investment agreement, the Company accounted for its shares held in SMT using the equity method starting from April 2020. The aforementioned adjustment was regarded as a disposal of all of the equity of SMT and the reacquisition of 24.671% of the equity of SMT based on its fair value of US\$28,035 thousand in April 2020. The goodwill generated from the direct and indirect acquisition of Greenpine is included within the carrying amount of the investment.

On September 14, 2020, the board of directors of the Company had resolved to dispose of 21.875% of its shareholding of Greenpine. The equity method of accounting for the investment had been discontinued and the investment was reclassified as non-current assets held for sale. The aforementioned transaction was completed in October 2020, and a gain on disposal of investments amounting to \$308,483 thousand was recognized. On the other hand, since the Company disposed of the investment of Greenpine and lost significant influence over Greenpine, the equity method of accounting for the investment of SMT had been discontinued and the investment was reclassified as financial assets at FVTPL, refer to Note 7 (u) for the details.

The summarized financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRSs adjusted by the Company for equity accounting purposes.

SMAT

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Current assets	\$ 552,482	\$ 492,305
Non-current assets	1,695,453	1,734,526
Current liabilities	(339,761)	(395,544)
Non-current liabilities	<u>(331,776)</u>	<u>(207,645)</u>
Equity	<u>\$ 1,576,398</u>	<u>\$ 1,623,642</u>
Proportion of the Company's ownership	<u>33.14%</u>	<u>34.43%</u>
Equity attributable to the Company	\$ 522,479	\$ 559,035
Unrealized gain on disposal of intangible assets	<u>(67,100)</u>	<u>(84,326)</u>
Carrying amount	<u>\$ 455,379</u>	<u>\$ 474,709</u>

For the Year Ended December 31

	<u>2021</u>	<u>2020</u>
Operating revenue	<u>\$ 612,801</u>	<u>\$ 275,321</u>
Net loss for the year	<u>\$ (38,566)</u>	<u>\$ (177,536)</u>

WMT

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Current assets	\$ 271,689	\$ 89,419
Non-current assets	158,828	63,924
Current liabilities	(25,482)	(6,161)
Non-current liabilities	<u>(11,895)</u>	<u>(712)</u>
Equity	<u>\$ 393,143</u>	<u>\$ 146,470</u>
Proportion of the Company's ownership	<u>46.09%</u>	<u>19.84%</u>
Equity attributable to the Company	\$ 181,197	\$ 29,061
Goodwill	14,231	25,579
Other intangible assets	<u>8,603</u>	<u>-</u>
Carrying amount	<u>\$ 204,031</u>	<u>\$ 54,640</u>

	For the Year Ended December 31, 2021	From November 12, 2020 (Acquisition Date) to December 31, 2020
Operating revenue	<u>\$ 8,157</u>	<u>\$ -</u>
Net loss for the year	<u>\$ (36,820)</u>	<u>\$ (869)</u>

Greenpine (December 31, 2021 and 2020: None)

	From April 2, 2020 (Acquisition Date) to September 13, 2020 (Discontinued Date)
Operating revenue	<u>\$ -</u>
Net loss for the period	<u>\$ (194,336)</u>

SMT (December 31, 2021 and 2020: None)

	From April 2, 2020 (Acquisition Date) to October 27, 2020 (Discontinued Date)
Operating revenue	<u>\$ -</u>
Net loss for the period	<u>\$ (145,753)</u>

b. Associates that are not individually material

1) Accu-Rate

In July 2021, Hangzhou Silergy acquired 26.92% of the equity of Accu-Rate for RMB35,000 thousand. The goodwill generated from the acquisition of Accu-Rate is included within the carrying amount of the investment. Since the valuation of goodwill was not completed before the reporting date, the fair value of goodwill is tentative. As of December 31, 2021, the fair value of goodwill was based on the best possible estimation made by management.

2) JT

In September 2021, Hangzhou Silergy subscribed for 8.33% of the equity of JT for RMB10,000 thousand. Hangzhou Silergy paid RMB6,000 and RMB4,000 in September and December 2021, respectively. Since Hangzhou Silergy is a director of JT, Hangzhou Silergy is able to exercise significant influence over JT. The goodwill generated from the acquisition of JT is included within the carrying amount of the investment. Since the valuation of goodwill was not completed before the reporting date, the fair value of goodwill is tentative. As of December 31, 2021, the fair value of goodwill was based on the best possible estimation made by management.

The board of directors of JT agreed to increase capital and complete the related procedures by the fourth quarter of 2021. Hangzhou Silergy did not subscribe for the capital increase in shares in accordance with its original shareholding ratio. Thus, the shareholding ratio of Hangzhou Silergy decreased from 8.33% to 7.99%.

**From July 16,
2021
(Acquisition
Date) to
December 31,
2021**

The Company's share of:

Loss/total comprehensive loss for the period \$ (1,776)

Refer to Tables 6 and 7 for the nature of activities, principal places of business and countries of incorporation of the associates.

Investments accounted for using the equity method and the share of profit or loss and other comprehensive income or loss of those investments were calculated based on the associates' audited financial statements for the same period as the Company.

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Machinery and Equipment	Office Equipment	Leasehold Improvements	Construction in Progress	Total
<u>Cost</u>						
Balance at January 1, 2021	\$ 966,655	\$ 373,411	\$ 140,264	\$ 21,467	\$ 5,893	\$ 1,507,690
Additions	51,612	361,943	28,207	8,072	80,432	530,266
Disposals	-	(949)	(1,315)	-	-	(2,264)
Reclassification	14,848	38,790	285	-	(83,458)	(29,535)
Effect of foreign currency exchange differences	<u>(5,055)</u>	<u>(3,053)</u>	<u>(1,764)</u>	<u>(192)</u>	<u>(31)</u>	<u>(10,095)</u>
Balance at December 31, 2021	<u>\$ 1,028,060</u>	<u>\$ 770,142</u>	<u>\$ 165,677</u>	<u>\$ 29,347</u>	<u>\$ 2,836</u>	<u>\$ 1,996,062</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2021	\$ 52,493	\$ 190,640	\$ 60,047	\$ 13,894	\$ -	\$ 317,074
Depreciation expense	27,533	148,997	34,101	3,153	-	213,784
Disposals	-	(930)	(1,105)	-	-	(2,035)
Reclassification	(776)	-	-	(188)	-	(964)
Effect of foreign currency exchange differences	<u>(272)</u>	<u>(1,693)</u>	<u>(976)</u>	<u>(143)</u>	<u>-</u>	<u>(3,084)</u>
Balance at December 31, 2021	<u>\$ 78,978</u>	<u>\$ 337,014</u>	<u>\$ 92,067</u>	<u>\$ 16,716</u>	<u>\$ -</u>	<u>\$ 524,775</u>
Carrying amount at December 31, 2021	<u>\$ 949,082</u>	<u>\$ 433,128</u>	<u>\$ 73,610</u>	<u>\$ 12,631</u>	<u>\$ 2,836</u>	<u>\$ 1,471,287</u>

(Continued)

	Buildings	Machinery and Equipment	Office Equipment	Leasehold Improvements	Construction in Progress	Total
<u>Cost</u>						
Balance at January 1, 2020	\$ 762,743	\$ 241,885	\$ 94,412	\$ 52,690	\$ 171,317	\$ 1,323,047
Additions	7,647	129,045	52,004	1,717	117,223	307,636
Acquisitions through business combinations (Note 28)	-	1,569	-	-	-	1,569
Disposals	-	(2,796)	(7,034)	(4,199)	-	(14,029)
Reclassification	302,468	137	(315)	(28,412)	(282,169)	(8,291)
Transfers to investment properties	(121,433)	-	-	-	-	(121,433)
Effect of foreign currency exchange differences	<u>15,230</u>	<u>3,571</u>	<u>1,197</u>	<u>(329)</u>	<u>(478)</u>	<u>19,191</u>
Balance at December 31, 2020	<u>\$ 966,655</u>	<u>\$ 373,411</u>	<u>\$ 140,264</u>	<u>\$ 21,467</u>	<u>\$ 5,893</u>	<u>\$ 1,507,690</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2020	\$ 24,370	\$ 123,191	\$ 36,919	\$ 15,948	\$ -	\$ 200,428
Depreciation expense	24,774	69,249	29,625	4,678	-	128,326
Disposals	-	(2,796)	(6,860)	(4,066)	-	(13,722)
Reclassification	2,474	(160)	(18)	(2,474)	-	(178)
Effect of foreign currency exchange differences	<u>875</u>	<u>1,156</u>	<u>381</u>	<u>(192)</u>	<u>-</u>	<u>2,220</u>
Balance at December 31, 2020	<u>\$ 52,493</u>	<u>\$ 190,640</u>	<u>\$ 60,047</u>	<u>\$ 13,894</u>	<u>\$ -</u>	<u>\$ 317,074</u>
Carrying amount at December 31, 2020	<u>\$ 914,162</u>	<u>\$ 182,771</u>	<u>\$ 80,217</u>	<u>\$ 7,573</u>	<u>\$ 5,893</u>	<u>\$ 1,190,616</u>

(Concluded)

The Company built their headquarters in Hangzhou, and the buildings were used since June 2019.

As of December 31, 2021, transfer of property rights of the buildings in Chengdu had not been completed due to local laws and regulations. The carrying amount of the buildings is RMB12,243 thousand. However, according to the agreement, relevant property rights of the Company are protected by law.

No impairment assessment was performed for the years ended December 31, 2021 and 2020 as there was no indication of impairment.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	35-50 years
Machinery and equipment	3-10 years
Office equipment	2-10 years
Leasehold improvements	3-5 years

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
<u>Carrying amount</u>		
Land	\$ 23,481	\$ 24,149
Buildings	76,906	75,686
Machinery and equipment	<u>537</u>	<u>-</u>
	<u>\$ 100,924</u>	<u>\$ 99,835</u>
	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	<u>\$ 55,977</u>	<u>\$ 22,723</u>
Depreciation charge for right-of-use assets		
Land	\$ 540	\$ 532
Buildings	49,602	39,641
Machinery and equipment	<u>3,218</u>	<u>-</u>
	<u>\$ 53,360</u>	<u>\$ 40,173</u>

Except for the aforementioned addition and recognized depreciation, the Company did not have significant impairment of right-of-use assets during the 12 months ended December 31, 2021 and 2020.

The Company built their headquarters on leasehold land located in Hangzhou and plans to sublease part of the office space under operating leases. The related land use rights are presented as investment properties as set out in Note 15. The amounts disclosed above related to the right-of-use assets do not include right-of-use assets that meet the definition of investment properties.

b. Lease liabilities

	December 31	
	2021	2020
<u>Carrying amount</u>		
Current	<u>\$ 46,191</u>	<u>\$ 36,793</u>
Non-current	<u>\$ 33,091</u>	<u>\$ 40,759</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2021	2020
Buildings	1.88%-2.88%	1.88%-2.88%
Machinery and equipment	1.88%	-

c. Material lease activities and terms

The Company also leases land, buildings and machinery and equipment for the plants and offices and for the use of research and development with lease terms of 1 to 50 years. The Company does not have bargain purchase options to acquire the leasehold land, buildings and machinery and equipment at the end of the lease terms. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

For the investment properties leased out under operating leases, refer to Note 15.

	<u>For the Year Ended December 31</u>	
	2021	2020
Expenses relating to short-term leases	<u>\$ 13,168</u>	<u>\$ 15,182</u>
Total cash outflow for leases	<u>\$ (67,071)</u>	<u>\$ (54,888)</u>

The Company's leases of certain land and buildings qualify as low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

15. INVESTMENT PROPERTIES

	Buildings	Right-of-use Assets	Total
<u>Cost</u>			
Balance at January 1, 2021	\$ 583,361	\$ 18,566	\$ 601,927
Transfers from property, plant and equipment	68,311	-	68,311
Effects of foreign currency exchange differences	<u>(3,122)</u>	<u>(99)</u>	<u>(3,221)</u>
Balance at December 31, 2021	<u>\$ 648,550</u>	<u>\$ 18,467</u>	<u>\$ 667,017</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2021	\$ 19,137	\$ 606	\$ 19,743
Transfers from property, plant and equipment	964	-	964
Depreciation expense	13,389	402	13,791
Effects of foreign currency exchange differences	<u>(103)</u>	<u>(3)</u>	<u>(106)</u>
Balance at December 31, 2021	<u>\$ 33,387</u>	<u>\$ 1,005</u>	<u>\$ 34,392</u>
Carrying amount at December 31, 2021	<u>\$ 615,163</u>	<u>\$ 17,462</u>	<u>\$ 632,625</u>
<u>Cost</u>			
Balance at January 1, 2020	\$ 452,508	\$ 18,081	\$ 470,589
Transfers from property, plant and equipment	121,433	-	121,433
Transfers from right-of-use assets	-	198	198
Effects of foreign currency exchange differences	<u>9,420</u>	<u>287</u>	<u>9,707</u>
Balance at December 31, 2020	<u>\$ 583,361</u>	<u>\$ 18,566</u>	<u>\$ 601,927</u>

(Continued)

	Buildings	Right-of-use Assets	Total
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2020	\$ 6,966	\$ 199	\$ 7,165
Depreciation expense	11,835	396	12,231
Effects of foreign currency exchange differences	<u>336</u>	<u>11</u>	<u>347</u>
Balance at December 31, 2020	<u>\$ 19,137</u>	<u>\$ 606</u>	<u>\$ 19,743</u>
Carrying amount at December 31, 2020	<u>\$ 564,224</u>	<u>\$ 17,960</u>	<u>\$ 582,184</u> (Concluded)

Right-of-use assets included in investment properties refer to land located in Hangzhou, which the Company leased to build their headquarters, and planned to sublease part of their office space to others under operating leases.

The maturity analysis of lease payments receivable of investment properties leased under operating leases as of December 31, 2021 and 2020 was as follows:

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Year 1	\$ 63,256	\$ 24,851
Year 2	77,651	28,361
Year 3	58,123	22,786
Year 4	41,042	20,632
Year 5	22,557	14,372
Over year 5	<u>92,170</u>	<u>-</u>
	<u>\$ 354,799</u>	<u>\$ 111,002</u>

Management was unable to reliably measure the fair value of investment properties located in Hangzhou and Xi'an, because the market for comparable properties in those areas is inactive and alternative reliable measurements of fair value are not available; therefore, the Company determined that the fair values of the investment properties are not reliably measurable.

Investment properties are depreciated using the straight-line method over their estimated useful lives as follows:

Main buildings	35-46 years
Right-of-use assets	50 years

16. GOODWILL

	<u>For the Year Ended December 31</u>	
	2021	2020
<u>Cost</u>		
Balance at January 1	\$ 2,549,161	\$ 2,550,552
Additional amounts recognized from business combinations that occurred during the year (Note 28)	-	107,319
Effect of foreign currency exchange differences	<u>(62,646)</u>	<u>(108,710)</u>
Balance at December 31	<u>\$ 2,486,515</u>	<u>\$ 2,549,161</u>
<u>Accumulated impairment losses</u>		
Balance at January 1	\$ 724,232	\$ 409,308
Impairment losses recognized	412,103	334,101
Effect of foreign currency exchange differences	<u>(20,080)</u>	<u>(19,177)</u>
Balance at December 31	<u>\$ 1,116,255</u>	<u>\$ 724,232</u>
Carrying amount at December 31	<u>\$ 1,370,260</u>	<u>\$ 1,824,929</u>

For the year ended December 31, 2021, the Company evaluated the goodwill generated from the acquisition of the power management related businesses and net assets of Maxim Integrated Products, Inc. (“Maxim”) and Jieng Tai International Electronic Co. (“Jieng Tai”) and recognized impairment losses on goodwill of \$312,040 thousand and \$100,063 thousand for Maxim and Jieng Tai, respectively. The recoverable amount of Maxim and Jieng Tai was US\$61,114 thousand and US\$0 thousand, respectively, which was determined on the basis of the value in use and the discount rate of 13.9% and 14.2%, respectively. The main reason for the impairment loss was the lower than expected profitability of the related products.

For the year ended December 31, 2020, the Company evaluated the goodwill generated from the acquisition of the power management related businesses and net assets of Maxim, NXP B.V. (“NXP”), and NewEdge Technologies Inc. (“NewEdge”), and recognized impairment losses on goodwill of \$193,197 thousand, \$114,395 thousand and \$26,509 thousand for Maxim, NXP and NewEdge, respectively. The recoverable amount of Maxim and NXP was US\$76,474 thousand and US\$11,203 thousand, respectively, which was determined on the basis of the value in use and the discount rate of 13.0% and 17.4%, respectively. The main reason for the impairment loss was the lower than expected profitability of the related products. In addition, the Company evaluated that NewEdge is no longer economically viable, thus, the full amount of goodwill was recognized as an impairment loss.

17. OTHER INTANGIBLE ASSETS

	Computer Software	Technical Know-how	Customer Relationships	Total
<u>Cost</u>				
Balance at January 1, 2021	\$ 123,116	\$ 457,039	\$ 1,131,790	\$ 1,711,945
Additions	81,281	28,221	-	109,502
				(Continued)

	Computer Software	Technical Know-how	Customer Relationships	Total
Disposals	\$ (4,158)	\$ -	\$ -	\$ (4,158)
Effect of foreign currency exchange differences	<u>(3,959)</u>	<u>(10,063)</u>	<u>(31,487)</u>	<u>(45,509)</u>
Balance at December 31, 2021	<u>\$ 196,280</u>	<u>\$ 475,197</u>	<u>\$ 1,100,303</u>	<u>\$ 1,771,780</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2021	\$ 106,090	\$ 290,915	\$ 482,310	\$ 879,315
Amortization expenses	32,739	53,472	97,444	183,655
Disposals	(4,158)	-	-	(4,158)
Effect of foreign currency exchange differences	<u>(3,164)</u>	<u>(6,706)</u>	<u>(14,517)</u>	<u>(24,387)</u>
Balance at December 31, 2021	<u>\$ 131,507</u>	<u>\$ 337,681</u>	<u>\$ 565,237</u>	<u>\$ 1,034,425</u>
Carrying amount at December 31, 2021	<u>\$ 64,773</u>	<u>\$ 137,516</u>	<u>\$ 535,066</u>	<u>\$ 737,355</u>
<u>Cost</u>				
Balance at January 1, 2020	\$ 99,075	\$ 453,435	\$ 1,184,251	\$ 1,736,761
Additions	29,423	6,872	-	36,295
Acquisitions through business combinations (Note 28)	-	12,154	6,249	18,403
Disposals	(254)	-	-	(254)
Effect of foreign currency exchange differences	<u>(5,128)</u>	<u>(15,422)</u>	<u>(58,710)</u>	<u>(79,260)</u>
Balance at December 31, 2020	<u>\$ 123,116</u>	<u>\$ 457,039</u>	<u>\$ 1,131,790</u>	<u>\$ 1,771,945</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2020	\$ 83,550	\$ 231,694	\$ 401,835	\$ 717,079
Amortization expenses	27,620	67,935	103,911	199,466
Disposals	(254)	-	-	(254)
Effect of foreign currency exchange differences	<u>(4,826)</u>	<u>(8,714)</u>	<u>(23,436)</u>	<u>(36,976)</u>
Balance at December 31, 2020	<u>\$ 106,090</u>	<u>\$ 290,915</u>	<u>\$ 482,310</u>	<u>\$ 879,315</u>
Carrying amount at December 31, 2020	<u>\$ 17,026</u>	<u>\$ 166,124</u>	<u>\$ 649,480</u>	<u>\$ 832,630</u>

(Concluded)

The above items of intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	3-10 years
Technical know-how	6-10 years
Customer relationships	5-12 years

18. PREPAYMENTS

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Current</u>		
Prepayments to suppliers	\$ 328,944	\$ 58,841
Offset against business tax payable	69,496	56,892
Prepaid expenses	22,855	10,198
Other prepayments	<u>24,788</u>	<u>26,968</u>
	<u>\$ 446,083</u>	<u>\$ 152,899</u>
<u>Non-current</u>		
Prepayments for equipment	<u>\$ 18,609</u>	<u>\$ 40,229</u>

19. ACCOUNTS PAYABLE

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Accounts payable - operating	<u>\$ 733,715</u>	<u>\$ 616,402</u>

The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

20. OTHER PAYABLES AND LIABILITIES

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Current</u>		
Other payables		
Payables for salaries and bonuses	\$ 793,769	\$ 475,174
Payables for equipment	67,368	29,664
Payables for remuneration of directors	11,850	7,900
Payables for property tax	8,620	1,238
Payables for dividends	8,311	4,167
Payables for mask fees	3,782	5,348
Payables for business tax	1,789	143
Payables for commissions	-	51,366
Payables for royalties	-	12,816
Others	<u>121,699</u>	<u>84,953</u>
	<u>\$ 1,017,188</u>	<u>\$ 672,769</u>
Other liabilities		
Contract liabilities	\$ 33,853	\$ 39,341
Others	<u>15,446</u>	<u>7,009</u>
	<u>\$ 49,299</u>	<u>\$ 46,350</u>

In December 2016, the Company signed a cross-licensing agreement with Monolithic Power Systems, Inc. regarding particular patents. The agreement stated that the Company has to pay US\$150 thousand each quarter, for 5 years from the end of December 2016 to the end of September 2021, totaling US\$3,000 thousand. As of December 31, 2020, the payables for royalties were US\$450 thousand, which had been fully paid in September 2021.

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

Silergy Technology (Taiwan) Inc. (originally named Integrated Crystal Technology Inc.) adopted a pension plan under the Labor Pension Act in Taiwan (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of Silergy's subsidiaries in China are members of retirement benefit plans operated by their respective governments. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Company with respect to the retirement benefit plan is to make the specified contributions.

Silergy's subsidiaries, branches and offices in other areas are required to contribute to the retirement benefit plans according to the relevant policies in their respective areas.

b. Defined benefit plans

Silergy Technology (Taiwan) Inc. adopted a defined benefit plan under the Labor Standards Act of Taiwan (LSA), under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. Silergy Technology (Taiwan) Inc. (originally named Integrated Crystal Technology Inc.) contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds ("the Bureau") under Taiwan's Ministry of Labor; the Company has no right to influence the Bureau's investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2021	2020
Present value of defined benefit obligation	\$ 1,415	\$ 1,233
Fair value of plan assets	<u>(2,304)</u>	<u>(2,228)</u>
Net defined benefit assets	<u>\$ (889)</u>	<u>\$ (995)</u>

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2021	\$ 1,233	\$ (2,228)	\$ (995)
Net interest expense (income)	<u>6</u>	<u>(10)</u>	<u>(4)</u>
Recognized in profit or loss	<u>6</u>	<u>(10)</u>	<u>(4)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(30)	(30)
Actuarial loss - experience adjustments	52	-	52
Actuarial loss - changes in financial assumptions	<u>124</u>	<u>-</u>	<u>124</u>
Recognized in other comprehensive income	<u>176</u>	<u>(30)</u>	<u>146</u>
Contributions from the employer	<u>-</u>	<u>(36)</u>	<u>(36)</u>
Balance at December 31, 2021	<u>\$ 1,415</u>	<u>\$ (2,304)</u>	<u>\$ (889)</u>
Balance at January 1, 2020	\$ 948	\$ (2,108)	\$ (1,160)
Net interest expense (income)	<u>7</u>	<u>(16)</u>	<u>(9)</u>
Recognized in profit or loss	<u>7</u>	<u>(16)</u>	<u>(9)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(69)	(69)
Actuarial loss - experience adjustments	71	-	71
Actuarial loss - changes in financial assumptions	<u>207</u>	<u>-</u>	<u>207</u>
Recognized in other comprehensive income	<u>278</u>	<u>(69)</u>	<u>209</u>
Contributions from the employer	<u>-</u>	<u>(35)</u>	<u>(35)</u>
Balance at December 31, 2020	<u>\$ 1,233</u>	<u>\$ (2,228)</u>	<u>\$ (995)</u>

Through the defined benefit plans under the Labor Standards Act in Taiwan, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government or corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2021	2020
Discount rate	0.57%	0.44%
Expected rate of salary increase	2.50%	2.00%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would decrease/increase as follows:

	December 31	
	2021	2020
Discount rate		
0.5% increase	<u>\$ (114)</u>	<u>\$ (105)</u>
0.5% decrease	<u>\$ 125</u>	<u>\$ 103</u>
Expected rate of salary increase		
0.5% increase	<u>\$ 121</u>	<u>\$ 113</u>
0.5% decrease	<u>\$ (111)</u>	<u>\$ (103)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2021	2020
Expected contributions to the plan for the next year	<u>\$ 37</u>	<u>\$ 35</u>
Average duration of the defined benefit obligation	17.04 years	18.07 years

22. EQUITY

a. Common shares

	December 31	
	2021	2020
Number of shares authorized (in thousands)	<u>200,000</u>	<u>200,000</u>
Shares authorized	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>94,357</u>	<u>92,902</u>
Shares issued	<u>\$ 943,567</u>	<u>\$ 929,014</u>

Fully paid common shares, which have a par value of NT\$10, carry one vote per share and a right to dividends.

For the years ended December 31, 2021 and 2020, Silergy's shares increased by 1,455 thousand and 1,421 thousand because of the employees' exercise of their employee share options and the issuance of restricted shares to employees, respectively.

b. Capital surplus

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Issuance of ordinary shares	\$ 6,136,738	\$ 5,632,897
Employee share options	456,652	303,279
Employee restricted shares	980,615	711,110
<u>May be used to offset a deficit only</u>		
Share of changes in capital surplus of associates	8,742	6,009
Change in percentage of ownership interest in subsidiaries (2)	8,218	75,466
<u>May not be used for any purpose</u>		
Employee share options	1,088,649	719,761
Employee restricted shares	<u>576,872</u>	<u>350,614</u>
	<u>\$ 9,256,486</u>	<u>\$ 7,799,136</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).
- 2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from employee share options of subsidiaries.

c. Retained earnings and dividend policy

Under the Company's dividend policy in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. In the case of dividends to be paid in cash, the Company's board of directors shall report such distribution in the next annual shareholders' general meeting, after the Company's board of directors approves the distribution of dividends in cash. For the policies on the distribution of employees' compensation and remuneration of directors and supervisors before and after amendment, refer to Note 24(g) on employee benefits expense.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals Silergy's paid-in capital. The legal reserve may be used to offset deficit. If Silergy has no deficit and the legal reserve has exceeded 25% of Silergy's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2020 and 2019 were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended December 31		For the Year Ended December 31	
	2020	2019	2020	2019
Legal reserve	\$ -	\$ 232,588	\$ -	\$ -
Special reserve	425,963	466,276	-	-
Cash dividends	975,465	686,101	10.5	7.5

The above appropriations for cash dividends were resolved by the Company's board of directors on March 16, 2021 and March 18, 2020, respectively; the other proposed appropriations were resolved by the shareholders in their meeting on July 8, 2021 and June 11, 2020, respectively.

In 2020, since the exercise of employee stock options and employee restricted shares is not entitled to dividend distribution, the actual cash dividends per share distributed was adjusted to NT\$10.46497049.

In 2019, since the exercise of employee stock options and employee restricted shares is not entitled to dividend distribution, the actual cash dividends per share distributed was adjusted to NT\$7.47526328.

The appropriations of earnings for 2021, which were proposed by the Company's board of directors on March 10, 2022, were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Special reserve	\$ 332,488	\$ -
Cash dividends	1,698,420	18

The above appropriation for cash dividends was resolved by the Company's board of directors; the other proposed appropriation was resolved by the shareholders in their meeting on May 27, 2022.

d. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	2021	2020
Balance at January 1	\$ (1,129,475)	\$ (703,512)
Recognized for the year		
Exchange differences arising on translation to the presentation currency	(583,325)	(895,392)
Exchange differences on translating the financial statements of foreign operations	255,722	422,054
Share of other comprehensive income of associates accounted for using the equity method	(4,885)	47,375
Balance at December 31	<u>\$ (1,461,963)</u>	<u>\$ (1,129,475)</u>

2) Unearned employee benefits

In the meetings of the shareholders, the shareholders approved a restricted share plan for employees (see Note 27 for the details).

	2021	2020
Balance at January 1	\$ (180,211)	\$ (136,158)
Shares granted	(497,693)	(288,657)
Share-based payment expenses recognized	<u>362,697</u>	<u>244,604</u>
Balance at December 31	<u>\$ (315,207)</u>	<u>\$ (180,211)</u>

e. Non-controlling interests

	2021	2020
Balance at January 1	\$ 319,619	\$ 356,696
Net income (loss)	63,554	(36,683)
Exchange differences arising on translation to the presentation currency	(534)	5,463
Exchange differences on translating the financial statements of foreign operations	(5,309)	(4,314)
Change in percentage of ownership interest in subsidiaries	<u>67,248</u>	<u>(1,543)</u>
Balance at December 31	<u>\$ 444,578</u>	<u>\$ 319,619</u>

23. REVENUE

	For the Year Ended December 31	
	2021	2020
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 21,488,658	\$ 13,873,447
Revenue from the rendering of services	<u>17,408</u>	<u>2,998</u>
	<u>\$ 21,506,066</u>	<u>\$ 13,876,445</u>

a. Contract information

Refer to Note 4 (o).

b. Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Trade receivables (Note 9)	<u>\$ 1,919,874</u>	<u>\$ 1,016,757</u>	<u>\$ 940,390</u>
Contract liabilities			
Sale of goods	\$ 8,175	\$ 27,164	\$ 17,669
Operating leases	<u>25,678</u>	<u>12,177</u>	<u>-</u>
	<u>\$ 33,853</u>	<u>\$ 39,341</u>	<u>\$ 17,669</u>

The changes in the balance of contract assets and contract liabilities primarily result from the timing difference between the Company's satisfaction of performance obligations and the respective customer's payment.

Revenue in the current year that was recognized from the contract liability balance at the beginning of the year and from the performance obligations satisfied in the previous periods was summarized as follows:

	<u>For the Year Ended December 31</u>	
	2021	2020
From contract liabilities at the beginning of the year		
Sale of goods	\$ 27,164	\$ 17,669
Operating leases	<u>12,177</u>	<u>-</u>
	<u>\$ 39,341</u>	<u>\$ 17,669</u>

For information regarding revenue details, refer to Note 35.

24. NET PROFIT

a. Other operating income and expenses

	<u>For the Year Ended December 31</u>	
	2021	2020
Gain on disposal of intangible assets	\$ 16,776	\$ 50,810
Net loss on disposal of property, plant and equipment	<u>(60)</u>	<u>(307)</u>
	<u>\$ 16,716</u>	<u>\$ 50,503</u>

b. Other income

	<u>For the Year Ended December 31</u>	
	2021	2020
Rental income	\$ 76,071	\$ 27,688
Dividend income	66,127	-
Government grants	50,063	183,181
Others	<u>21,095</u>	<u>15,667</u>
	<u>\$ 213,356</u>	<u>\$ 226,536</u>

c. Interest expense

	<u>For the Year Ended December 31</u>	
	2021	2020
Interest on lease liabilities	\$ 1,096	\$ 691
Interest on bank loans	<u>-</u>	<u>290</u>
	<u>\$ 1,096</u>	<u>\$ 981</u>

d. Depreciation and amortization

	<u>For the Year Ended December 31</u>	
	2021	2020
Other intangible assets	\$ 183,655	\$ 199,466
Property, plant and equipment	213,784	128,326
Right-of-use assets	53,360	40,173
Investment properties	<u>13,791</u>	<u>12,231</u>
	<u>\$ 464,590</u>	<u>\$ 380,196</u>
 An analysis of depreciation by function		
Operating cost	\$ 95,038	\$ 27,764
Operating expenses	172,106	140,735
Non-operating income and expenses	<u>13,791</u>	<u>12,231</u>
	<u>\$ 280,935</u>	<u>\$ 180,730</u>
 An analysis of amortization by function		
Operating expenses	<u>\$ 183,655</u>	<u>\$ 199,466</u>

e. Operating expenses directly related to investment properties

	<u>For the Year Ended December 31</u>	
	2021	2020
Direct operating expenses from investment properties generating rental income	\$ 19,853	\$ 7,566
Direct operating expenses from investment properties not generating rental income	<u>12,481</u>	<u>23,745</u>
	<u>\$ 32,334</u>	<u>\$ 31,311</u>

f. Employee benefits expense

	<u>For the Year Ended December 31</u>	
	2021	2020
Post-employment benefits (Note 21)		
Defined contribution plan	\$ 126,666	\$ 27,850
Defined benefit plans	<u>(4)</u>	<u>(9)</u>
	<u>126,662</u>	<u>27,841</u>
Share-based payments		
Equity-settled	<u>884,958</u>	<u>551,414</u>
Short-term employee benefits		
Salary	2,195,823	1,613,095
Labor and health insurance	116,511	80,774
Others	<u>166,559</u>	<u>133,793</u>
	<u>2,478,893</u>	<u>1,827,662</u>
 Total employee benefits expense	<u>\$ 3,490,513</u>	<u>\$ 2,406,917</u>
 An analysis of employee benefits expense by function		
Operating expenses	<u>\$ 3,490,513</u>	<u>\$ 2,406,917</u>

g. Employees' compensation and remuneration of directors

The Company accrued employees' compensation and remuneration of directors at rates of 8% to 20% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2021 and 2020 which have been approved by the Company's board of directors on March 10, 2022 and March 16, 2021, respectively, were as follows:

Accrual rate

	<u>For the Year Ended December 31</u>	
	2021	2020
Employees' compensation	8.76%	8.10%
Remuneration of directors	0.19%	0.22%

Amount

	<u>For the Year Ended December 31</u>	
	2021	2020
Employees' compensation	\$ 560,180	\$ 289,580
Remuneration of directors	11,850	7,900

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2019. Part of the employees' compensation and remuneration of directors for the year ended December 31, 2020 has yet to be distributed.

Information on the employees' compensation and remuneration of directors resolved by Silergy's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

25. INCOME TAX

a. Major components of tax expense recognized in profit or loss

	<u>For the Year Ended December 31</u>	
	2021	2020
Current tax		
In respect of the current year	\$ 624,695	\$ 94,684
In respect of prior years	(1,636)	5,243
Deferred tax		
In respect of the current year	<u>(7,629)</u>	<u>(16,927)</u>
Income tax expense recognized in profit or loss	<u>\$ 615,430</u>	<u>\$ 83,000</u>

A reconciliation of accounting profit and income tax expense was as follows:

	<u>For the Year Ended December 31</u>	
	2021	2020
Profit before tax	<u>\$ 6,412,760</u>	<u>\$ 3,324,795</u>
Income tax expense calculated at the statutory rate	\$ 989,468	\$ 112,432
Nondeductible expenses in determining taxable income	31,847	25,590
Tax-exempt income	(198,090)	-
Tax credit of research and development	(142,953)	(51,291)
Unrecognized loss carryforwards used	(62,025)	(8,345)
Adjustments for prior year's current tax expense	(1,636)	5,243
Others	<u>(1,181)</u>	<u>(629)</u>
Income tax expense recognized in profit or loss	<u>\$ 615,430</u>	<u>\$ 83,000</u>

Silergy and Silergy Samoa are exempt from business income tax in accordance with local laws and regulations.

The applicable corporate tax rate for Silergy Technology (Taiwan) Inc. (originally named Integrated Crystal Technology Inc.) in the ROC was 20%.

The applicable tax rate used by Hangzhou Silergy, Nanjing Silergy Micro (originally named Nanjing Silergy), Xian Silergy, Shanghai Silergy Micro (originally named Shanghai Pengxi), Chengdu Silergy, Shanghai Silergy and Hefei Silergy in China is 25%. The applicable tax rate used by branch of Silergy in Hong Kong and Nanjing Silergy (HK) in Hong Kong is 16.5%. Nanjing Silergy Micro obtained approval from local tax authorities to have tax credits on its IC design business. Thus, the applicable tax rate for Nanjing Silergy Micro was nil in 2016 and 2017 and will be 12.5% from 2018 to 2020. In addition, starting from 2021, the tax rate applicable to Nanjing Silergy Micro decreased to 15% after approval was obtained from the local tax authorities, as tax credits are given to high-tech enterprises. Hangzhou Silergy obtained approval from the local tax authorities to have an additional tax-deduction; the applicable tax rate decreased to 10%. Tax rates used by other entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

b. Income tax recognized in other comprehensive income

	<u>For the Year Ended December 31</u>	
	2021	2020
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement of defined benefit plan	<u>\$ 29</u>	<u>\$ 42</u>

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen- sive Income	Exchange Difference	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Write-downs of inventory	\$ 24,238	\$ 11,639	\$ -	\$ (129)	\$ 35,748
Property, plant and equipment	5,269	1,322	-	(164)	6,427
Allowance for uncollectible amounts	11	219	-	1	231
Unrealized gain on disposal of intangible assets	8,433	(1,678)	-	(45)	6,710
Others	<u>301</u>	<u>4,749</u>	<u>-</u>	<u>(16)</u>	<u>5,034</u>
	<u>\$ 38,252</u>	<u>\$ 16,251</u>	<u>\$ -</u>	<u>\$ (353)</u>	<u>\$ 54,150</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Financial assets at FVTPL	\$ 10,828	\$ 8,622	\$ -	\$ (58)	\$ 19,392
Prepaid pension	<u>58</u>	<u>-</u>	<u>(29)</u>	<u>(1)</u>	<u>28</u>
	<u>\$ 10,886</u>	<u>\$ 8,622</u>	<u>\$ (29)</u>	<u>\$ (59)</u>	<u>\$ 19,420</u>

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen- sive Income	Exchange Difference	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Write-downs of inventory	\$ 15,888	\$ 7,949	\$ -	\$ 401	\$ 24,238
Property, plant and equipment	2,518	2,985	-	(234)	5,269
Allowance for uncollectible amounts	14	(3)	-	-	11
Unrealized gain on disposal of intangible assets	9,963	(1,655)	-	125	8,433
Others	<u>1,044</u>	<u>(718)</u>	<u>-</u>	<u>(25)</u>	<u>301</u>
	<u>\$ 29,427</u>	<u>\$ 8,558</u>	<u>\$ -</u>	<u>\$ 267</u>	<u>\$ 38,252</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Financial assets at FVTPL	\$ 17,710	\$ (7,026)	\$ -	\$ 144	\$ 10,828
Prepaid pension	100	-	(42)	-	58
Intangible	<u>1,363</u>	<u>(1,343)</u>	<u>-</u>	<u>(20)</u>	<u>-</u>
	<u>\$ 19,173</u>	<u>\$ (8,369)</u>	<u>\$ (42)</u>	<u>\$ 124</u>	<u>\$ 10,886</u>

- d. Unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	For the Year Ended December 31	
	2021	2020
Loss carryforwards		
Expiry in 2021	\$ -	\$ 51,448
Expiry in 2022	-	94,571
Expiry in 2023	-	48,812
Expiry in 2024	-	74,725
Expiry in 2025	174,196	18,311
Expiry in 2026	<u>22,989</u>	<u>23,750</u>
	<u>\$ 197,185</u>	<u>\$ 311,617</u>

- e. Income tax assessments

The tax returns of Silergy Technology (Taiwan) Inc. (originally named Integrated Crystal Technology Inc.) through 2019 have been assessed by the tax authorities.

26. EARNINGS PER SHARE

Unit: Dollars Per Share

	For the Year Ended December 31	
	2021	2020
Basic earnings per share	<u>\$ 61.51</u>	<u>\$ 35.72</u>
Diluted earnings per share	<u>\$ 57.72</u>	<u>\$ 34.01</u>

The earnings and weighted average number of common shares outstanding used in the computation of earnings per share were as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2021	2020
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 5,733,776</u>	<u>\$ 3,278,478</u>

Common Shares Outstanding

(In Thousands of Shares)

	For the Year Ended December 31	
	2021	2020
Weighted average number of common shares used in the computation of basic earnings per share	93,217	91,776
Effect of potentially dilutive common shares:		
Employee share options	5,698	4,169
Restricted shares for employees	285	285
Employees' compensation	<u>136</u>	<u>178</u>
Weighted average number of common shares used in the computation of diluted earnings per share	<u>99,336</u>	<u>96,408</u>

The Company offered to settle compensation paid to employees in cash or shares, therefore, the Company assumed the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in shareholders' meeting in the following year.

27. SHARE-BASED PAYMENT ARRANGEMENTS

a. Employee share option plan of the Company

The outstanding options granted are valid for 10 years and exercisable at certain percentages after a certain period from the grant date. Except for options currently outstanding but granted before the IPO whose exercise price needs to be separately agreed on, other options were granted at an exercise price equal to the closing price of the Company's common shares listed on the Taiwan Stock Exchange on the grant dates.

The board of directors of Silergy agreed to issue 2,500,000 options on March 19, 2019. Upon completion of registration with the FSC, Silergy issued 166,000 options, 92,500 options, 25,000 options, 2,187,000 options and 29,500 options in August 2019, November 2019, December 2019, March 2020 and April 2020, respectively. Each option entitles the holder to subscribe for one common share of Silergy.

The board of directors of Silergy agreed to issue 2,000,000 options on March 18, 2020. Upon completion of registration with the FSC, Silergy issued 227,500 options, 64,500 options, 41,600 options, 1,167,100 options, 17,500 options and 21,500 options in August 2020, November 2020, December 2020, March 2021, May 2021 and June 2021, respectively. Each option entitles the holder to subscribe for one common share of Silergy.

The board of directors of Silergy agreed to issue 1,350,000 options on March 16, 2021. Upon completion of registration with the FSC, Silergy issued 28,300 options and 34,700 options in August 2021 and December 2021. Each option entitles the holder to subscribe for one common share of Silergy.

Information about employee share options was as follows:

Employee Share Options	2021		2020	
	Units of Options	Weighted-average Exercise Price	Units of Options	Weighted-average Exercise Price
Balance at January 1	7,265,037	\$ 603	5,889,589	\$ 450
Options granted	1,269,100	2,331	2,550,100	862
Options exercised	<u>(1,262,303)</u>	410	<u>(1,174,652)</u>	395
Balance at December 31	<u>7,271,834</u>	938	<u>7,265,037</u>	603
Options exercisable, at December 31	<u>2,233,226</u>	445	<u>2,032,579</u>	393
Weighted-average fair value of options granted (\$)	<u>\$ 718</u>		<u>\$ 287</u>	

For any subsequent changes in Silergy's capital surplus, the exercise price or the number of shares corresponding to each option unit is adjusted in accordance with the rules for each plan.

For the years ended December 31, 2021 and 2020, the weighted-average share prices at the date of exercise were NT\$3,783 and NT\$1,734, respectively.

Information about outstanding options as of December 31, 2021 and 2020 was as follows:

	December 31	
	2021	2020
Range of exercise price	\$47-\$4,265	\$47-\$2,330
Weighted-average remaining contractual life (years)	0.99-9.95	1.99-9.99

Options granted from 2020 to 2021 were priced using the binomial option pricing model and the inputs to the model were as follows:

Issue Date	Fair Value Per Option - Grant Date	Exercise Price	Expected Volatility	Expected Life	Expected Dividend Yield	Risk-free Interest
March 18, 2020	229-232	712	44.55%-44.96%	6.0 years-7.5 years	-	0.558%-0.570%
April 30, 2020	376	1,195	45.20%-45.52%	6.0 years-7.5 years	-	0.425%-0.455%
August 19, 2020	583	1,630	45.89%-46.03%	6.5 years-7.5 years	-	0.349%-0.368%
November 11, 2020	767	2,130	46.48%-46.60%	6.5 years-7.5 years	-	0.246%-0.263%
December 28, 2020	840	2,330	46.55%-46.75%	6.5 years-7.5 years	-	0.208%-0.240%
March 23, 2021	639-785	2,210	47.03%-47.26%	6.5 years-7.5 years	-	0.353%-0.375%
May 12, 2021	975	2,655	47.37%-47.51%	6.5 years-7.5 years	-	0.315%-0.345%
June 17, 2021	1,245	3,370	47.58%-47.89%	6.5 years-7.5 years	-	0.345%-0.375%
August 31, 2021	1,472	3,980	47.50%-48.09%	6.5 years-7.5 years	-	0.360%-0.383%
December 14, 2021	1,590	4,265	47.61%-48.20%	6.5 years-7.5 years	-	0.506%-0.530%

Compensation cost recognized was \$522,261 thousand and \$306,810 thousand for the years ended December 31, 2021 and 2020, respectively.

b. Restricted shares for employees

The restrictions on the rights of the outstanding restricted shares in 2021 and 2020 that have not met the vesting conditions are as follows:

- 1) The employees should not sell, pledge, transfer, donate or in any other way dispose of these shares.
- 2) The employees holding these shares are entitled for receive stock dividends but not cash dividends, but are not entitled to subscribe for new common shares issued for cash.
- 3) The employees holding these shares have no voting rights.

In the shareholders' meeting on June 13, 2019, the shareholders approved the issuance of 350,000 shares under a restricted share plan. Upon the completion of the registration of this issuance with the FSC, Silergy issued to employees 97,230 shares, 35,820 shares, 47,331 shares, 104,619 shares, 6,300 shares and 58,700 shares in August 2019, November 2019, December 2019, March 2020, April 2020 and May 2020, respectively.

In the shareholders' meeting on June 11, 2020, the shareholders approved the issuance of 300,000 shares under a restricted share plan. Upon the completion of the registration of this issuance with the FSC, Silergy issued to employees 69,200 shares, 3,200 shares, 4,600 shares, 121,590 shares, 32,700 shares and 20,200 shares in August 2020, November 2020, December 2020, March 2021, May 2021 and June 2021, respectively.

In the shareholders' meeting on July 8, 2021, the shareholders approved the issuance of 150,000 shares under a restricted share plan. Upon the completion of the registration of this issuance with the FSC, Silergy issued to employees 16,150 shares and 2,300 shares in August 2021 and December 2021, respectively.

If an employee fails to meet the vesting conditions, Silergy will recall and cancel the restricted shares without any reimbursement.

Information on the restricted shares for employees is as follows:

Restricted Shares for Employees	2021	2020
Balance at January 1	342,850	305,851
Shares issued	192,940	246,619
Shares vested	<u>(222,850)</u>	<u>(209,620)</u>
Balance at December 31	<u>312,940</u>	<u>342,850</u>

As of December 31, 2021 and 2020, information on the outstanding restricted employee shares is as follows:

Grant Date	Fair Value Per Share - Grant Date	Shares Granted (In Thousands of Shares)	Vesting Period
March 18, 2020	712	105	1 year-3 years
April 30, 2020	1,195	6	1 year
May 12, 2020	1,300	59	1 year
August 19, 2020	1,630	69	1 year
November 11, 2020	2,130	3	1 year
December 28, 2020	2,330	5	1 year
March 23, 2021	2,210	122	1 year-3 years
May 12, 2021	2,655	33	1 year
June 17, 2021	3,370	20	3 years
August 31, 2021	3,980	16	1 year
December 14, 2021	4,265	2	1 year

Compensation cost recognized was \$362,697 thousand and \$244,604 thousand for the years ended December 31, 2021 and 2020, respectively.

28. BUSINESS COMBINATIONS

a. Acquisition of assets and operations

Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Jieng Tai International Electronic Co. Development, design and sale of SAR ICs.	January 2020	100.00	<u>\$ 152,776</u>

The business unit of Jieng Tai International Electronic Co. (“Jieng Tai”) was acquired in January 2020 to increase product lines.

b. Considerations transferred

	Jieng Tai
Cash	<u>\$ 152,776</u>

Acquisition-related costs were excluded from the consideration transferred and recognized as an expense in the year of acquisition.

c. Assets acquired and liabilities assumed at the date of acquisition

	Jieng Tai
Current assets	
Accounts receivable	\$ 8,298
Inventories	17,187
Non-current assets	
Property, plant and equipment	1,569
Other intangible assets	<u>18,403</u>
	<u>\$ 45,457</u>

d. Goodwill arising on acquisition

	Jieng Tai
Consideration transferred	\$ 152,776
Less: Fair value of identifiable net assets acquired	<u>(45,457)</u>
Goodwill arising on acquisition	<u>\$ 107,319</u>

The goodwill recognized in the acquisitions of Jieng Tai mainly represents the control premium included in the cost of the combinations. In addition, the consideration paid for the combinations effectively included amounts attributed to the benefits of expected synergies, revenue growth, future market development and the assembled workforces of Jieng Tai and NewEdge. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

e. Net cash outflow on acquisition of subsidiaries, assets and operations

	Jieng Tai
Consideration paid in cash	<u>\$ 152,776</u>

f. Impact of acquisition on the results of the Company

The extrapolated results of operations from the acquisition of Jieng Tai had the acquisition been in effect for the whole year could not be reliably estimated; thus, the Company's pro-forma financial information related to such acquisitions is unable to be disclosed.

29. CAPITAL MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The Company's capital structure management strategy is based on (a) its scale of operations and expected growth and product development - an appropriate market share target is determined, and the capital expenditures required to meet this target are estimated; (b) industry developments - the Company calculates the required working capital under an overall plan for long-term asset development; and (c) the Company's competitiveness - estimates are made of marginal contribution, operating profit rate and cash flows of possible products, taking into consideration the risk factors of industrial cyclical fluctuations and product life cycles to determine the Company's appropriate capital structure.

Management regularly reviews the Company's capital structure and considers the costs and risks of different capital structures, and balances the Company's capital structure by raising debt and issuing convertible bonds. In general, the Company has a prudent risk management strategy.

30. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

Management believed the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Equity instruments	\$ <u> -</u>	\$ <u> -</u>	\$ <u>3,004,196</u>	\$ <u>3,004,196</u>
Financial liabilities at FVTPL				
Contingent consideration	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 38,528</u>	\$ <u> 38,528</u>

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Equity instruments	\$ <u> -</u>	\$ <u> -</u>	\$ <u>1,638,644</u>	\$ <u>1,638,644</u>
Financial liabilities at FVTPL				
Contingent consideration	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 33,376</u>	\$ <u> 33,376</u>

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2021

Financial Assets (Liabilities)	Financial Assets at FVTPL	Financial Liabilities at FVTPL	Total
	Equity Instruments	Contingent Consideration	
Balance at January 1, 2021	\$ 1,638,644	\$ (33,376)	\$ 1,605,268
Recognized in profit or loss	71,553	(5,330)	66,223
Current year additions	1,309,306	-	1,309,306
Translation adjustments	<u>(15,307)</u>	<u> 178</u>	<u>(15,129)</u>
Balance at December 31, 2021	<u>\$ 3,004,196</u>	<u>\$ (38,528)</u>	<u>\$ 2,965,668</u>

For the year ended December 31, 2020

Financial Assets (Liabilities)	Financial Assets at FVTPL	Financial Liabilities at FVTPL	Total
	Equity Instruments	Contingent Consideration	
Balance at January 1, 2020	\$ 1,608,505	\$ (32,861)	\$ 1,575,644
Recognized in profit or loss	234,348	-	234,348
Settlements due to significant influence	(847,358)	-	(847,358)
Reclassification	815,763	-	815,763
Current year additions	1,182,168	-	1,182,168
Disposals	(88,225)	-	(88,225)
Liquidation and refund of shares	(1,234,280)	-	(1,234,280)
Translation adjustments	<u>(32,277)</u>	<u>(515)</u>	<u>(32,792)</u>
Balance at December 31, 2020	<u>\$ 1,638,644</u>	<u>\$ (33,376)</u>	<u>\$ 1,605,268</u>

3) Valuation techniques and inputs applied for Level 3 fair value measurement

a) Equity instrument investments

Equity instrument investments are unlisted company stock with no active market. Fair values are estimated mainly using the market approach, which is estimated with reference to the Company's recent financing activities, valuation of similar companies, market conditions and other economic indicators, etc.

b) Contingent consideration

Contingent consideration is calculated based on the actual revenue of NewEdge in 2021 and expected revenue of NewEdge in 2022, using the formula on arrangement.

c. Categories of financial instruments

	December 31	
	2021	2020
<u>Financial assets</u>		
Financial assets at FVTPL		
Equity instruments	\$ 3,004,196	\$ 1,638,644
Assets measured at amortized cost (1)	15,165,245	10,619,647
<u>Financial liabilities</u>		
Financial liabilities at FVTPL		
Contingent consideration	38,528	33,376
Measured at amortized cost (2)	1,811,982	1,300,986

1) The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, financial assets measured at amortized cost, accounts receivable, other receivables (excluding tax receivable), and refundable deposits.

2) The balances included financial liabilities measured at amortized cost, which comprise accounts payable, accounts payable - related parties, other payables and guarantee deposits.

d. Financial risk management objectives and policies

The Company's major financial instruments included equity and debt investments, accounts receivable, other receivables, refundable deposits, accounts payable, other payables, lease liabilities and guarantee deposits. The Company's corporate treasury function provides services to the business departments, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below), interest rates (see (b) below) and other prices (see (c) below).

a) Foreign currency risk

The Company had foreign currency-denominated sales and purchases, which exposed the Company to foreign currency risk. The carrying amounts of the Company's foreign currency-denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 33.

Sensitivity analysis

The Company was mainly exposed to the U.S. dollar.

The following table details the Company's sensitivity to a 5% increase and decrease in the functional currency against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency-denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with the U.S. dollar strengthening 5% against the relevant currency. For a 5% weakening of the U.S. dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	U.S. Dollar Impact	
	For the Year Ended December 31	
	2021	2020
Profit or loss and equity*	\$ 158,153	\$ 34,547

* This was mainly attributable to the exposure on outstanding U.S. dollar-denominated deposits, receivables and payables, which were not hedged at the end of the reporting period.

b) Interest rate risk

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Fair value interest rate risk		
Financial assets	\$ 4,014,936	\$ 229,696
Financial liabilities	79,282	77,552
Cash flow interest rate risk		
Financial assets	8,741,922	9,134,581

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's floating-rate financial assets and financial liabilities at the end of the reporting period.

Had interest rates been 50 basis points higher and all other variables held constant, the Company's pretax profit for the years ended December 31, 2021 and 2020 would have increased by \$43,710 thousand and \$45,673 thousand, respectively, which was mainly attributable to the Company's exposure to interest rate changes on its variable-rate bank deposits.

c) Other price risk

The Company's price risk of equity instrument investments in 2021 and 2020 are primarily from the investments of financial assets at FVTPL.

If the price of the equity instrument increased (decreased) by 5% at the end of the reporting period, the Company's profit before tax will increase (decrease) by \$150,210 thousand and \$81,932 thousand in 2021 and 2020, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure of counterparties to discharge an obligation approximates the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

The Company adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company uses publicly or non-publicly available financial information and its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The accounts receivable balances of individual customers that each accounted for more than 10% of the total balance as of December 31, 2021 and 2020, were as follows:

	December 31, 2021
Customer A	\$ 501,108
Customer G	336,692
Customer F	<u>229,055</u>
	<u>\$ 1,066,855</u>
	December 31, 2020
Customer A	\$ 173,544
Customer B	168,261
Customer F	<u>132,234</u>
	<u>\$ 474,039</u>

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

As of December 31, 2020, the Company's working capital was sufficient and there was no liquidity risk due to lack of funds needed to meet contractual obligations.

31. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between Silergy and its subsidiaries, which are related parties of Silergy, had been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Company and its related parties are disclosed below:

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
SMAT Hangzhou XinTu Semiconductor Technology Co., Ltd.	Associate Related party in substance (Until January 19, 2021)

b. Purchases of goods

Related Party Category/Name	<u>For the Year Ended December 31</u>	
	2021	2020
Associates	<u>\$ 49,389</u>	<u>\$ 15,174</u>

Terms and conditions for purchases of goods from related parties are the same as that of general transactions.

c. Payables to related parties

Line Item	Related Party Category/Name	December 31	
		2021	2020
Accounts payable - related parties	Associates	<u>\$ 7,784</u>	<u>\$ 1,720</u>

d. Disposal of financial assets (for the year ended December 31, 2021: None)

For the year ended December 31, 2020

Related Party Category	Line Item	Number of Shares	Underlying Asset	Proceeds	Gain on Disposal
Related party in substance	Investment accounted for using the equity method	3,500	Greenpine Device Ltd.	<u>\$ 1,312,220</u>	<u>\$ 308,483</u>

e. Others

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2021	2020
Research and development expense	Associates	<u>\$ 3,458</u>	<u>\$ 3,447</u>

f. Remuneration of key management personnel

	For the Year Ended December 31	
	2021	2020
Salaries	\$ 57,571	\$ 42,619
Share-based payments	<u>30,221</u>	<u>11,171</u>
	<u>\$ 87,792</u>	<u>\$ 53,790</u>

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Company at December 31, 2021 were as follows:

Significant unrecognized commitment

The Company signed long-term raw material purchase contracts with several suppliers, and paid a certain amount of money as deposit. The contracts also stipulated the minimum purchase amount per year.

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Company and the exchange rates between the foreign currencies and the respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

(Foreign Currencies and Carrying Amounts in Thousands)

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 1,434	27.68 (USD:NTD)	\$ 39,692
USD	115,406	6.3757 (USD:RMB)	3,194,451
USD	498	1,177.87 (USD:KRW)	<u>13,774</u>
			<u>\$ 3,247,917</u>
<u>Financial liabilities</u>			
Monetary items			
USD	349	27.68 (USD:NTD)	\$ 9,661
USD	2,717	6.3757 (USD:RMB)	75,194
NTD	20,161	0.0361 (NTD:USD)	<u>20,161</u>
			<u>\$ 105,016</u>

December 31, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 2,054	28.48 (USD:NTD)	\$ 58,505
USD	22,581	6.5249 (USD:RMB)	643,101
USD	273	1,077.16 (USD:KRW)	<u>7,772</u>
			<u>\$ 709,378</u>
<u>Financial liabilities</u>			
Monetary items			
USD	275	28.48 (USD:NTD)	\$ 7,838
USD	372	6.5249 (USD:RMB)	10,596
NTD	9,867	0.0351 (NTD:USD)	<u>9,867</u>
			<u>\$ 28,301</u>

For the years ended December 31, 2021 and 2020, realized and unrealized net foreign exchange losses were \$101,074 thousand and \$98,111 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

34. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others (None)
- 2) Endorsements/guarantees provided (Table 1)
- 3) Marketable securities held (excluding investments in subsidiaries and associates) (Table 2)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (Table 3)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 4)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)
- 9) Trading in derivative instruments (None)
- 10) Intercompany relationships and significant intercompany transactions (Table 5)

b. Information on investees (Table 6)

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: (Table 7)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period. (Note 31 and Table 5)
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period. (Tables 4 and 5)

- c) The amount of property transactions and the amount of the resultant gains or losses. (None)
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes. (Table 1)
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds. (None)
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services. (None)
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 8)

35. SEGMENT INFORMATION

a. Segment information

Information reported to the chief operating decision maker is for the purposes of resource allocation and assessment of segment performance. Under IFRS 8 “Operating Segments,” if the operating revenue of an operating segment accounts for up to 90% of the Company’s total revenue, the Company is considered as having only one reportable segment.

b. Revenue from major products and services

The Company mainly develops, designs, and sells electronic products, which is the major source of revenue.

c. Geographical information

The Company’s revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2021	2020	2021	2020
China (including Hong Kong)	\$ 11,811,335	\$ 6,856,538	\$ 4,482,759	\$ 4,451,157
Others	<u>9,694,731</u>	<u>7,019,907</u>	<u>179,969</u>	<u>173,283</u>
	<u>\$ 21,506,066</u>	<u>\$ 13,876,445</u>	<u>\$ 4,662,728</u>	<u>\$ 4,624,440</u>

Non-current assets included property, plant and equipment, right-of-use assets, investment properties, goodwill, other intangible assets, refundable deposits and long-term prepayments.

d. Information about major customers

Customers that individually contributed 10% or more to the Company's revenue were as follows:

	For the Year Ended December 31, 2021	
	Amount	Percentage of Revenue (%)
Customer X	<u>\$ 2,403,903</u>	<u>11.19</u>
	For the Year Ended December 31, 2020	
	Amount	Percentage of Revenue (%)
Customer X	\$ 1,906,993	13.74
Customer Y	<u>1,402,482</u>	<u>10.11</u>
	<u>\$ 3,309,475</u>	<u>23.85</u>

SILERGY CORP.
(Incorporated in the Cayman Islands)
AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 2)											
0	Silergy Corp.	Silergy Semiconductor Technology (Hangzhou) Co., Ltd.	2	\$ 4,746,675	\$ 2,768,000	\$ 2,768,000	\$ -	\$ -	11.66	\$ 11,866,688	Y	N	Y	
		Xian Silergy Semiconductor Technology Co., Ltd.	2	4,746,675	830,400	830,400	-	-	3.50	11,866,688	Y	N	Y	
1	Nanjing Silergy Micro Technology Co., Ltd.	Nanjing Silergy Micro (HK) Co., Limited.	2	266,747	27,680	27,680	19,376	-	2.08	666,867	N	N	N	

Note 1: No. 0 represents the parent company; other numbers represent subsidiaries.

Note 2: The nature of the relationship between the endorser/guarantor and the endorsee/guarantee are represented by the following numerals:

No. 1 - companies with business transactions.

No. 2 - a subsidiary directly holding over 50% of the common shares.

No. 3 - a parent and subsidiary collectively holding over 50% of the common shares of the investee company.

No. 4 - a parent company holding 50% of the common shares directly or through a subsidiary indirectly.

No. 5 - companies (based on the contractual project requirements of the same industry) with contractual mutual guarantees.

No. 6 - companies guaranteed by their respective common shareholdings in accordance with mutual investment relations.

No. 7 - companies engaged in performance guarantees of contracts related to the pre-sale of real estate in accordance with the Consumer Protection Law.

Note 3: The total amount of guarantee shall not exceed 50% of Silergy Corp.'s net value. The total amount of the guarantee provided by Silergy Corp. to any individual entity shall not exceed 20% of Silergy Corp.'s net value.

SILERGY CORP.
(Incorporated in the Cayman Islands)
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MARKETABLE SECURITIES HELD
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Issuer of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Silergy Corp.	Shares Vango Technologies, Inc.	-	Financial assets at FVTPL - non-current	2,666,667	\$ -	6.342	\$ -	Note 2
	Alphatecture Venture Fund Limited Partnership	-	Financial assets at FVTPL - non-current		178,685	7.906	178,685	
					(US\$ 6,455,388)		(US\$ 6,455,388)	
Silergy Semiconductor Technology (Hangzhou) Co., Ltd.	Wuxi Huaxin Semiconductor Partnership (L.P.)	-	Financial assets at FVTPL - non-current	1,166,700	-	3.442	-	
	Hangzhou Hualan Microelectronique Co., Ltd.	-	Financial assets at FVTPL - non-current		66,456	0.778	66,456	
					(RMB 15,307,000)		(RMB 15,307,000)	
	Calterah Semiconductor Technology (Shanghai) Co., Ltd.	-	Financial assets at FVTPL - non-current		91,248	10.057	91,248	
					(RMB 21,017,781)		(RMB 21,017,781)	
	Shenzhen Anchuang Technology Equity Investment Partnership (Limited Partnership)	-	Financial assets at FVTPL - non-current		26,049	6.780	26,049	
	Powerland Technology Inc.	-	Financial assets at FVTPL - non-current		(RMB 6,000,000)		(RMB 6,000,000)	
					159,590	5.796	159,590	
					(RMB 36,759,406)		(RMB 36,759,406)	
	Ningbo Meishan Bonded Port Area Anchuang Growth Equity Investment Partnership L.P.	-	Financial assets at FVTPL - non-current		75,976	1.186	75,976	
					(RMB 17,500,000)		(RMB 17,500,000)	
	Shanghai Geometrical Perception and Learning Co., Ltd.	-	Financial assets at FVTPL - non-current		81,873	2.438	81,873	
					(RMB 18,858,337)		(RMB 18,858,337)	
	Hefei Kangtong Equity Investment Partnership (Limited Partnership)	-	Financial assets at FVTPL - non-current		182,195	20.000	182,195	
					(RMB 41,966,000)		(RMB 41,966,000)	
	Yiwu Huaxin Yuanjing Venture Investment Center L.P.	-	Financial assets at FVTPL - non-current		130,245	2.147	130,245	
					(RMB 30,000,000)		(RMB 30,000,000)	
	Zhejiang Sentronic Semiconductor Co., Ltd.	-	Financial assets at FVTPL - non-current		245,871	23.169	245,871	
					(RMB 56,633,000)		(RMB 56,633,000)	
	Hangzhou Einno Semiconductor Co., Ltd.	-	Financial assets at FVTPL - non-current		37,610	13.625	37,610	
					(RMB 8,663,000)		(RMB 8,663,000)	
	Hangzhou Xinling Enterprise Management Partnership L.P.	-	Financial assets at FVTPL - non-current		136,044	36.857	136,044	
					(RMB 31,335,789)		(RMB 31,335,789)	
	Chengdu Analog Circuit Technology Inc.	-	Financial assets at FVTPL - non-current	631,333	88,358	1.139	88,358	
					(RMB 20,352,000)		(RMB 20,352,000)	
	Hefei Walden II IC Industry Investment Partnership L.P.	-	Financial assets at FVTPL - non-current		613,635	11.418	613,635	
					(RMB 141,342,300)		(RMB 141,342,300)	
	Fujian Baicheng New Energy Technology Co., Ltd.	-	Financial assets at FVTPL - non-current		123,116	5.776	123,116	
					(RMB 28,358,000)		(RMB 28,358,000)	
	Enovate3D (Hangzhou) Technology Co., Ltd.	-	Financial assets at FVTPL - non-current		151,952	16.367	151,952	
					(RMB 35,000,000)		(RMB 35,000,000)	
	Zhejiang Hexin Semiconductor Co., Ltd.	-	Financial assets at FVTPL - non-current		151,952	14.113	151,952	
					(RMB 35,000,000)		(RMB 35,000,000)	
	Shenzhen Juyuan Xinchuang Capital Fund, LLP.	-	Financial assets at FVTPL - non-current		173,659	1.429	173,659	
					(RMB 40,000,000)		(RMB 40,000,000)	
	Guangzhou Huaxin Shengjing Venture Capital Center (Limited Partnership)	-	Financial assets at FVTPL - non-current		52,098	1.768	52,098	
					(RMB 12,000,000)		(RMB 12,000,000)	
	Xiamen Jianda Guili Equity Partners LLP.	-	Financial assets at FVTPL - non-current		151,952	58.236	151,952	
					(RMB 35,000,000)		(RMB 35,000,000)	
	Hangzhou Xight Semi-conductor Technology Co., Ltd.	-	Financial assets at FVTPL - non-current		15,195	8.587	15,195	
					(RMB 3,500,000)		(RMB 3,500,000)	

(Continued)

Holding Company Name	Type and Issuer of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Nanjing Silergy Micro Technology Co., Ltd.	Zhenjiang Puhe Equity Investment Fund Partnership (Limited Partnership)	-	Financial assets at FVTPL - non-current		\$ 43,415 (RMB 10,000,000)	4.975	\$ 43,415 (RMB 10,000,000)	
Silergy Technology	AIStorm, Inc.	-	Financial assets at FVTPL - non-current	178,784	27,022 (US\$ 976,232)	0.682	27,022 (US\$ 976,232)	

Note 1: Refer to Tables 6 and 7 for information about subsidiaries and associates.

Note 2: The board of directors of Vango had resolved to liquidate Vango in April 2020. As of December 31, 2021, Vango has not completed its liquidation procedures.

(Concluded)

SILERGY CORP.
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**MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021**
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal			Ending Balance		
					Number of Shares	Amount	Number of Shares	Amount (Note 1)	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount (Notes 2 and 4)
Silergy Semiconductor Technology (Hangzhou) Co., Ltd.	Shares Hefei Walden II IC Industry Investment Partnership L.P.	Financial assets at FVTPL - non-current	Note 3	Note 3	-	\$ 179,357 (RMB 41,091,400)	-	\$ 436,455 (RMB 100,250,900)	-	\$ -	\$ -	\$ -	-	\$ 613,635 (RMB 141,342,300)
Silicon Prospect Investment Limited	Winsheng Material Technology Co., Ltd.	Investments accounted for using the equity method	Note 3	Note 3	2,750,000	54,640	8,800,000	220,000	-	-	-	-	11,500,000	204,031

Note 1: Translation was based on the exchange rate at remittance date.

Note 2: Translation was based on the exchange rate at December 31, 2021.

Note 3: Marketable securities was acquired through capital increase in cash.

Note 4: The amount included unrealized losses on financial instruments at FVTPL and share of loss of associates.

SILERGY CORP.
(Incorporated in the Cayman Islands)
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**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Silergy Semiconductor Technology (Hangzhou) Co., Ltd.	Silergy Corp.	Parent company	Sale	\$ (501,682)	(5.16)	-	\$ -	-	\$ 3,398	0.47	Note 2
Nanjing Silergy Micro Technology Co., Ltd.	Silergy Corp.	Parent company	Sale	(126,281)	(5.67)	-	-	-	1,745	2.44	Note 2
Silergy Technology (Taiwan) Inc.	Nanjing Silergy Micro (HK) Co., Limited.	Fellow Subsidiary	Sale	(109,697)	(100.00)	-	-	-	3,966	4.31	Note 2

Note 1: Transaction terms and prices between the Company and its subsidiaries are similar to regular transactions.

Note 2: Intercompany balances and transactions were eliminated upon consolidation.

SILERGY CORP.

(Incorporated in the Cayman Islands)

AND SUBSIDIARIES**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS****FOR THE YEAR ENDED DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars)**

No. (Note 1)	Company Name	Counterparty	Flow of Transactions (Note 2)	Transaction Details			
				Financial Statement Account	Amount (Note 4)	Terms (Note 5)	Percentage to Consolidated Total Gross Sales or Total Assets (Note 3)
0	Silergy Corp.	Silergy Semiconductor Technology (Hangzhou) Co., Ltd.	1	Accounts payable - related parties	\$ 3,398	-	0.01
		Silergy Semiconductor Technology (Hangzhou) Co., Ltd.	1	Other payable - related parties	25,344	-	0.10
		Silergy Semiconductor Technology (Hangzhou) Co., Ltd.	1	Sales	724	-	-
		Silergy Semiconductor Technology (Hangzhou) Co., Ltd.	1	Operating expenses	2,313,251	-	10.76
		Xian Silergy Semiconductor Technology Co., Ltd.	1	Other payable - related parties	14,059	-	0.05
		Xian Silergy Semiconductor Technology Co., Ltd.	1	Sales	645	-	-
		Xian Silergy Semiconductor Technology Co., Ltd.	1	Operating expenses	182,280	-	0.85
		Nanjing Silergy Micro Technology Co., Ltd.	1	Accounts payable - related parties	1,745	-	0.01
		Nanjing Silergy Micro Technology Co., Ltd.	1	Sales	2,807	-	0.01
		Nanjing Silergy Micro (HK) Co., Limited	1	Accounts payable - related parties	15	-	-
		Silergy Technology	1	Other payable - related parties	113,905	-	0.43
		Silergy Technology	1	Sales	24,521	-	0.11
		Silergy Technology	1	Operating expenses	416,128	-	1.93
		Silergy Semiconductor (Samoa) Limited	1	Other payable - related parties	18,478	-	0.07
		Silergy Technology (Taiwan) Inc.	1	Other payable - related parties	97,631	-	0.37
		Silergy Technology (Taiwan) Inc.	1	Operating expenses	168,188	-	0.75
		Silergy Korea Limited	1	Other payable - related parties	60,645	-	0.23
		Silergy Korea Limited	1	Operating expenses	77,607	-	0.36
		Silergy Technology Private Limited	1	Other payable - related parties	9,818	-	0.04
		Silergy Technology Private Limited	1	Operating expenses	18,026	-	0.08
1	Silergy Semiconductor Technology (Hangzhou) Co., Ltd.	Silergy Corp.	2	Sales	501,682	-	2.33
		Xian Silergy Semiconductor Technology Co., Ltd.	3	Accounts payable - related parties	43	-	-
		Xian Silergy Semiconductor Technology Co., Ltd.	3	Sales	15,734	-	0.07
		Nanjing Silergy Micro Technology Co., Ltd.	3	Other payables - related parties	2,556	-	0.01
		Nanjing Silergy Micro Technology Co., Ltd.	3	Sales	770	-	-
		Chengdu Silergy Semiconductor Technology Co., Ltd.	3	Operating expenses	65,535	-	0.30
		Shanghai Silergy Semiconductor Technology Co., Ltd.	3	Operating expenses	93,960	-	0.44
		Silergy Technology	3	Sales	18,429	-	0.09

(Continued)

No. (Note 1)	Company Name	Counterparty	Flow of Transactions (Note 2)	Transaction Details			
				Financial Statement Account	Amount (Note 4)	Terms (Note 5)	Percentage to Consolidated Total Gross Sales or Total Assets (Note 3)
2	Xian Silergy Semiconductor Technology Co., Ltd.	Silergy Corp. Silergy Semiconductor Technology (Hangzhou) Co., Ltd.	2	Sales	\$ 791	-	-
			3	Sales	412	-	-
3	Hefei Silergy Semiconductor Technology Co., Ltd.	Nanjing Silergy Micro Technology Co., Ltd.	3	Sales	3,603	-	0.02
4	Nanjing Silergy Micro Technology Co., Ltd.	Silergy Corp. Silergy Semiconductor Technology (Hangzhou) Co., Ltd. Hefei Silergy Semiconductor Technology Co., Ltd. Shanghai Silergy Microelectronics Technology Co., Ltd. Silergy Technology Silergy Technology (Taiwan) Inc. Silergy Technology (Taiwan) Inc.	2	Sales	126,281	-	0.59
			3	Sales	770	-	-
			3	Sales	10,754	-	0.05
			3	Operating expenses	94,329	-	0.44
			3	Sales	3,631	-	0.02
			3	Accounts receivable - related parties	61	-	-
5	Nanjing Silergy Micro (HK) Co., Limited	Silergy Corp. Silergy Technology Nanjing Silergy Micro Technology Co., Ltd. Silergy Technology (Taiwan) Inc. Silergy Technology (Taiwan) Inc. Silergy Technology (Taiwan) Inc.	2	Sales	1,528	-	0.01
			3	Sales	13	-	-
			3	Sales	169	-	-
			3	Accounts payable - related parties	3,966	-	0.01
			3	Other payable - related parties	1,098	-	-
			3	Operating expenses	12,361	-	0.06
6	Silergy Technology	Silergy Corp.	2	Sales	645	-	-
7	Silergy Technology (Taiwan) Inc.	Nanjing Silergy Micro (HK) Co., Limited	3	Sales	109,697	-	0.51

Note 1: No. 0 represents the parent company; other numbers represent subsidiaries.

Note 2: The directional flow of the transactions are represented by the following numerals:

- No. 1 - from parent company to subsidiary.
- No. 2 - from subsidiary to parent company.
- No. 3 - between subsidiaries.

Note 3: The accounts in the consolidated balance sheets and those in the consolidated statements of comprehensive income were based on the Company's consolidated total assets and total gross sales, respectively.

Note 4: Intercompany balances and transactions were eliminated upon consolidation.

Note 5: The selling prices and payment terms for intercompany sales and purchases were not significantly different from those for unrelated parties. For other intercompany transactions, prices and terms were based on mutual agreements.

(Concluded)

SILERGY CORP.
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AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee (Notes 3 and 4)	Share of Profit (Loss) (Notes 1, 3 and 4)	Note
				December 31, 2021	December 31, 2020	Number of Shares	Percentage of Ownership (%)	Carrying Amount (Notes 1 and 2)			
Silergy Corp.	Silergy Technology	Suite 100, 1307 S. Mary Ave. Sunnyvale City, Santa Clara County, California State, U.S.A.	Development, design and sales of power management IC	US\$ 7,378,454	US\$ 7,378,454	-	100.00	\$ 342,359	\$ 16,161 (US\$ 576,977)	\$ 16,161 (US\$ 576,977)	Subsidiary
	Silergy Semiconductor (Samoa) Limited	Portcullis TrustNet chambers, P.O. Box 1225, Apia, Samoa	Holding company	US\$ 24,300,000	US\$ 24,300,000	-	100.00	447,702	18,762 (US\$ 669,856)	18,762 (US\$ 669,856)	Subsidiary
	Silergy Semiconductor (Hong Kong) Limited	15/F., BOC Group Life Assurance Tower, 136 Des Voeux Road Central, Hong Kong	Holding company	US\$ 11,800,000	US\$ 11,375,000	-	100.00	239,506	(8,607) (US\$ -307,305)	(8,607) (US\$ -307,305)	Subsidiary
	Silicon Prospect Investment Limited	Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Island	Holding company	US\$ 13,000,000	US\$ 5,000,000	-	100.00	291,834	(11,206) (US\$ -393,677)	(11,206) (US\$ -393,677)	Subsidiary
Silergy Semiconductor (Samoa) Limited	Silergy Technology (Taiwan) Inc.	7F.-8, No. 38, Taiyuan St., Zhubei City, Hsinchu County 302, Taiwan	Development, design and sales of electronic components	314,831 (Note 6)	314,831 (Note 6)	31,700,000	100.00	199,426	22,949	22,949	Subsidiary
	Silergy Technologies Private Limited	Unit #501,5th Floor, Prestige Towers, Residency Road, Bangalore-560025, Karnataka, India	Development, design and sales of electronic components	US\$ 38,200	US\$ 38,200	-	100.00	13,696	2,873 (US\$ 102,572)	2,873 (US\$ 102,572)	Subsidiary
	Silergy Korea Limited	#1202, #1203, 120 Heungdeokjungang-ro, Giheung-gu, Yongin-si, Gyeonggi-do, Korea (UTOWER)	Development, design and sales of electronic components	US\$ 600,000 (KRW 655,800,000)	US\$ 600,000 (KRW 655,800,000)	-	100.00	61,286	18,451 (US\$ 658,754)	18,451 (US\$ 658,754)	Subsidiary
Nanjing Silergy Micro Technology Co., Ltd.	Nanjing Silergy Micro (HK) Co., Limited	Unit 701, 7/F Citicorp CTR 18 Whitfield Rd, Causeway Bay, Hong Kong	Development, design and sales of electronic components	US\$ 5,200,960	US\$ 5,200,960	-	100.00	86,779	(70,308) (US\$ -2,510,202)	(70,308) (US\$ -2,510,202)	Subsidiary
Silicon Prospect Investment Limited	Winsheng Material Technology Co., Ltd.	No. 191, Jieyukeng Rd., Rueifang Dist., New Taipei City	Manufacturing of electronic components	275,000	55,000	11,550,000	46.09	204,031	(36,820)	(10,689)	Related company

Note 1: Except for Winsheng Material Technology Co., Ltd., the carrying amount of the investments and the share of profit or loss were eliminated upon consolidation.

Note 2: Translation was based on the exchange rate at December 31, 2021.

Note 3: Translation was based on the average exchange rate for the year ended December 31, 2021.

Note 4: Information was based on the investee's current year's audited financial statements.

Note 5: Refer to Table 7 for information on investments in mainland China.

Note 6: Silergy Samoa acquired 9,472 thousand shares of Crystal at NT\$99,579 thousand in January 2015, resulting in Crystal becoming a wholly owned subsidiary of Silergy Samoa. The fair value of the equity interest held previously was NT\$63,252 thousand. Silergy Samoa injected a total of NT\$152,000 thousand in Crystal from April 2015 to February 2017. Thus, Silergy Samoa's investment in Crystal increased to NT\$314,831 thousand.

SILERGY CORP.
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**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investee Company	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee (Note 2)	Percentage of Ownership (%)	Investment Income (Loss) Recognized (Notes 2, 3 and 4)	Carrying Amount as of December 31, 2021 (Notes 1 and 4)	Accumulated Repatriation of Investment Income as of December 31, 2021
					Outward	Inward						
Silergy Semiconductor Technology (Hangzhou Co., Ltd.)	Development, design and sale of electronic components and related technical services	US\$ 58,520,270 (RMB 381,687,917)	Through Silergy Corp.	\$ -	\$ -	\$ -	\$ -	\$ 6,050,331 (RMB 1,393,548,438)	100.00	\$ 6,050,331 (RMB 1,393,548,438)	\$ 13,077,377	\$ -
Nanjing Silergy Micro Technology Co., Ltd.	Development, design and sale of electronic components	RMB 46,500,000	Through Silergy Semiconductor Technology (Hangzhou) Co., Ltd.	-	-	-	-	190,661 (RMB 43,914,083)	66.67	127,107 (RMB 29,276,055)	889,157	-
Xian Silergy Semiconductor Technology Co., Ltd.	Development, design, and sale of electronic components	RMB 91,000,000	Through Silergy Semiconductor Technology (Hangzhou) Co., Ltd.	-	-	-	-	439,189 (RMB 101,156,637)	100.00	439,189 (RMB 101,156,637)	737,742	-
Chengdu Silergy Semiconductor Technology Co., Ltd.	Development and design of electronic components	RMB 34,000,000	Through Silergy Semiconductor Technology (Hangzhou) Co., Ltd.	-	-	-	-	(4,449) (RMB -1,024,718)	100.00	(4,449) (RMB -1,024,718)	61,942	-
Shanghai Silergy Semiconductor Technology Co., Ltd.	Development and design of electronic components	RMB 10,000,000	Through Silergy Semiconductor Technology (Hangzhou) Co., Ltd.	-	-	-	-	(15,575) (RMB -3,587,397)	100.00	(15,575) (RMB -3,587,397)	(18,296)	-
Hefei Silergy Semiconductor Technology Co., Ltd.	Development and design of electronic components	RMB 35,000,000	Through Silergy Semiconductor Technology (Hangzhou) Co., Ltd.	-	-	-	-	(3,696) (RMB -851,279)	100.00	(3,696) (RMB -851,279)	64,239	-
Shanghai Silergy Microelectronics Technology Co., Ltd.	Development and design of electronic components	RMB 53,000,000	Through Nanjing Silergy Micro Technology Co., Ltd.	-	-	-	-	(41,300) (RMB -9,512,492)	66.67	(27,533) (RMB -6,341,661)	(8,881)	-
Hefei SMAT Technology Co., Ltd.	Development and manufacturing of vehicles and IOT	RMB 505,000,000	Through Silergy Semiconductor Technology (Hangzhou) Co., Ltd.	-	-	-	-	(38,566) (RMB -8,882,733)	18.51	(7,429) (RMB -1,711,118)	224,769 (Note 6)	-
	Development and manufacturing of vehicles and IOT	RMB 505,000,000	Through Silergy Semiconductor (Hong Kong) Limited	-	-	-	-	(38,566) (US\$ -1,376,912)	14.63	(5,642) (US\$ -201,427)	230,610	-
Accu-Rate	Development and manufacturing of electronic components	RMB 1,428,600	Through Silergy Semiconductor Technology (Hangzhou) Co., Ltd.	-	-	-	-	(5,341) (RMB -1,230,197)	26.92	(1,438) (RMB -331,187)	150,514	-
JT Microelectronics (Shenzhen) Co., Ltd.	Development and design of electronic components	RMB 1,137,548	Through Silergy Semiconductor Technology (Hangzhou) Co., Ltd.	-	-	-	-	(7,021) (RMB -1,617,063)	7.99	(338) (RMB -77,876)	44,805	-

Accumulated Outward Remittance for Investments from Taiwan in Mainland China as of December 31, 2021	Investment Amount Authorized by the Investment Commission, MOEA	Limit on the Amount of Investment Stipulated by the Investment Commission, MOEA
\$ - (Note 5)	\$ - (Note 5)	\$ - (Note 5)

Note 1: Translation was based on the exchange rate at December 31, 2021.

Note 2: Translation was based on the average exchange rate for the year ended December 31, 2021.

Note 3: Information was based on the investee's audited financial statements for the current year.

Note 4: Except for Hefei SMAT Technology Co., Ltd., Accu-Rate and JT Microelectronics (Shenzhen) Co., Ltd., the carrying amount of the investments and the share of profit or loss were eliminated upon consolidation.

Note 5: Foreign security issuers are not subject to the investment limitation set out in the "Guidelines on Investment and Technical Cooperation in Mainland China" issued by the Ministry of Economic Affairs on August 29, 2008, whereby the limit is 60% of an investment entity's most recent net value.

Note 6: Refers to the net amount after deducting the unrealized gain on disposal of intangible assets.

TABLE 8

SILERGY CORP.
(Incorporated in the Cayman Islands)
AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS
FOR THE YEAR ENDED DECEMBER 31, 2021

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Chen Wei	6,981,140	7.40
JPMorgan Chase Bank N.A., Taipei Branch in custody for New Perspective Fund	4,720,239	5.00

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to the Market Observation Post System website of the TWSE.