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

Consolidated Financial Statements for the Years Ended December 31, 2019 and 2018 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, 2019 and 2018, 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, 2019 and 2018, 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, 2019. 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, 2019 are stated as follows:

Evaluation of Provisions Held Against Inventory

As of December 31, 2019, the Company held inventory of NT$1,923,495 thousand, comprising 11% of its total assets. The amount is significant, the measurement involves a great amount of judgment and inventory management, and the amount of provision is affected by market competition, thus the provisions held against inventory was identified as one of the key audit matters.

Information of accounting policies, estimates and assumption of uncertainty and disclosures related to the evaluation of provisions held against inventory are indicated in Notes 4, 5 and 10 of the Notes to Consolidated Financial Statements.

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

1. Understood operating procedure and internal control related to inventory valuation. Evaluate the design and implementation of the control.

2. Observe annual inventory take. Understood the conditions of the actual inventory then confirm if the corresponding write-down of inventory is recognized.

3. Test the inventory net realizable value forms and inventory aging forms used for inventory valuation. Including verification of the integrity, logic, and realizable value of the forms. Then sample and recalculate to verify the correctness of the forms.

Goodwill Impairment Loss

As of December 31, 2019, the Company held Goodwill of NT$2,128,436 thousand, comprising 13% of its total assets. According to IAS 36 "Impairment of Assets", the assessment of impairment to related assets has to be made on the balance sheet date. Management takes into consideration the recoverable amount of the allocation of cash-generating unit when making assumptions of impairment loss. Because the amount is significant and the measurement involves a great amount of judgment from management, and could also be influenced by future market condition or economy, thus as such was identified as one of the key audit matters.

Information of accounting policies, estimates and assumption of uncertainty and disclosures related to goodwill impairment loss are indicated in Notes 4, 5 and 16 of the Notes to Consolidated Financial Statements.

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

1. Understood and evaluated the reasonability of management's estimates of assets impairment.

2. Evaluated the professional qualifications, competence and independence of independent evaluators that management hired.

3. Understood management's estimation process and basis of forecasted future financials of the cash-generating unit.

4. Evaluate the reasonability of the assumption and assessment method used in the goodwill impairment loss report provided by independent evaluators and consult with specialist within our firm.

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, 2019 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 Tzu-Jung Kuo and Cheng-Chun Chiu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 18, 2020

<u>*Notice to Readers*</u>

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, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019		2018	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 4,507,653	27	$ 2,618,420	19
Financial assets at amortized cost - current (Notes 4 and 8)	1,811,075	11	2,022,896	15
Accounts receivable, net (Notes 4, 9 and 24)	940,390	6	581,860	4
Other receivables (Notes 4 and 9)	292,060	2	117,814	1
Inventories (Notes 4, 5, 10 and 29)	1,923,495	11	1,690,972	12
Prepayments (Note 18)	132,228	1	69,641	-
Total current assets	9,606,901	58	7,101,603	51
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	1,608,505	9	1,289,447	9
Investments accounted for using the equity method (Notes 4 and 12)	509,379	3	595,650	4
Property, plant and equipment (Notes 4 and 13)	1,122,619	7	1,176,605	9
Right-of-use assets (Notes 3, 4 and 14)	119,275	1	-	-
Investment properties (Notes 3, 4 and 15)	463,424	3	-	-
Goodwill (Notes 4, 5, 16 and 29)	2,128,436	13	2,397,800	17
Other intangible assets (Notes 4 and 17)	999,629	6	1,191,113	9
Deferred tax assets (Notes 4 and 26)	29,427	-	34,632	-
Refundable deposits	43,035	-	39,853	-
Net defined benefit assets - non-current (Notes 4 and 22)	1,160	-	1,309	-
Long-term prepayments (Note 18)	7,157	-	49,433	1
Total non-current assets	7,032,046	42	6,775,842	49
TOTAL	$ 16,638,947	100	$ 13,877,445	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 19)	$ 100,000	1	$ -	-
Accounts payable (Note 20)	689,094	4	475,293	4
Accounts payable - related parties (Note 32)	1,104	-	584	-
Other payables (Note 21)	469,351	3	390,873	3
Current tax liabilities (Note 26)	10,458	-	8,527	-
Lease liabilities - current (Notes 3, 4 and 14)	34,937	-	-	-
Other current liabilities (Note 21)	28,831	-	25,585	-
Total current liabilities	1,333,775	8	900,862	7
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 26)	19,173	-	141	-
Lease liabilities - non-current (Notes 3, 4 and 14)	61,135	1	-	-
Guarantee deposits	6,588	-	6,730	-
Other payables - non-current (Note 21)	13,491	-	32,251	-
Total non-current liabilities	100,387	1	39,122	-
Total liabilities	1,434,162	9	939,984	7
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 23 and 28)				
Share capital				
Common shares	914,802	5	902,566	6
Capital surplus	6,752,006	41	6,061,816	44
Retained earnings				
Legal reserve	763,980	5	580,995	4
Special reserve	237,236	1	363,370	3
Unappropriated earnings	7,019,735	42	5,337,529	38
Total retained earnings	8,020,951	48	6,281,894	45
Other equity				
Exchange differences on translating foreign operations	(703,512)	(4)	(237,236)	(2)
Unearned employee benefits	(136,158)	(1)	(71,579)	-
Total other equity	(839,670)	(5)	(308,815)	(2)
Total equity attributable to owners of the Company	14,848,089	89	12,937,461	93
NON-CONTROLLING INTERESTS (Notes 11 and 23)	356,696	2	-	-
Total equity	15,204,785	91	12,937,461	93
TOTAL	$ 16,638,947	100	$ 13,877,445	100

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, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE, NET (Note 24)	$ 10,777,781	100	$ 9,414,159	100
OPERATING COSTS (Notes 10, 25, 28 and 32)	5,662,486	53	5,016,304	53
GROSS PROFIT	5,115,295	47	4,397,855	47
OPERATING EXPENSES (Notes 4, 9, 22, 25, 28 and 32)				
Selling and marketing expenses	633,898	6	626,006	7
General and administrative expenses	554,972	5	478,975	5
Research and development expenses	1,609,810	15	1,398,259	15
Expected credit loss (gain)	438	-	(1,313)	-
Total operating expenses	2,799,118	26	2,501,927	27
OTHER OPERATING INCOME AND EXPENSES, NET (Notes 12 and 25)	16,992	-	17,494	-
PROFIT FROM OPERATIONS	2,333,169	21	1,913,422	20
NON-OPERATING INCOME AND EXPENSES				
Interest income	77,984	1	54,129	-
Other income (Note 25)	90,961	1	75,174	1
Foreign exchange gain, net (Notes 4 and 33)	18,200	-	27,786	-
Interest expenses (Note 25)	(817)	-	(10,214)	-
Miscellaneous expenses	(5,794)	-	(3,192)	-
Impairment loss (Note 16)	(227,961)	(2)	(60,673)	(1)
Gain on disposal of associates (Note 12)	-	-	845	-
Gain (loss) on financial instruments at fair value through profit or loss (Note 31)	208,483	2	(27,238)	-
Share of loss of associates (Note 12)	(82,608)	-	(39,441)	-
Total non-operating income and expenses	78,448	2	17,176	-
PROFIT BEFORE INCOME TAX	2,411,617	23	1,930,598	20
INCOME TAX EXPENSE (Notes 4 and 26)	(85,735)	(1)	(100,747)	(1)
NET PROFIT FOR THE YEAR	2,325,882	22	1,829,851	19

(Continued)

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE (LOSS) INCOME (Notes 4, 22, 23 and 26)				
Items that will not be reclassified subsequently to profit or loss:				
Exchange differences arising on translation to the presentation currency	$ (374,064)	(4)	$ 369,416	4
Remeasurement of defined benefit plans	(157)	-	(240)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(8,966)	-	(213,592)	(2)
Share of the other comprehensive loss of associates accounted for using the equity method	(83,246)	(1)	(29,690)	(1)
Other comprehensive (loss) income for the year, net of income tax	(466,433)	(5)	125,894	1
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 1,859,449	17	$ 1,955,745	20
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 2,325,882	22	$ 1,829,851	19
Non-controlling interests	-	-	-	-
	$ 2,325,882	22	$ 1,829,851	19
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 1,859,449	17	$ 1,955,745	20
Non-controlling interests	-	-	-	-
	$ 1,859,449	17	$ 1,955,745	20
EARNINGS PER SHARE (Note 27)				
Basic	$25.83		$20.78	
Diluted	$25.07		$19.93	

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

SILERGY CORP.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company												
								Other Equity (Notes 23 and 28)					
	Share Capital (Note 23)			Retained Earnings (Note 23)				Exchange Differences on Translating				Non-controlling Interests	
	Number of Shares	Amount	Capital Surplus (Notes 23 and 28)	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Foreign Operations	Unearned Employee Benefits	Total	Total	(Notes 11 and 23)	Total Equity
BALANCE AT JANUARY 1, 2018	87,733	$ 877,326	$ 5,140,803	$ 400,194	$ -	$ 4,578,890	$ 4,979,084	$ (363,370)	$ (58,268)	$ (421,638)	$ 10,575,575	$ -	$ 10,575,575
Appropriation of the 2017 earnings													
Legal reserve	-	-	-	180,801	-	(180,801)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	363,370	(363,370)	-	-	-	-	-	-	-
Cash dividends distributed by Silergy Corp.	-	-	-	-	-	(526,396)	(526,396)	-	-	-	(526,396)	-	(526,396)
	-	-	-	180,801	363,370	(1,070,567)	(526,396)	-	-	-	(526,396)	-	(526,396)
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	3,025	-	-	-	-	-	-	-	3,025	-	3,025
Recognition of employee share options by Silergy Corp.	-	-	204,969	-	-	-	-	-	-	-	204,969	-	204,969
Convertible bonds converted to common shares	1,433	14,328	524,727	-	-	-	-	-	-	-	539,055	-	539,055
Redemption of equity component of convertible bonds	-	-	(13,678)	-	-	(405)	(405)	-	-	-	(14,083)	-	(14,083)
Net profit for the year ended December 31, 2018	-	-	-	-	-	1,829,851	1,829,851	-	-	-	1,829,851	-	1,829,851
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	-	(240)	(240)	126,134	-	126,134	125,894	-	125,894
Total comprehensive income for the year ended December 31, 2018	-	-	-	-	-	1,829,611	1,829,611	126,134	-	126,134	1,955,745	-	1,955,745
Issue of common shares under employee share options	874	8,742	98,121	-	-	-	-	-	-	-	106,863	-	106,863
Recognition of restricted employee shares issued by Silergy Corp.	220	2,200	104,120	-	-	-	-	-	(13,351)	(13,351)	92,969	-	92,969
Recognition of restricted employee shares forfeited	(3)	(30)	(271)	-	-	-	-	-	40	40	(261)	-	(261)
BALANCE AT DECEMBER 31, 2018	90,257	902,566	6,061,816	580,995	363,370	5,337,529	6,281,894	(237,236)	(71,579)	(308,815)	12,937,461	-	12,937,461
Appropriation of the 2018 earnings													
Legal reserve	-	-	-	182,985	-	(182,985)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	(126,134)	126,134	-	-	-	-	-	-	-
Cash dividends distributed by Silergy Corp.	-	-	-	-	-	(586,668)	(586,668)	-	-	-	(586,668)	-	(586,668)
	-	-	-	182,985	(126,134)	(643,519)	(586,668)	-	-	-	(586,668)	-	(586,668)
Changes in percentage of ownership interests in subsidiaries	-	-	73,923	-	-	-	-	-	-	-	73,923	-	73,923
Recognition of employee share options by Silergy Corp.	-	-	218,562	-	-	-	-	-	-	-	218,562	-	218,562
Net profit for the year ended December 31, 2019	-	-	-	-	-	2,325,882	2,325,882	-	-	-	2,325,882	-	2,325,882
Other comprehensive loss for the year ended December 31, 2019, net of income tax	-	-	-	-	-	(157)	(157)	(466,276)	-	(466,276)	(466,433)	-	(466,433)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	2,325,725	2,325,725	(466,276)	-	(466,276)	1,859,449	-	1,859,449
Issue of common shares under employee share options	919	9,188	207,375	-	-	-	-	-	-	-	216,563	-	216,563
Recognition of restricted employee shares issued by Silergy Corp.	306	3,058	190,870	-	-	-	-	-	(64,579)	(64,579)	129,349	-	129,349
Recognition of restricted employee shares forfeited	(1)	(10)	(540)	-	-	-	-	-	-	-	(550)	-	(550)
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	356,696	356,696
BALANCE AT DECEMBER 31, 2019	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

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

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 2,411,617	$ 1,930,598
Adjustments for:		
Expected credit loss recognized/(reversed) on trade receivables	438	(1,313)
Net (gain) loss on financial instruments at fair value through profit or loss	(208,483)	27,238
Depreciation expenses	114,025	47,421
Amortization expenses	184,060	183,305
Interest income	(77,984)	(54,129)
Interest expenses	817	10,214
Compensation cost of employee share options	218,562	204,969
Compensation cost of restricted employee shares	128,799	92,708
Share of loss of associates	82,608	39,441
Loss on disposal of property, plant and equipment	337	125
Property, plant and equipment transferred to expenses	5	-
Gains on disposal of intangible assets	(17,319)	(17,619)
Gains on disposal of right-of-use assets	(10)	-
Write-down of inventories	22,657	119,152
Unrealized loss on foreign currency exchange	1,605	2,159
Gain on redemption of bonds payable	-	(2,903)
Impairment loss of goodwill	227,961	60,673
Changes in operating assets and liabilities		
(Increase) decrease in accounts receivable	(360,722)	632
Decrease (increase) in other receivables	73,709	(39,794)
Increase in inventories	(226,277)	(168,988)
Increase in prepayments	(62,604)	(5,313)
Increase in defined benefit assets - non-current	(47)	(91)
Increase in accounts payable	214,058	58,622
Increase in accounts payable - related parties	520	584
Increase in other payables	77,473	37,526
Increase in other current liabilities	3,246	13,608
Cash generated from operations	2,809,051	2,538,825
Interest received	66,060	45,242
Income tax paid	(71,895)	(105,882)
Net cash generated from operating activities	2,803,216	2,478,185
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	-	(788,691)
Proceeds from sale of financial assets at amortized cost	211,821	-
Purchase of financial assets at fair value through profit or loss	(189,094)	(1,040,104)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019	2018
Proceeds from sale of financial assets at fair value through profit or loss	$ 30,715	$ -
Net cash outflow on business combinations	(30,980)	-
Acquisition of property, plant and equipment	(530,539)	(445,450)
Proceeds from disposal of property, plant and equipment	26	1
Increase in long-term prepayments	(2,841)	(3,575)
Payments for intangible assets	(35,458)	(42,046)
(Increase) decrease in refundable deposits	(3,182)	52,442
Net cash used in investing activities	(549,532)	(2,267,423)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowing	100,000	-
Redemption of bonds payable	-	(172,169)
(Decrease) increase in guarantee deposits	(142)	5,995
Repayment of the principal portion of lease liabilities	(37,658)	-
Cash dividends paid	(585,261)	(526,396)
Proceeds from exercise of employee share options	216,563	106,863
Changes in non-controlling interest	206,334	-
Net cash used in financing activities	(100,164)	(585,707)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(264,287)	79,193
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,889,233	(295,752)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2,618,420	2,914,172
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 4,507,653	$ 2,618,420

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

1. GENERAL INFORMATION

Silergy Corp. ("Silergy") was incorporated as a limited company under the Company Law 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 of the Republic of China (ROC) 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 18, 2020.

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

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   Except for the following, whenever applied, 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:

   - IFRS 16 "Leases"

     IFRS 16 sets out the accounting standards for leases that will supersede IAS 17, IFRIC 4 and a number of related interpretations. Refer to Note 4 for information relating to the relevant accounting policies.

     <u>Definition of a lease</u>

     The Company elects to apply the guidance of IFRS 16 in determining whether contracts are, or contain, a lease only to contracts entered into (or changed) on or after January 1, 2019. Contracts identified as containing a lease under IAS 17 and IFRIC 4 are reassessed and will be accounted for in accordance with the transitional provisions under IFRS 16.

The Company as lessor

The Company does not make any adjustments for leases in which it is a lessor and it accounts for those leases with the application of IFRS 16 starting from January 1, 2019.

The Company as lessee

The Company recognizes right-of-use assets or investment properties if the right-of-use assets meet the definition of investment properties, and lease liabilities for all leases on the consolidated balance sheets except for those whose payments under low-value asset and short-term leases are recognized as expenses on a straight-line basis. On the consolidated statements of comprehensive income, the Company presents the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of lease liabilities are classified within financing activities; cash payments for the interest portion are classified within operating activities. Currently, payments under operating lease contracts are recognized as expenses on a straight-line basis. Prepaid lease payments for land use rights of land located in mainland China are recognized as prepayments for leases. Cash flows for operating leases are classified within operating activities on the consolidated statements of cash flows.

The Company elects to apply IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized on January 1, 2019. Comparative information is not restated.

Lease liabilities were recognized on January 1, 2019 for leases currently classified as operating leases with the application of IAS 17. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets were measured at an amount equal to the lease liabilities. The Company applies IAS 36 to all right-of-use assets.

The Company expects to apply the following practical expedients:

a) The Company applies a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.

b) The Company accounts for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.

c) The Company excludes initial direct costs from the measurement of right-of-use assets on January 1, 2019.

d) The Company uses hindsight, such as in determining lease terms, to measure lease liabilities.

The lessee's weighted average incremental borrowing rate applied to lease liabilities recognized on January 1, 2019 is 1.88%-2.88%. The difference between the (i) lease liabilities recognized and (ii) operating lease commitments disclosed under IAS 17 on December 31, 2018 is explained as follows:

The future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018	$ 125,513
Less: Recognition exemption for short-term leases	(4,407)
Undiscounted amounts on January 1, 2019	$ 121,106
Discounted amounts using the incremental borrowing rate on January 1, 2019	$ 118,955

The impact on assets, liabilities and equity as of January 1, 2019 from the initial application of IFRS 16 is set out as follows:

	As Originally Stated on January 1, 2019	Adjustments Arising from Initial Application	Restated on January 1, 2019
Long-term prepayments for leases - non-current	$ 45,117	$ (45,117)	$ -
Right-of-use assets	-	164,072	164,072
Total effect on assets	$ 45,117	$ 118,955	$ 164,072
Lease liabilities - current	$ -	$ 34,270	$ 34,270
Lease liabilities - non-current	-	84,685	84,685
Total effect on liabilities	$ -	$ 118,955	$ 118,955

b. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2020

New, Amended or Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020 (Note 1)
Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform"	January 1, 2020 (Note 2)
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020 (Note 3)

Note 1: The Group shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note 2: The Group shall apply these amendments retrospectively for annual reporting periods beginning on or after January 1, 2020.

Note 3: The Group shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

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.

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

New IFRSs	Effective Date Announced by IASB (Note)
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, 2021
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2022

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

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 5 and 6 for the detailed information of subsidiaries (including the percentage of ownership and main business).

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.

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 group 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. Exchange differences arising 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 group entities into 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 of Silergy 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.

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 a group entity 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 stated at cost, less recognized 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. Beginning January 1, 2019, investment properties include right-of-use assets if the definition of investment properties is met.

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.

Beginning January 1, 2019, 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 tangible and 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 tangible 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 31.

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).

The Company always recognizes lifetime expected credit losses (i.e. ECLs) for trade 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

All financial liabilities are measured at amortized cost using the effective interest method:

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.

- Revenue from the sale of goods

Revenue from the sale of goods comes from sales of integrated circuit products. Sales of 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.

p. Leasing

2019

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.

2018

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

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

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

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 about 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.

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.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2019	**2018**
Cash on hand	$ 780	$ 675
Checking accounts and demand deposits	3,412,603	2,279,880
Cash equivalents (investments with original maturities of less than 3 months)		
Time deposits	1,094,270	337,865
	$ 4,507,653	$ 2,618,420

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

	December 31	
	2019	**2018**
Deposits	0.00%-2.38%	0.00%-3.35%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2019	2018
Financial assets - non-current		
Non-derivative financial assets		
Overseas unlisted common shares		
Silicon Micro Technology L.P. (“SMT”) (a)	$ 877,185	$ 921,450
Hangzhou Hualan Microelectronique Co., Ltd. (“Hualan”)	45,726	32,216
Calterah Semiconductor Technology (Shanghai) CO., Ltd. (“Calterah”)	197,381	30,403
Jiangsu CAS-IGBT Technology Co., Ltd. (“Jiangsu”)	24,121	30,766
Shenzhen Anchuang Technology Equity Investment Partnership (Limited Partnership) (“Anchuang”) (b)	25,785	26,852
Powerland Technology Inc. (“Powerland”)	100,860	82,768
Ningbo Meishan Bonded Port Area Anchuang Growth Equity Investment Partnership L.P. (“Ningbo Anchuang”) (c)	75,206	78,318
Zhenjiang Puhe Equity Investment Fund Partnership (Limited Partnership) (“Puhe”) (d)	42,975	22,377
Shanghai Geometrical Perception and Learning Co., Ltd. (“Geometrical”) (e)	34,380	-
Hefei Kangtong Equity Investment Partnership (Limited Partnership) (“Kangtong”) (f)	128,924	-
Overseas unlisted preferred shares		
Vango Technologies, Inc. (“Vango”)	55,962	33,582
Hybrid financial assets		
Convertible bonds		
Vango Technologies, Inc. (“Vango”)	-	30,715
	$ 1,608,505	$ 1,289,447

a. In August 2018, the Company signed an investment agreement with SMT to subscribe capital for US$30,000 thousand. As of December 31, 2019, the subscribed capital contribution accounted for 24.67% of the paid-in capital. The Company does not have power over the relevant activities of SMT. Thus, the Company does not have significant influence over SMT.

b. In January 2017, Hangzhou Silergy signed an investment agreement with Anchuang to subscribe capital for RMB6,000 thousand. Hangzhou Silergy paid RMB3,000 thousand each in January 2017 and April 2018. As of December 31, 2019, the subscribed capital contribution accounted for 6.78% of the paid-in capital.

c. In March 2018, Hangzhou Silergy signed an investment agreement with Ningbo Anchuang to subscribe capital for RMB17,500 thousand. As of December 31, 2019, the subscribed capital contribution accounted for 1.186% of the paid-in capital.

d. In August 2018, Nanjing Silergy Semiconductor Technology (“Nanjing Silergy”) signed an investment agreement with Puhe to subscribe capital for RMB10,000 thousand. Nanjing Silergy paid RMB5,000 thousand each in August 2018 and April 2019. As of December 31, 2019, the subscribed capital contribution accounted for 4.975% of the paid-in capital.

e. In January 2019, Hangzhou Silergy signed an investment agreement with Geometrical to subscribe capital for RMB8,000 thousand. As of December 31, 2019, the subscribed capital contribution accounted for 3.365% of the paid-in capital.

f. In October 2019, Hangzhou Silergy signed an investment agreement with Kangtong to subscribe capital for RMB30,000 thousand. As of December 31, 2019, the subscribed capital contribution accounted for 59.994% of the paid-in capital. Hangzhou Silergy does not have power over the relevant activities of Kangtong. Thus, Hangzhou Silergy does not have significant influence over Kangtong.

g. On November 12, 2019, the board of directors of Silergy resolved to invest in Alphatecture Venture Fund, and injected capital of US$4,349 thousand in January 2020.

8. FINANCIAL ASSETS MEASURED AT COST - NON-CURRENT

	December 31	
	2019	**2018**
Current		
Time deposits with original maturities of more than 3 months	$ 1,811,075	$ 2,022,896
Interest rate range	1.55%-2.84%	1.62%-3.23%

9. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31	
	2019	**2018**
Accounts receivable		
At amortized cost		
Gross carrying amount	$ 942,796	$ 583,978
Less: Allowance for impairment loss	(2,406)	(2,118)
	$ 940,390	$ 581,860
Other receivables		
Capital receivables	$ 224,285	$ -
Interest receivables	30,990	19,066
Tax refund receivables - income tax	16,736	4,990
Building payment refund receivables	-	53,030
Tax refund receivables - value added tax	-	27,205
Others	20,049	13,523
	$ 292,060	$ 117,814

Accounts Receivable

The average credit period of sales of goods was 45 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 the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all accounts receivable. The expected credit losses on accounts receivable are estimated with reference to the past default experience 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, 2019

	Not Past Due	1 to 60 Days	61 to 90 Days	91 to 180 Days	Over 180 Days	Total
Gross carrying amount	$ 883,999	$ 56,857	$ 1,126	$ 790	$ 24	$ 942,796
Loss allowance (Lifetime ECLs)	-	(1,871)	(116)	(395)	(24)	(2,406)
Amortized cost	$ 883,999	$ 54,986	$ 1,010	$ 395	$ -	$ 940,390

December 31, 2018

	Not Past Due	1 to 60 Days	61 to 90 Days	91 to 180 Days	Over 180 Days	Total
Gross carrying amount	$ 535,932	$ 47,965	$ -	$ -	$ 81	$ 583,978
Loss allowance (Lifetime ECLs)	-	(2,037)	-	-	(81)	(2,118)
Amortized cost	$ 535,932	$ 45,928	$ -	$ -	$ -	$ 581,860

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

	2019	2018
Balance at January 1	$ 2,118	$ 3,900
Net remeasurement of loss allowance	438	(1,313)
Amounts written off	(81)	(507)
Foreign exchange gains and losses	(69)	38
Balance at December 31	$ 2,406	$ 2,118

10. INVENTORIES

	December 31	
	2019	2018
Finished goods	$ 564,939	$ 725,886
Work in progress	1,000,904	481,581
Raw materials	357,652	483,505
	$ 1,923,495	$ 1,690,972

The cost of goods sold for the years ended December 31, 2019 and 2018 was $5,662,486 thousand and $5,016,304 thousand, respectively. The cost of goods sold included inventory write-downs of $22,657 thousand and $119,152 thousand for the years ended December 31, 2019 and 2018, respectively.

11. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements:

Investor	Investee	Nature of Activities	Proportion of Ownership December 31 2019	Proportion of Ownership December 31 2018	Remark
Silergy Corp. (“Silergy”)	Silergy Technology (“TECH”)	Development, design and sales of power management ICs	100.00%	100.00%	1
	Silergy Semiconductor Technology (Hangzhou) (“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
Hangzhou Silergy	Nanjing Silergy Semiconductor Technology (“Nanjing Silergy”)	Development, design and sales of electronic components	66.67%	100.00%	5
	Xian Silergy Semiconductor Technology (“Xian Silergy”)	Development, design and sales of electronic components	100.00%	100.00%	6
	Shanghai Pengxi Semiconductor Technology (“Shanghai Pengxi”)	Development and design of electronic components	-	100.00%	7
	Chengdu Silergy Semiconductor Technology (“Chengdu Silergy”)	Development and design of electronic components	100.00%	100.00%	8
Silergy Samoa	Silergy Technology (Taiwan) Inc. (Originally named Integrated Crystal Technology Inc.) (“Crystal”)	Development, design and sales of electronic components	100.00%	100.00%	9
	Silergy Technologies Private Limited	Development, design and sales of electronic components	100.00%	100.00%	10
	Silergy Korea Limited	Development, design and sales of electronic components	100.00%	100.00%	11
Nahjing Silergy	Shanghai Pengxi Semiconductor Technology (“Shanghai Pengxi”)	Development and design of electronic components	100.00%	-	7

Remarks:

1) In May 2008, Silergy set up TECH, which mainly develops and designs power management integrated circuits (ICs). As of December 31, 2019, the paid-in capital of TECH was US$3,112 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, 2019, the capital of Hangzhou Silergy was US$58,520 thousand.

3) In December 2012, Silergy set up Silergy Samoa, a holding company. The board of directors of Silergy agreed to inject capital at US$2,000 thousand in December 2018. As of December 31, 2019, the capital of Silergy Samoa was US$24,300 thousand. Silergy Samoa set up a Japan branch in April 2016. As of December 31, 2019, a total capital of US$2,419 thousand had been injected into the Japan branch.

4) In October 2015, Silergy set up HK Silergy, a holding company. The board of directors of Silergy agreed to inject capital of US$10 thousand into the holding company in December 2018. As of December 31, 2019, the capital of HK Silergy was US$11,375 thousand.

5) 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%.

6) In April 2015, Hangzhou Silergy set up Xian Silergy, which develops, designs, and sells electronic components (e.g., ICs), semiconductors and other electronic products. Hangzhou Silergy injected capital into Xian Silergy at RMB20,000 thousand in January 2018. As of December 31, 2019, the capital of Xian Silergy was RMB91,000 thousand.

7) In April 2016, Hangzhou Silergy set up Shanghai Pengxi, which develops and designs electronic components (e.g., ICs), semiconductors and other electronic products. Hangzhou Silergy injected capital amounting to RMB16,000 thousand and RMB6,000 thousand into Shanghai Pengxi in April 2018 and May 2019, respectively. 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 November 2019, Nanjing Silergy injected capital in the amount of RMB10,000 thousand into Shanghai Pengxi. As of December 31, 2019, the paid-in capital of Shanghai Pengxi was RMB53,000 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. Hangzhou Silergy injected capital into Chengdu Silergy at RMB6,000 thousand and RMB8,000 thousand in May 2018 and April 2019, respectively. As of December 31, 2019, the capital of Chengdu Silergy was RMB34,000 thousand.

9) 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, 2019, Crystal's capital was $317,000 thousand.

10) In May 2016, Silergy Samoa set up Silergy Technologies Private Limited in India, which develops, designs and sells electronic components. As of December 31, 2019, the capital of Silergy Technologies Private Limited was US$2 thousand.

11) In November 2017, Silergy Samoa set up Silergy Korea Limited in Korea, which develops, designs and sells electronic components. As of December 31, 2019, the capital of Silergy Korea Limited was US$311 thousand.

12) In December 2019, Hangzhou Silergy set up Shanghai Silergy Semiconductor Technology ("Shanghai Silergy") in Shanghai, which mainly develops and designs electronic components (e.g., ICs), semiconductors and other electronic products. As of December 31, 2019, Hangzhou Silergy has not injected capital into Shanghai Silergy.

13) In December 2019, Nanjing Silergy set up Nanjing Silergy Semiconductor (Hong Kong) Limited ("Nanjing Hong Kong Silergy") in Hong Kong, which mainly develops, designs, and sells electronic components (e.g., ICs), semiconductors and other electronic products. As of December 31, 2019, Nanjing Silergy has not injected into capital Nanjing Hong Kong Silergy.

b. Details of subsidiaries that have material non-controlling interests (for the year ended December 31, 2018: None)

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests December 31, 2019
Nanjing Silergy	33.33%

See Table 6 for information on the places of incorporation and principal places of business.

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests For the Year Ended December 31, 2019	Accumulated Non-controlling Interests December 31, 2019
Nanjing Silergy	$ -	$ 356,696

The summarized financial information below represents amounts before intragroup eliminations.

Nanjing Silergy

	December 31, 2019
Current assets	$ 1,040,224
Non-current assets	408,247
Current liabilities	(378,384)
Equity	$ 1,070,087
Equity attributable to:	
Owners of Nanjing Silergy	$ 713,391
Non-controlling interests of Nanjing Silergy	356,696
	$ 1,070,087

	For the Year Ended December 31, 2019
Revenue	$ 807,437
Total comprehensive income for the year	$ 61,898
Profit/total comprehensive income attributable to:	
Owners of Nanjing Silergy	$ 61,898
Non-controlling interests of Nanjing Silergy	-
	$ 61,898
Net cash inflow/(outflow) from:	
Operating activities	$ (89,625)
Investing activities	64,135
Financing activities	215,201
Net cash inflow	$ 189,711

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2019	2018
Investments in associates		
Material associate		
Hefei SMAT Technology Co., Ltd. (“SMAT”)	$ 509,379	$ 595,650

Material Associates

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 2019 and 2018, the total realized gain was $17,319 thousand and $17,619 thousand, respectively.

The board of directors of SMAT agreed to increase capital and complete the related procedures by the first half of 2018. 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. The Company made adjustments to increase the share of changes in capital surplus of associates accounted for using the equity method by $3,025 thousand and recognized a gain of $845 thousand from the disposal of associates.

Refer to Table 6 “Information on Investments in Mainland China” for the nature of activities, principal place of business and country of incorporation of the associates.

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

	December 31	
	2019	2018
Current assets	$ 431,516	$ 812,840
Non-current assets	1,682,170	1,529,621
Total assets	$ 2,113,686	$ 2,342,461
Current liabilities	$ 322,152	$ 242,946
Non-current liabilities	57,772	59,186
Total liabilities	$ 379,924	$ 302,132
Equity	$ 1,733,762	$ 2,040,329
Proportion of the Company's ownership	35.12%	35.12%

	December 31	
	2019	2018
Equity attributable to the Company	$ 609,009	$ 716,696
Unrealized gain on disposal of intangible assets	(99,630)	(121,046)
Carrying amount	$ 509,379	$ 595,650

	For the Year Ended December 31	
	2019	2018
Operating revenue	$ 59,943	$ 10,302
Net loss for the year	$ (235,174)	$ (110,318)

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

13. PROPERTY, PLANT AND EQUIPMENT

	For the Year Ended December 31, 2019					
	Buildings	Machinery and Equipment	Office Equipment	Leasehold Improvements	Construction in Progress	Total
Cost						
Balance, beginning of year	$ 310,231	$ 172,499	$ 49,712	$ 24,104	$ 771,799	$ 1,328,345
Additions	25,978	82,457	53,247	26,934	341,923	530,539
Disposals	-	(831)	(6,516)	(1,864)	-	(9,211)
Reclassification	523,146	(3,870)	1,397	5,218	(529,476)	(3,585)
Transfers to investment properties	(65,209)	-	-	-	(406,744)	(471,953)
Effect of foreign currency exchange differences	(31,403)	(8,370)	(3,428)	(1,702)	(6,185)	(51,088)
Balance, end of year	762,743	241,885	94,412	52,690	171,317	1,323,047
Accumulated depreciation						
Balance, beginning of year	14,700	92,828	32,986	11,226	-	151,740
Depreciation expense	12,033	38,816	11,185	6,952	-	68,986
Disposals	-	(789)	(6,195)	(1,864)	-	(8,848)
Reclassification	-	(3,535)	(45)	-	-	(3,580)
Transfers to investment properties	(1,394)	-	-	-	-	(1,394)
Effect of foreign currency exchange differences	(969)	(4,129)	(1,012)	(366)	-	(6,476)
Balance, end of year	24,370	123,191	36,919	15,948	-	200,428
Net book value, end of year	$ 738,373	$ 118,694	$ 57,493	$ 36,742	$ 171,317	$ 1,122,619

	For the Year Ended December 31, 2018					
	Buildings	Machinery and Equipment	Office Equipment	Leasehold Improvements	Construction in Progress	Total
Cost						
Balance, beginning of year	$ 158,242	$ 118,867	$ 46,533	$ 17,583	$ 468,650	$ 809,875
Additions	57,626	55,348	5,766	9,532	317,178	445,450
Disposals	-	(425)	(2,281)	(3,038)	-	(5,744)
Reclassification	99,652	-	(79)	-	-	99,573
Effect of foreign currency exchange differences	(5,289)	(1,291)	(227)	27	(14,029)	(20,809)
Balance, end of year	310,231	172,499	49,712	24,104	771,799	1,328,345
Accumulated depreciation						
Balance, beginning of year	7,169	65,089	28,912	10,611	-	111,781
Depreciation expense	7,784	28,627	7,399	3,611	-	47,421
Disposals	-	(424)	(2,225)	(2,969)	-	(5,618)
Reclassification	-	-	(956)	-	-	(956)
Effect of foreign currency exchange differences	(253)	(464)	(144)	(27)	-	(888)
Balance, end of year	14,700	92,828	32,986	11,226	-	151,740
Net book value, end of year	$ 295,531	$ 79,671	$ 16,726	$ 12,878	$ 771,799	$ 1,176,605

The Company built their headquarters in Hangzhou. The total estimated amount to complete the construction of their headquarter buildings is RMB350 million, and the buildings have been used since June 2019.

No impairment assessment was performed for the years ended December 31, 2019 and 2018 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	3-7 years
Office equipment	3-10 years
Leasehold improvements	3-5 years

14. LEASE ARRANGEMENTS

a. Right-of-use assets - 2019

	December 31, 2019
Carrying amounts	
Land	$ 24,509
Buildings	94,766
	$ 119,275

	For the Year Ended December 31, 2019
Additions to right-of-use assets	$ 16,294
Depreciation charge for right-of-use assets	
Land	$ 765
Buildings	38,195
	$ 38,960

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 - 2019

	December 31, 2019
Carrying amounts	
Current	$ 34,937
Non-current	$ 61,135

Range of discount rate for lease liabilities was as follows:

	December 31, 2019
Buildings	1.88%-2.88%

c. Material lease activities and terms (the Company is lessee)

The Company also leases land and buildings for the use of plants and offices with lease terms of 1 to 50 years. The Company does not have bargain purchase options to acquire the leasehold land and buildings 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.

2019

	For the Year Ended December 31, 2019
Expenses relating to short-term leases	$ 39,779
Total cash outflow for leases	$ (77,437)

The Company leases certain land and buildings which 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.

For the year ended December 31, 2019, expenses relating to short-term leases also include expenses relating to leases for which the lease terms end on or before December 31, 2019 and for which the recognition exemption is applied. The amount of lease commitments for short-term leases for which the recognition exemption is applied was $1,985 thousand as of December 31, 2019.

2018

The future minimum lease payments of non-cancellable operating lease commitments were as follows:

	December 31, 2018
Not later than 1 year	$ 38,934
Later than 1 year and not later than 2 years	30,968
Later than 2 year and not later than 5 years	55,344
Later than 5 years	267
	$ 125,513

15. INVESTMENT PROPERTIES (FOR THE YEAR ENDED DECEMBER 31, 2018: NONE)

	Buildings	Right-of-use Assets	Total
Cost			
Balance at January 1, 2019	$ -	$ -	$ -
Transfers from property, plant and equipment	471,953	-	471,953
Transfers from right-of-use assets	-	18,858	18,858
Effects of foreign currency exchange differences	(19,445)	(777)	(20,222)
Balance at December 31, 2019	452,508	18,081	470,589

(Continued)

	Buildings	Right-of-use Assets	Total
Accumulated depreciation and impairment			
Balance at January 1, 2019	$ -	$ -	$ -
Depreciation expense	5,872	207	6,079
Transfers from property, plant and equipment	1,394	-	1,394
Effects of foreign currency exchange differences	(300)	(8)	(308)
Balance at December 31, 2019	6,966	199	7,165
Carrying amounts at December 31, 2019	$ 445,542	$ 17,882	$ 463,424

(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 investment properties were leased out for 2 to 5 years. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The maturity analysis of lease payments receivable of investment properties leased under operating leases as of December 31, 2019 was as follows:

	December 31, 2019
Year 1	$ 17,172
Year 2	14,105
Year 3	9,211
Year 4	5,351
Year 5	3,388
	$ 49,227

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

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.

16. GOODWILL

	For the Year Ended December 31	
	2019	2018
Cost		
Balance at January 1	$ 2,592,612	$ 2,517,224
Additional amounts recognized from business combinations that occurred during the year (Note 29)	14,423	-
Effect of foreign currency exchange differences	(69,291)	75,388
Balance at December 31	$ 2,537,744	$ 2,592,612
Accumulated impairment losses		
Balance at January 1	$ (194,812)	$ (129,957)
Impairment losses recognized	(227,961)	(60,673)
Effect of foreign currency exchange differences	13,465	(4,182)
Balance at December 31	$ (409,308)	$ (194,812)
Net book value at December 31	$ 2,128,436	$ 2,397,800

For the year ended December 31, 2019, the Company evaluated the goodwill generated from the acquisition of power management related businesses and net assets of Maxim Integrated Products, Inc. ("Maxim") and Gazelle Semiconductor Inc. ("Gazelle"), and recognized impairment losses on goodwill of $185,403 thousand and $42,558 thousand for Maxim and Gazelle, respectively. The recoverable amount of Maxim of $87,099 thousand was determined based on the value in use calculation and a discount rate of 12.0%. The main reason for the impairment loss was because the profitability of the related products was lower than expected. In addition, the Company evaluated that Gazelle is no longer economically viable, thus, the full amount of goodwill was recognized as an impairment loss.

For the year ended December 31, 2018, the Company recognized an impairment loss of $32,223 thousand and $28,450 thousand for goodwill relating to CitrusCom Corporation (CitrusCom) and Energy Pass Incorporation (EPI), respectively. The recoverable amount of CitrusCom of $110,085 thousand and EPI of $5,379 thousand was determined based on a value in use calculation and a discount rate of 15.7% and 16.7%, respectively. The main reason for the impairment loss was because the related products' profitabilities were lower than expected.

17. OTHER INTANGIBLE ASSETS

	For the Year Ended December 31, 2019				
	Computer Software	Technical Know-how	Customer Relationships	Back Orders	Total
Cost					
Balance, beginning of year	$ 84,948	$ 453,502	$ 1,205,958	$ 59,403	$ 1,803,811
Additions	16,911	-	-	-	16,911
Disposals	(96)	-	-	(59,403)	(59,499)
Effect of foreign currency exchange differences	(2,688)	(12,756)	(29,071)	-	(44,515)
Balance, end of year	99,075	440,746	1,176,887	-	1,716,708

(Continued)

	For the Year Ended December 31, 2019				
	Computer Software	**Technical Know-how**	**Customer Relationships**	**Back Orders**	**Total**
Accumulated amortization					
Balance, beginning of year	67,175	179,640	306,480	59,403	612,698
Amortization expenses	18,684	59,337	106,039	-	184,060
Disposals	(96)	-	-	(59,403)	(59,499)
Effect of foreign currency exchange differences	(2,213)	(7,283)	(10,684)	-	(20,180)
Balance, end of year	83,550	231,694	401,835	-	717,079
Net book value, end of year	$ 15,525	$ 209,052	$ 775,052	$ -	$ 999,629

(Concluded)

	For the Year Ended December 31, 2018				
	Computer Software	**Technical Know-how**	**Customer Relationships**	**Back Orders**	**Total**
Cost					
Balance, beginning of year	$ 59,130	$ 440,080	$ 1,168,654	$ 57,556	$ 1,725,420
Additions	23,957	-	-	-	23,957
Disposals	(93)	-	-	-	(93)
Effect of foreign currency exchange differences	1,954	13,422	37,304	1,847	54,527
Balance, end of year	84,948	453,502	1,205,958	59,403	1,803,811
Accumulated amortization					
Balance, beginning of year	$ 46,231	$ 116,473	$ 193,060	$ 57,556	$ 413,320
Amortization expenses	19,291	58,651	105,363	-	183,305
Disposals	(93)	-	-	-	(93)
Effect of foreign currency exchange differences	1,746	4,516	8,057	1,847	16,166
Balance, end of year	67,175	179,640	306,480	59,403	612,698
Net book value, end of year	$ 17,773	$ 273,862	$ 899,478	$ -	$ 1,191,113

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
Back orders	1 year

18. PREPAYMENTS

	December 31	
	2019	2018
Current		
Prepaid expenses	$ 87,626	$ 67,418
Prepayments for investment proceeds	30,000	-
Prepayments to suppliers	14,602	2,223
	$ 132,228	$ 69,641
Non-current		
Prepayments for equipment	$ 7,157	$ 4,316
Prepayments for leases	-	45,117
	$ 7,157	$ 49,433

19. BORROWINGS (DECEMBER 31, 2018: NONE)

Short-term Borrowings

	December 31, 2019
Unsecured borrowings	
Line of credit borrowings	$ 100,000

The weighted average effective interest rate of revolving bank loans was 1.05% per annum at December 31, 2019.

20. ACCOUNTS PAYABLE

	December 31	
	2019	2018
Accounts payable - operating	$ 689,094	$ 475,293

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

21. OTHER PAYABLES AND LIABILITIES

	December 31	
	2019	2018
Current		
Other payables		
Payables for salaries and bonuses	$ 339,502	$ 312,928
Payables for royalties	17,988	18,429
Payables for mask fees	6,049	4,878
Payables for remuneration of directors	5,700	4,900
Payables for property tax	5,450	-
Payables for dividends	1,407	-
Payables for business tax	1,192	1,441
Others	92,063	48,297
	$ 469,351	$ 390,873
Other liabilities		
Contract liabilities	$ 17,669	$ 4,233
Others	11,162	21,352
	$ 28,831	$ 25,585
Non-current		
Other payables		
Payables for royalties	$ 13,491	$ 32,251

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, totaling US$3,000 thousand. As of December 31, 2019 and 2018, the payables for royalties were US$1,050 thousand and US$1,650 thousand, respectively.

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

Silergy Technology (Taiwan) Inc. (originally named Integrated Crystal Technology Inc.) have pension plans 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 according to the respective policies.

b. Defined benefit plans

Silergy Technology (Taiwan) Inc. (Originally named Integrated Crystal Technology Inc.) adopted the 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	
	2019	**2018**
Present value of defined benefit obligation	$ 948	$ 676
Fair value of plan assets	(2,108)	(1,985)
Net defined benefit assets	$ (1,160)	$ (1,309)

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, 2019	$ 676	$ (1,985)	$ (1,309)
Net interest expense (income)	8	(22)	(14)
Recognized in profit or loss	8	(22)	(14)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(68)	(68)
Actuarial gain - experience adjustments	160	-	160
Actuarial loss - changes in financial assumptions	104	-	104
Recognized in other comprehensive income	264	(68)	196
Contributions from the employer	-	(33)	(33)
Balance at December 31, 2019	$ 948	$ (2,108)	$ (1,160)

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2018	$ 359	$ (1,877)	$ (1,518)
Net interest expense (income)	5	(28)	(23)
Recognized in profit or loss	5	(28)	(23)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(48)	(48)
Actuarial gain - experience adjustments	267	-	267
Actuarial loss - changes in financial assumptions	45	-	45
Recognized in other comprehensive income	312	(48)	264
Contributions from the employer	-	(32)	(32)
Balance at December 31, 2018	$ 676	$ (1,985)	$ (1,309)

(Concluded)

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	
	2019	2018
Discount rate	0.76%	1.11%
Expected rate of salary increase	1.50%	1.50%

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	
	2019	2018
Discount rate		
0.5% increase	$ (83)	$ (62)
0.5% decrease	$ 93	$ 69
Expected rate of salary increase		
0.5% increase	$ 90	$ 68
0.5% decrease	$ (82)	$ (61)

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	
	2019	2018
The expected contributions to the plan for the next year	$ 34	$ 33
The average duration of the defined benefit obligation	18.72 years	19.62 years

23. EQUITY

a. Common shares

	December 31	
	2019	2018
Number of shares authorized (in thousands)	200,000	200,000
Shares authorized	$ 2,000,000	$ 2,000,000
Number of shares issued and fully paid (in thousands)	91,481	90,257
Shares issued	$ 914,802	$ 902,566

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

For the year ended December 31, 2018, Silergy's shares increased by 1,433 thousand because of the bondholders' exercise of their conversion rights to convert their bonds to shares.

For the years ended December 31, 2019 and 2018, Silergy's shares increased by 1,225 thousand and 1,094 thousand because of the employees' exercise of their employee share options and the issuance of restricted shares to employees, respectively. And on November 12, 2019 and November 13, 2018, the board of directors resolved to recall 1 thousand and 3 thousand employee restricted shares that have been issued with no compensation given, respectively. For further explanation refer to Note 28.

b. Capital surplus

	December 31	
	2019	2018
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of ordinary shares	$ 5,183,295	$ 4,975,920
May be used to offset a deficit only		
Employee share options	155,880	83,232
Employee restricted shares	584,540	465,268
Share of changes in capital surplus of associates	3,025	3,025
Change in percentage of ownership interest in subsidiaries (2)	73,923	-
May not be used for any purpose		
Employee share options	560,350	414,436
Employee restricted shares	190,993	119,935
	$ 6,752,006	$ 6,061,816

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.

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 distribution of dividends and bonus to shareholders. For the policies on distribution of employees' compensation and remuneration of directors and supervisors before and after amendment, refer to Note 25(g) on employee benefits expense.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals Silergy's paid-in capital. 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.

Items referred to under Rule No. 1010012865 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and, thereafter, distributed.

The appropriations of earnings for 2018 and 2017 approved in the shareholders' meetings on June 13, 2019 and June 8, 2018, respectively, were as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2018	**2017**	**2018**	**2017**
Legal reserve	$ 182,985	$ 180,801	$ -	$ -
Special reserve	(126,134)	363,370	-	-
Cash dividends	586,668	526,396	6.5	6.0

In 2018, 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$6.52367324.

In 2017, since the conversion rights of employee stock options and convertible bonds were exercised, the actual cash dividends per share distributed was adjusted to NT$5.97988710.

The appropriations of earnings for 2019, which were approved by the Company's board of directors on March 18, 2020, were as follows:

	Appropriation of Earnings	**Dividends Per Share (NT$)**
Legal reserve	$ 232,588	$ -
Special reserve	466,276	-
Cash dividends	686,101	7.5

The appropriations of earnings for 2019 is subject to the resolution of the shareholders in the shareholders' meeting to be held on June 11, 2020.

d. Other equity items

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

	For the Year Ended December 31	
	2019	**2018**
Balance at January 1	$ (237,236)	$ (363,370)
Recognized for the year		
Exchange differences arising on translation to the presentation currency	(374,064)	369,416
Exchange differences on translating the financial statements of foreign operations	(8,966)	(213,592)
Share of other comprehensive income of associates accounted for using the equity method	(83,246)	(29,690)
Balance at December 31	$ (703,512)	$ (237,236)

2) Unearned employee benefits

In the meetings of the shareholders, the shareholders approved a restricted share plan for employees (see Note 28 for the details).

	For the Year Ended December 31	
	2019	2018
Balance at January 1	$ (71,579)	$ (58,268)
Shares granted	(193,928)	(106,320)
Share-based payment expenses recognized	129,349	92,969
Share-based payment expenses reversed	(550)	(261)
Employee's restricted shares retired	550	301
Balance at December 31	$ (136,158)	$ (71,579)

e. Non-controlling interests (for the year ended December 31, 2018: None)

	For the Year Ended December 31, 2019
Balance at January 1	$ -
Change in percentage of ownership interest in subsidiaries	356,696
Balance at December 31	$ 356,696

24. REVENUE

	For the Year Ended December 31	
	2019	2018
Revenue from contracts with customers		
Revenue from the sale of goods	$ 10,777,781	$ 9,414,159

a. Contract information

Revenue from the sale of goods

Revenue from the sale of goods comes from sales of integrated circuit products. Sales of 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 risk of obsolescence. Trade receivables are recognized concurrently.

b. Contract balances

	December 31, 2019	December 31, 2018	January 1, 2018
Trade receivables (Note 9)	$ 940,390	$ 581,860	$ 583,440
Contract Liabilities (Note 21)			
Sale of goods	$ 17,669	$ 4,233	$ 8,015

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 recognized in the current year that was included in the contract liability balance at the beginning of the year is as follows:

	For the Year Ended December 31	
	2019	2018
From contract liabilities at the beginning of the year		
Sale of goods	$ 4,233	$ 8,015

For information regarding revenue details, see Note 35.

25. NET PROFIT

a. Other operating income and expenses

	For the Year Ended December 31	
	2019	2018
Gain on disposal of intangible assets	$ 17,319	$ 17,619
Gain on disposal of right-of-use assets	10	-
Loss on disposal of property, plant and equipment	(337)	(125)
	$ 16,992	$ 17,494

b. Other income

	For the Year Ended December 31	
	2019	2018
Government grants	$ 80,001	$ 50,204
Rental income	3,070	-
Others	7,890	24,970
	$ 90,961	$ 75,174

c. Interest expense

	For the Year Ended December 31	
	2019	2018
Interest on lease liabilities	$ 817	$ -
Interest on conversion of convertible bonds	-	10,214
	$ 817	$ 10,214

d. Depreciation and amortization

	For the Year Ended December 31	
	2019	2018
Other intangible assets	$ 184,060	$ 183,305
Property, plant and equipment	68,986	47,421
Right-of-use assets	38,960	-
Investment properties	6,079	-
	$ 298,085	$ 230,726
An analysis of depreciation by function		
Operating cost	$ 1,780	$ -
Operating expenses	112,245	47,421
	$ 114,025	$ 47,421
An analysis of amortization by function		
Operating expenses	$ 184,060	$ 183,305

e. Operating expenses directly related to investment properties (for the year ended December 31, 2018: None)

	For the Year Ended December 31, 2019
Direct operating expenses from investment properties generating rental income	$ 470
Direct operating expenses from investment properties not generating rental income	7,783
	$ 8,253

f. Employee benefits expense

	For the Year Ended December 31	
	2019	2018
Post-employment benefits (Note 22)		
Defined contribution plan	$ 81,176	$ 71,592
Defined benefit plans	(14)	(23)
	81,162	71,569
Share-based payments		
Equity-settled	347,361	297,677
Short-term employee benefits		
Salary	1,231,284	1,059,523
Labor and health insurance	79,601	73,081
Others	106,022	95,683
	1,416,907	1,228,287
Total employee benefits expense	$ 1,845,430	$ 1,597,533
An analysis of employee benefits expense by function		
Operating expenses	$ 1,845,430	$ 1,597,533

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, 2019 and 2018 which have been approved by the Company's board of directors on March 18, 2020 and March 19, 2019, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2019	**2018**
Employees' compensation	8.00%	8.35%
Remuneration of directors	0.22%	0.23%

Amount

	For the Year Ended December 31	
	2019	**2018**
Employees' compensation	$ 210,230	$ 176,372
Remuneration of directors	5,700	4,900

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, 2018 and 2017.

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

26. INCOME TAX

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

	For the Year Ended December 31	
	2019	**2018**
Current tax		
In respect of the current year	$ 60,234	$ 89,126
In respect of prior years	1,603	1,700
Deferred tax		
In respect of the current year	23,898	9,921
Income tax expense recognized in profit or loss	$ 85,735	$ 100,747

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

	For the Year Ended December 31	
	2019	2018
Profit before tax	$ 2,411,617	$ 1,930,598
Income tax expense calculated at the statutory rate	$ 145,384	$ 139,465
Nondeductible expenses in determining taxable income	1,260	6,764
Tax-exempt income	(43,292)	(54,929)
Unrecognized loss carryforwards	(8,657)	(6,414)
Adjustments for prior year's current tax expense	1,603	1,700
Others	(10,563)	14,161
Income tax expense recognized in profit or loss	$ 85,735	$ 100,747

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

In 2017, the applicable corporate tax rate for Silergy Technology (Taiwan) Inc. in the ROC was 17%. However, the Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%, effective in 2018. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings will be reduced from 10% to 5%.

The applicable tax rate used by Hangzhou Silergy, Nanjing Silergy, Xian Silergy, Shanghai Pengxi and Chengdu Silergy in China is 25%. Nanjing Silergy obtained approval from local tax authorities to have tax credits on its IC design business. Thus, the applicable tax rate for Nanjing Silergy was nil in 2016 and 2017 and will be 12.5% from 2018 to 2020. Hangzhou Silergy applied for an additional tax-deduction and obtained approval from the authorities in 2019; the applicable tax rate decreased to 10%. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

The tax returns of Silergy Technology (Taiwan) Inc. through 2017 have been assessed by the tax authorities.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2019	2018
Deferred tax		
In respect of the current year		
Remeasurement on defined benefit plan	$ 39	$ 24

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, 2019

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Difference	Closing Balance
Deferred tax assets					
Temporary differences					
Write-downs of inventory	$ 17,028	$ (482)	$ -	$ (658)	$ 15,888
Property, plant and equipment	1,662	924	-	(68)	2,518
Intangible assets	(1,024)	1,024	-	-	-
Allowance for uncollectible amounts	156	(142)	-	-	14
Financial assets at FVTPL	2,273	(2,273)	-	-	-
Unrealized gain on disposal of intangible assets	12,105	(1,732)	-	(410)	9,963
Others	2,432	(1,345)	-	(43)	1,044
	$ 34,632	$ (4,026)	$ -	$ (1,179)	$ 29,427
Deferred tax liabilities					
Temporary differences					
Financial assets at FVTPL	$ -	$ 18,475	$ -	$ (765)	$ 17,710
Prepaid pension	139	-	(39)	-	100
Property, plant and equipment	2	(2)	-	-	-
Intangible	-	1,399	-	(36)	1,363
	$ 141	$ 19,872	$ (39)	$ (801)	$ 19,173

For the year ended December 31, 2018

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Difference	Closing Balance
Deferred tax assets					
Temporary differences					
Write-downs of inventory	$ 19,893	$ (2,567)	$ -	$ (298)	$ 17,028
Property, plant and equipment	746	875	-	41	1,662
Intangible assets	139	(1,147)	-	(16)	(1,024)
Allowance for uncollectible amounts	5	154	-	(3)	156
Financial assets at FVTPL	3,170	(857)	-	(40)	2,273
Unrealized gain on disposal of intangible assets	21,118	(8,809)	-	(204)	12,105
Others	50	2,432	-	(50)	2,432
	$ 45,121	$ (9,919)	$ -	$ (570)	$ 34,632
Deferred tax liabilities					
Temporary differences					
Prepaid pension	$ 163	$ -	$ (24)	$ -	$ 139
Property, plant and equipment	1	2	-	(1)	2
	$ 164	$ 2	$ (24)	$ (1)	$ 141

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

	For the Year Ended December 31	
	2019	2018
Loss carryforwards		
Expiry in 2020	$ 9,697	$ 10,098
Expiry in 2021	40,284	41,951
Expiry in 2022	54,389	56,640
Expiry in 2023	-	14,246
Expiry in 2024	19,241	31,383
Expiry in 2025	18,311	18,311
Expiry in 2026	23,750	23,750
	$ 165,672	$ 196,379

27. EARNINGS PER SHARE

Unit: Dollars Per Share

	For the Year Ended December 31	
	2019	2018
Basic earnings per share	$ 25.83	$ 20.78
Diluted earnings per share	$ 25.07	$ 19.93

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	
	2019	2018
Earnings used in the computation of basic earnings per share	$ 2,325,882	$ 1,829,851
Effect of potentially dilutive common shares:		
Interest on convertible bonds	-	10,214
Earnings used in the computation of diluted earnings per share	$ 2,325,882	$ 1,840,065

Common Shares Outstanding

(In Thousands of Shares)

	For the Year Ended December 31	
	2019	2018
Weighted average number of common shares used in the computation of basic earnings per share	90,029	88,072
Effect of potentially dilutive common shares:		
Employee share options	1,823	1,814
Restricted shares for employees	620	657

(Continued)

	For the Year Ended December 31	
	2019	2018
Employees' compensation	297	442
Convertible bonds	-	1,354
Weighted average number of common shares used in the computation of diluted earnings per share	92,769	92,339

(Concluded)

If the Company offered to settle compensation paid to employees in cash or shares, 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.

28. SHARE-BASED PAYMENT ARRANGEMENTS

a. Employee share option plan of the Company

The outstanding options granted in 2019 and 2018 are valid for 10 years and exercisable at certain percentages after a certain anniversary 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 1,500,000 options on March 15, 2017. Upon completion of registration with the FSC, qualified employees of the Company were granted an additional 373,000 options and 78,000 options in February 2018 and May 2018, 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 20, 2018. Upon completion of registration with the FSC, Silergy issued 179,000 options and 705,250 options in September 2018 and November 2018, respectively. Furthermore, Silergy issued 86,250 options and 379,500 options in March 2019 and May 2019, respectively. Each option entitles the holder to subscribe for one common share of Silergy.

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 and 25,000 options in August 2019, November 2019 and December 2019, respectively. Each option entitles the holder to subscribe for one common share of Silergy.

Information about employee share options was as follows:

	For the Year Ended December 31			
	2019		2018	
Employee Share Options	Units of Options	Weighted-average Exercise Price	Units of Options	Weighted-average Exercise Price
Balance, beginning of year	6,059,094	$ 404	5,598,024	$ 341
Options granted	749,250	558	1,335,250	484
Options exercised	(918,755)	238	(874,180)	122
Balance, end of year	5,889,589	450	6,059,094	404
Options exercisable, end of year	1,904,431	370	1,441,186	223
Weighted-average fair value of options granted ($)	$ 178		$ 151	

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, 2019 and 2018, the weighted-average share prices at the date of exercise were NT$707 and NT$652, respectively.

Information about outstanding options as of December 31, 2019 and 2018 was as follows:

	December 31	
	2019	2018
Range of exercise price	$47-$932	$48-$616
Weighted-average remaining contractual life (years)	2.99-9.97	3.99-9.89

Options granted from 2018 to 2019 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
February 7, 2018	183	$ 596	41.32%	6.0 years-7.5 years	-	0.750%-0.855%
May 11, 2018	191	616	40.87%	6.0 years-7.5 years	-	0.802%-0.880%
September 28, 2018	170	550	40.62%	6.0 years-7.5 years	-	0.790%-0.828%
November 22, 2018	124	394	41.95%	6.0 years-7.5 years	-	0.824%-0.860%
March 27, 2019	143	444	43.07%	6.0 years-7.5 years	-	0.676%-0.715%
May 20, 2019	140-142	444	43.40%	6.0 years-7.5 years	-	0.602%-0.620%
August 12, 2019	209-212	641	43.52%	6.0 years-7.5 years	-	1.516%-1.563%

(Continued)

Issue Date	Fair Value Per Option - Grant Date	Exercise Price	Expected Volatility	Expected Life	Expected Dividend Yield	Risk-free Interest
November 29, 2019	271	888	43.65%	6.0 years-7.5 years	-	0.616%-0.648%
December 20, 2019	284	932	43.41%-43.58%	6.0 years-7.5 years	-	0.608%-0.635%

(Concluded)

Compensation cost recognized was $218,562 thousand and $204,969 thousand for the years ended December 31, 2019 and 2018, respectively.

b. Restricted shares for employees

The restrictions on the rights of the outstanding restricted shares in 2018 and 2017 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 2, 2017, 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 Financial Supervisory Commission (FSC), Silergy issued to employees 237,530 shares, 17,000 shares, 2,800 shares, and 42,670 shares in August 2017, November 2017, February 2018 and May 2018, respectively.

In the shareholders' meeting on June 8, 2018, 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 61,550 shares, 112,980 shares, 75,000 shares and 50,470 shares in September 2018, November 2018, March 2019 and May 2019, respectively.

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 and 47,331 shares in August 2019, November 2019 and December 2019, respectively.

If an employee fails to meet the vesting conditions, Silergy will recall and cancel the restricted shares without any reimbursement. The board of directors of Silergy on November 12, 2019 and November 13, 2018 resolved to recall and retire 1,000 shares and 3,000 shares of the restricted shares with no compensation given, respectively.

Information on the restricted shares for employees is as follows:

Restricted Shares for Employees	For the Year Ended December 31 2019	2018
Balance, beginning of year	633,030	874,530
Shares issued	305,851	220,000
Shares vested	(632,030)	(458,500)
Shares forfeited	(1,000)	(3,000)
Balance, end of year	305,851	633,030

As of December 31, 2019 and 2018, 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
February 7, 2018	$ 596	3	0.5 year
May 11, 2018	616	43	0.5 year
September 28, 2018	550	62	1 year
November 22, 2018	394	113	1 year
March 27, 2019	444	75	1 year
May 20, 2019	444	50	1 year-3 years
August 12, 2019	641	97	1 year
November 29, 2019	888	36	1 year
December 20, 2019	932	47	1 year-3 years

Compensation cost recognized was $128,799 thousand and $92,708 thousand for the years ended December 31, 2019 and 2018, respectively.

29. BUSINESS COMBINATIONS

a. Acquisition of assets and operations

	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Business unit of NewEdge Technologies, Inc.	Development, design and sale of wireless ICs.	July 1, 2019	100.00	$ 30,980

The business unit of NewEdge Technologies, Inc. ("NewEdge") was acquired in August 2019 to increase product lines.

b. Considerations transferred

Acquisitions of NewEdge were made under cash consideration arrangements in the amount of 30,980 thousand. 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

	NewEdge
Current assets	
Inventories	$ 16,557

d. Goodwill arising on acquisition

	NewEdge
Consideration transferred	$ 30,980
Less: Fair value of identifiable net assets acquired	(16,557)
Goodwill arising on acquisition	$ 14,423

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

	NewEdge
Consideration paid in cash	$ 30,980

f. Impact of acquisition on the results of the Company

The extrapolated results of operations from the acquisition of NewEdge 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.

30. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns 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.

31. 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, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Equity instruments	$ -	$ -	$ 1,608,505	$ 1,608,505

December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Equity instruments	$ -	$ -	$ 1,258,732	$ 1,258,732
Convertible bonds	-	-	30,715	30,715
	$ -	$ -	$ 1,289,447	$ 1,289,447

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

For the year ended December 31, 2019

Financial Assets	Financial Assets at FVTPL: Equity Instruments	Financial Assets at FVTPL: Convertible Bonds	Total
Balance at January 1, 2019	$ 1,258,732	$ 30,715	$ 1,289,447
Recognized in profit or loss	208,483	-	208,483
Current year additions	189,094	-	189,094
Current year redemptions	-	(30,715)	(30,715)
Translation adjustments	(47,804)	-	(47,804)
Balance at December 31, 2019	$ 1,608,505	$ -	$ 1,608,505

For the year ended December 31, 2018

Financial Assets	Financial Assets at FVTPL: Derivatives	Financial Assets at FVTPL: Equity Instruments	Financial Assets at FVTPL: Convertible Bonds	Total
Balance at January 1, 2018	$ 1,076	$ 253,063	$ 29,760	$ 283,899
Recognized in profit or loss	690	(27,928)	-	(27,238)
Current year additions	-	1,040,104	-	1,040,104
Current year conversions	(1,392)	-	-	(1,392)
Current year redemptions	(426)	-	-	(426)
Translation adjustments	52	(6,507)	955	(5,500)
Balance at December 31, 2018	$ -	$ 1,258,732	$ 30,715	$ 1,289,447

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 using the asset and market approach.

In the asset approach, fair value is estimated with reference to the Company's net asset value.

In the market approach, fair value is estimated with reference to the Company's recent financing activities, valuation of similar companies, market conditions and other economic indicators, etc.

b) Convertible bond investments

Future cash flows are estimated based on the equity value of the invested company on the balance sheet date and the exercise price stated in the contract, discounted at a rate that reflects the credit risk of various counterparties.

c. Categories of financial instruments

	December 31	
	2019	**2018**
Financial assets		
Financial assets at FVTPL		
Equity instruments	$ 1,608,505	$ 1,258,732
Convertible bonds	-	30,715
Assets measured at amortized cost (1)	7,577,477	5,348,648
Financial liabilities		
Measured at amortized cost (2)	1,279,628	905,731

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 short-term borrowings, accounts payable, accounts payable - related parties, other payables, guarantee deposits and other long-term liabilities.

d. Financial risk management objectives and policies

The Company's major financial instruments included equity and debt investments, accounts receivable, other receivables, refundable deposits, short-term borrowings, accounts payable, other payables, lease liabilities, guarantee deposits and other long-term liabilities. 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	
	2019	**2018**
Profit or loss and equity*	$ 15,531	$ 21,791

* 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:

	December 31	
	2019	**2018**
Fair value interest rate risk		
Financial assets	$ 2,905,345	$ 2,360,761
Financial liabilities	196,072	-
Cash flow interest rate risk		
Financial assets	3,261,217	2,087,866

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, 2019 and 2018 would have increased by $16,306 thousand and $10,439 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 2019 and 2018 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 $80,425 thousand and $62,937 thousand in 2019 and 2018, 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, 2019 and 2018, were as follows:

	December 31, 2019
Customer A	$ 298,303

	December 31, 2018
Customer A	$ 178,557
Customer B	67,729
Customer C	60,939
	$ 307,225

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, 2019, the Company's working capital was sufficient and there was no liquidity risk due to lack of funds needed to meet contractual obligations.

32. 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

Related Party Name	Related Party Category
SMAT	Associate

b. Purchases of goods

Related Party Category/Name	For the Year Ended December 31	
	2019	2018
Associates		
SMAT	$ 2,296	$ 38

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	
		2019	2018
Accounts payable - related parties	Associates SMAT	$ 1,104	$ 584

d. Others

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2019	2018
Research and development expense	Associates SMAT	$ 3,643	$ 3,617

e. Compensation of key management personnel

	For the Year Ended December 31	
	2019	2018
Salaries	$ 45,729	$ 40,793
Share-based payments	2,811	8,346
	$ 48,540	$ 49,139

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:

(In Thousands of Dollars, Except for Exchange Rate which is in Dollars)

December 31, 2019

	Foreign Currency	Exchange Rate	NT$
Financial assets			
Monetary items			
USD	$ 2,172	29.98 (USD:NTD)	$ 65,114
USD	7,335	6.9762 (USD:RMB)	219,891
USD	995	1.145.58 (USD:KRW)	29,817
			$ 314,822
Financial liabilities			
Monetary items			
USD	91	29.98 (USD:NTD)	$ 2,721
USD	50	6.9762 (USD:RMB)	1,487
NTD	6,206	0.0334 (NTD:USD)	6,206
			$ 10,414

December 31, 2018

	Foreign Currency	Exchange Rate	NT$
Financial assets			
Monetary items			
USD	$ 2,397	30.715 (USD:NTD)	$ 73,622
USD	11,193	6.8632 (USD:RMB)	343,801
USD	781	1,106.85 (USD:KRW)	23,992
			$ 441,415
Financial liabilities			
Monetary items			
USD	75	30.715 (USD:NTD)	$ 2,312
USD	107	6.8632 (USD:RMB)	3,287
NTD	4,900	0.0326 (NTD:USD)	4,900
			$ 10,499

For the years ended December 31, 2019 and 2018, realized and unrealized net foreign exchange gains (losses) were NT$18,200 thousand and NT$27,786 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 (None)

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 3)

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 4)

11) Information on investees (Table 5)

b. 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 6)

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 32 and Table 4)

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period. (Table 4)

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. (None)

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)

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 For the Year Ended December 31		Non-current Assets December 31	
	2019	2018	2019	2018
China (including Hong Kong)	$ 5,101,613	$ 4,370,164	$ 4,688,181	$ 4,556,306
Others	5,676,168	5,043,995	195,393	298,498
	$ 10,777,781	$ 9,414,159	$ 4,883,574	$ 4,854,804

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

Single customers who contributed 10% or more to the Company's revenue were as follows:

	For the Year Ended December 31, 2019	
	Amount	Percentage of Revenue (%)
Customer X	$ 1,596,376	14.81
Customer Y	1,090,125	10.11
	$ 2,686,501	24.92

	For the Year Ended December 31, 2018	
	Amount	Percentage of Revenue (%)
Customer X	$ 1,264,774	13.43
Customer Y	954,897	10.14
	$ 2,219,671	23.57

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

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2019
(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)											
1	Silergy Corp.	Silergy Technology (Taiwan) Inc.	2	$ 2,969,618	$ 299,800	$ 299,800	$ 100,000	$ -	2.02	$ 7,424,045	Y	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 commons shares of the investee company.
No. 4 - a parent company holding 50% of the commons 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)
AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2019
(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, 2019				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	$ 55,962 (US$ 1,866,667)	6.342 (Note 1)	$ 55,962 (US$ 1,866,667)	
	Silicon Micro Technology L.P.	-	Financial assets at FVTPL - non-current	-	877,185 (US$ 29,259,000)	24.67	877,185 (US$ 29,259,000)	
Hangzhou Silergy	Jiangsu	-	Financial assets at FVTPL - non-current	-	24,121 (RMB 5,612,795)	3.442	24,121 (RMB 5,612,795)	
	Hualan	-	Financial assets at FVTPL - non-current	1,166,700	45,726 (RMB 10,640,304)	1.123	45,726 (RMB 10,640,304)	
	Calterah	-	Financial assets at FVTPL - non-current	-	197,381 (RMB 45,929,535)	11.986	197,381 (RMB 45,929,535)	
	Anchuang	-	Financial assets at FVTPL - non-current	-	25,785 (RMB 6,000,000)	6.78	25,785 (RMB 6,000,000)	
	Powerland	-	Financial assets at FVTPL - non-current	-	100,860 (RMB 23,469,790)	6.912	100,860 (RMB 23,469,790)	
	Ningbo Anchuang	-	Financial assets at FVTPL - non-current	-	75,206 (RMB 17,500,000)	1.186	75,206 (RMB 17,500,000)	
	Geometrical		Financial assets at FVTPL - non-current	-	34,380 (RMB 8,000,000)	3.365	34,380 (RMB 8,000,000)	
	Kangtong		Financial assets at FVTPL - non-current	-	128,924 (RMB 30,000,000)	59.994	128,924 (RMB 30,000,000)	
Nanjing Silergy	Puhe	-	Financial assets at FVTPL - non-current	-	42,975 (RMB 10,000,000)	4.975	42,975 (RMB 10,000,000)	

Note 1: Percentage of ownership refers to preference shares.

Note 2: Refer to Tables 5 and 6 for information about subsidiaries and associates.

SILERGY CORP.
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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, 2019
(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	
Hangzhou Silergy	Silergy Corp.	Parent company	Sale	$ 183,911	1.71	Open account 30 days	$ -	-	$ 5,143	0.55	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.
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INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2019
(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.	Hangzhou Silergy	1	Accounts receivable - related parties	$ 319	-	-
		Hangzhou Silergy	1	Accounts payable - related parties	5,143	-	0.03
		Hangzhou Silergy	1	Other payables - related parties	27,450	-	0.16
		Hangzhou Silergy	1	Sales	520	-	-
		Nanjin Silergy	1	Accounts receivable - related parties	26,425	-	0.16
		Nanjin Silergy	1	Sales	59,228	-	0.55
		Xian Silergy	1	Accounts payable - related parties	55	-	-
		Silergy Technology	1	Other payables - related parties	9,390	-	0.06
		Silergy Technology	1	Sales	66,315	-	0.62
		Silergy Technology	1	Operating expenses	326,697	-	3.03
		Silergy Semiconductor (Samoa) Limited	1	Other payables - related parties	20,013	-	0.12
		Silergy Technology (Taiwan) Inc.	1	Accounts payable - related parties	15,743	-	0.09
		Silergy Technology (Taiwan) Inc.	1	Other payables - related parties	11,611	-	0.07
		Silergy Technology (Taiwan) Inc.	1	Operating expenses	166,104	-	1.54
		Silergy Korea Limited	1	Other payables - related parties	20,976	-	0.13
		Silergy Korea Limited	1	Operating expenses	72,304	-	0.67
		Silergy Technology Private Limited	1	Other payables - related parties	8,989	-	0.05
		Silergy Technology Private Limited	1	Operating expenses	20,545	-	0.19
		HK Silergy	1	Other receivable - related parties	52	-	-
1	Hangzhou Silergy	Silergy Corp.	2	Sales	183,911	-	1.71
		Nanjin Silergy	3	Accounts receivable - related parties	60,181	-	0.36
		Nanjin Silergy	3	Accounts payable - related parties	38,961	-	0.23
		Nanjin Silergy	3	Other receivable - related parties	17,813	-	0.11
		Nanjin Silergy	3	Other payables - related parties	2,530	-	0.02
		Nanjin Silergy	3	Sales	55,634	-	0.52
		Xian Silergy	3	Sales	176	-	-
		Silergy Technology	3	Sales	2,889	-	0.03

(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	Nanjin Silergy	Silergy Technology (Taiwan) Inc.	3	Accounts receivable - related parties	$ 719	-	-
		Silergy Technology (Taiwan) Inc.	3	Accounts payable - related parties	2	-	-
		Silergy Technology (Taiwan) Inc.	3	Other payables - related parties	4,518	-	0.03
		Silergy Corp.	2	Sales	688	-	0.01
		Hangzhou Silergy	3	Sales	57,716	-	0.54
		Silergy Technology (Taiwan) Inc.	3	Sales	741	-	0.01
		Silergy Technology (Taiwan) Inc.	3	Operating expenses	22,082	-	0.20
3	Xian Silergy	Silergy Corp.	2	Sales	357	-	-
		Hangzhou Silergy	3	Sales	422	-	-
		Silergy Technology	3	Sales	22	-	-
4	Silergy Technology	Silergy Corp.	2	Sales	690	-	0.01
5	Silergy Technology (Taiwan) Inc.	Silergy Semiconductor (Samoa) Limited	3	Other receivable - related parties	1,565	-	0.01
		Silergy Corp.	2	Sales	54,533	-	0.51
		Nanjin Silergy	3	Sales	2	-	-

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)

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INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of December 31, 2019			Net Income (Loss) of the Investee (Notes 3 and 4)	Share of Profit (Loss) (Notes 1, 3 and 4)	Note
				December 31, 2019	December 31, 2018	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	$ 333,757	$ 9,833 (US$ 318,091)	$ 9,833 (US$ 318,091)	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	434,518	18,023 (US$ 583,031)	18,023 (US$ 583,031)	Subsidiary
	HK Silergy	15/F., BOC Group Life Assurance Tower, 136 Des Voeux Road Central, Hong Kong	Holding Company	US$ 11,375,000	US$ 11,375,000	-	100.00	258,962	(35,284) (US$ -1,141,440)	(35,284) (US$ -1,141,440)	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	31,700,000	100.00	161,628	23,267	21,504	Subsidiary
	Silergy Technologies Private Limited	No 41, Patalamma Temple Street, Near South End Circle, Basavanagudi, Bangalore, Karnataka, India, 560004	Development, design and sales of electronic components	US$ 38,200	US$ 38,200	-	100.00	10,147	3,703 (US$ 119,779)	3,703 (US$ 119,779)	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	40,626	12,838 (US$ 415,294)	12,838 (US$ 415,294)	Subsidiary

Note 1: 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, 2019.

Note 3: Translation was based on the average exchange rate for the year ended December 31, 2019.

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

Note 5: Refer to Table 6 for information on investments in mainland China.

Note 6: Silergy Samoa acquired 9,472 thousand shares of Silergy Technology (Taiwan) Inc. at NT$99,579 thousand in January 2015, resulting in Silergy Technology (Taiwan) Inc. 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 Silergy Technology (Taiwan) Inc. from April 2015 to February 2017. Thus, Silergy Samoa's investment in Silergy Technology (Taiwan) Inc. increased to NT$314,831 thousand.

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INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2019
(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, 2019	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019	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, 2019 (Note 4)	Accumulated Repatriation of Investment Income as of December 31, 2019
					Outward	Inward						
Hangzhou Silergy	Development, design and sale of electronic components and related technical services	US$ 58,520,270 (RMB 381,687,917)	Through Silergy	$ -	$ -	$ -	$ -	$ 1,132,244 (RMB 252,612,279)	100.00	$ 1,132,244 (RMB 252,612,279)	$ 5,788,315	$ -
Nanjing Silergy	Development, design and sale of electronic components	RMB 46,500,000	Through Hangzhou Silergy	-	-	-	-	61,898 (RMB 13,809,982)	66.67	61,898 (RMB 13,809,982)	713,391 (Note 8)	-
Xian Silergy	Development, design, and sale of electronic components	RMB 91,000,000	Through Hangzhou Silergy	-	-	-	-	(13,517) (RMB -3,015,815)	100.00	(13,517) (RMB -3,015,815)	273,739	-
Shanghai Pengxi	Development and design of electronic components	RMB 53,000,000	Through Hangzhou Silergy	-	-	-	-	(80,785) (RMB -18,023,738)	100.00	(80,785) (RMB -18,023,738)	37,300 (Note 7)	-
Chengdu Silergy	Development and design of electronic components	RMB 34,000,000	Through Hangzhou Silergy	-	-	-	-	(34,784) (RMB -7,760,489)	100.00	(34,784) (RMB -7,760,489)	72,263	-
SMAT	Development and manufacturing of vehicles and IOT	RMB 495,000,000	Through Hangzhou Silergy	-	-	-	-	(235,174) (RMB -52,469,144)	20.20	(47,510) (RMB -10,599,820)	250,625 (Note 6)	-
	Development and manufacturing of vehicles and IOT	RMB 495,000,000	Through HK Silergy	-	-	-	-	(235,174) (US$ -7,607,862)	14.92	(35,098) (US$ -1,135,431)	258,754	-

Accumulated Outward Remittance for Investments from Taiwan in Mainland China as of December 31, 2019	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, 2019.

Note 2: Translation was based on the average exchange rate for the year ended December 31, 2019.

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

Note 4: Except for SMAT, 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.

Note 7: In consideration of the overall operation plan, the Company adjusted its organizational structure in June 2019, and transferred all of the shares of Shanghai Pengxi owned by Hangzhou Silergy to Nanjing Silergy. See Note 11 for the details.

Note 8: In consideration of the overall operation plan, the Company's board of directors resolved to bring in strategic investors and implemented a capital increase in cash by issuing common shares in December 2019, which was fully subscribed by the strategic investors. After the capital increase, Hangzhou Silergy's proportion of ownership decreased from 100% to 66.67%. Refer to Note 11 for the details.