

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Silergy Corp.

Introduction

We have reviewed the accompanying consolidated balance sheets of Silergy Corp. and its subsidiaries as of March 31, 2018 and 2017 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three-month periods then ended, and related notes, including a summary of significant accounting policies (collectively referred to as 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 Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of the financial position of Silergy Corp. as of March 31, 2018 and 2017, and of its consolidated financial performance and its consolidated cash flows for the three-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 "Interim Financial Reporting".

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 11, 2018

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

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	March 31, 2018 (Reviewed)		December 31, 2017 (Audited)		March 31, 2017 (Reviewed)	
	Amount	%	Amount	%	Amount	%
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	\$ 3,055,735	24	\$ 2,914,172	24	\$ 2,623,949	25
Financial assets at fair value through profit or loss - current	1,263	-	1,076	-	216	-
Financial assets at amortized cost - current	1,441,800	11	-	-	-	-
Debt investments with no active market - current	-	-	1,234,205	10	541,361	5
Accounts receivable, net	680,575	5	583,440	5	522,753	5
Accounts receivables from related parties, net	-	-	-	-	106	-
Other receivables	92,950	1	64,143	-	41,007	-
Inventories	1,578,566	13	1,643,851	14	1,439,566	14
Prepayments	78,025	1	64,174	1	58,092	-
Total current assets	<u>6,928,914</u>	<u>55</u>	<u>6,505,061</u>	<u>54</u>	<u>5,227,050</u>	<u>49</u>
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current	365,060	3	-	-	-	-
Financial assets measured at cost - non-current	-	-	247,894	2	154,561	2
Debt investment with no active market - non-current	-	-	29,760	-	30,330	-
Investments accounted for using equity method	629,110	5	624,913	5	597,710	6
Property, plant and equipment	897,973	7	698,094	6	432,182	4
Goodwill	2,338,014	19	2,387,267	20	2,435,789	23
Other intangible assets	1,253,050	10	1,312,100	11	1,464,650	14
Deferred tax assets	45,879	-	45,121	-	37,026	-
Refundable deposits	39,504	-	92,295	1	27,536	-
Net defined benefit assets - non-current	1,535	-	1,518	-	868	-
Long-term prepayments	47,415	1	147,435	1	155,645	2
Total non-current assets	<u>5,617,540</u>	<u>45</u>	<u>5,586,397</u>	<u>46</u>	<u>5,336,297</u>	<u>51</u>
TOTAL	<u>\$ 12,546,454</u>	<u>100</u>	<u>\$ 12,091,458</u>	<u>100</u>	<u>\$ 10,563,347</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Accounts payable	\$ 443,653	4	\$ 416,735	4	\$ 387,935	4
Other payables	305,400	2	355,193	3	271,373	2
Current tax liabilities	23,080	-	16,740	-	10,972	-
Other current liabilities	35,280	-	11,977	-	10,603	-
Total current liabilities	<u>807,413</u>	<u>6</u>	<u>800,645</u>	<u>7</u>	<u>680,883</u>	<u>6</u>
NON-CURRENT LIABILITIES						
Bonds payable	658,835	5	670,404	6	994,556	9
Deferred tax liabilities	164	-	164	-	59	-
Guarantee deposits	759	-	735	-	-	-
Other payables - non-current	43,658	1	49,104	-	63,693	1
Total non-current liabilities	<u>703,416</u>	<u>6</u>	<u>720,407</u>	<u>6</u>	<u>1,058,308</u>	<u>10</u>
Total liabilities	<u>1,510,829</u>	<u>12</u>	<u>1,521,052</u>	<u>13</u>	<u>1,739,191</u>	<u>16</u>
EQUITY						
Common shares	880,316	7	877,326	7	859,852	8
Capital surplus						
Paid-in capital	4,796,755	38	4,624,875	38	4,069,361	38
Employee share options	282,731	2	243,749	2	167,286	2
Share options	59,936	1	59,936	1	88,536	1
Restricted shares for employees	75,879	1	212,243	2	120,625	1
Total capital surplus	<u>5,215,301</u>	<u>42</u>	<u>5,140,803</u>	<u>43</u>	<u>4,445,808</u>	<u>42</u>
Retained earnings						
Legal reserve	400,194	3	400,194	3	253,228	3
Unappropriated earnings	4,990,194	40	4,573,721	38	3,696,168	35
Total retained earnings	<u>5,390,388</u>	<u>43</u>	<u>4,973,915</u>	<u>41</u>	<u>3,949,396</u>	<u>38</u>
Other equity						
Exchange differences on translating foreign operations	(430,394)	(4)	(363,370)	(3)	(383,378)	(4)
Unearned employee benefits	(19,986)	-	(58,268)	(1)	(47,522)	-
Total other equity	<u>(450,380)</u>	<u>(4)</u>	<u>(421,638)</u>	<u>(4)</u>	<u>(430,900)</u>	<u>(4)</u>
Total equity	<u>11,035,625</u>	<u>88</u>	<u>10,570,406</u>	<u>87</u>	<u>8,824,156</u>	<u>84</u>
TOTAL	<u>\$ 12,546,454</u>	<u>100</u>	<u>\$ 12,091,458</u>	<u>100</u>	<u>\$ 10,563,347</u>	<u>100</u>

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2018		2017	
	Amount	%	Amount	%
OPERATING REVENUE, NET	\$ 2,178,917	100	\$ 1,830,566	100
OPERATING COSTS	<u>1,168,080</u>	<u>54</u>	<u>949,376</u>	<u>52</u>
GROSS PROFIT	<u>1,010,837</u>	<u>46</u>	<u>881,190</u>	<u>48</u>
OPERATING EXPENSES				
Selling and marketing expenses	153,369	7	142,527	8
General and administrative expenses	114,823	5	123,957	6
Research and development expenses	304,396	14	258,182	14
Reversal of expected credit loss	<u>(2,075)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>570,513</u>	<u>26</u>	<u>524,666</u>	<u>28</u>
OTHER OPERATING INCOME AND EXPENSES, NET	<u>4,434</u>	<u>-</u>	<u>4,359</u>	<u>-</u>
OPERATING INCOME	<u>444,758</u>	<u>20</u>	<u>360,883</u>	<u>20</u>
NONOPERATING INCOME AND EXPENSES				
Interest income	10,284	-	5,824	-
Other income	11,564	1	10,409	1
Foreign exchange loss, net	(16,998)	(1)	(675)	-
Interest expenses	(3,208)	-	(7,827)	-
Gains on financial assets at fair value through profit or loss	212	-	9,618	-
Share of loss of associates	(10,393)	-	(2,252)	-
Miscellaneous expenses	<u>(845)</u>	<u>-</u>	<u>(394)</u>	<u>-</u>
Total nonoperating income and expenses	<u>(9,384)</u>	<u>-</u>	<u>14,703</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	435,374	20	375,586	21
INCOME TAX EXPENSE	<u>(24,070)</u>	<u>(1)</u>	<u>(11,700)</u>	<u>(1)</u>
NET PROFIT FOR THE PERIOD	<u>411,304</u>	<u>19</u>	<u>363,886</u>	<u>20</u>
OTHER COMPREHENSIVE INCOME (LOSS)				

(Continued)

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2018		2017	
	Amount	%	Amount	%
Items that will not be reclassified subsequently to profit or loss:				
Exchange differences arising from translation to the presentation currency	(245,319)	(11)	(498,426)	(27)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	154,282	7	19,785	1
Share of the other comprehensive gain of associates accounted for using equity method	<u>24,013</u>	<u>1</u>	<u>3,315</u>	<u>-</u>
Other comprehensive loss for the period, net of income tax	<u>(67,024)</u>	<u>(3)</u>	<u>(475,326)</u>	<u>(26)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	<u>\$ 344,280</u>	<u>16</u>	<u>\$ (111,440)</u>	<u>(6)</u>
EARNINGS PER SHARE				
Basic	<u>\$ 4.72</u>		<u>\$ 4.34</u>	
Diluted	<u>\$ 4.50</u>		<u>\$ 4.08</u>	

(Concluded)

SILERGY CORP.
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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Company										Other Equity			Total Equity
	Common Shares		Capital Surplus				Retained Earnings			Exchange Differences on Translating Foreign Operations	Unearned Employee Benefits	Total		
	Shares	Amount	Paid-in Capital	Employee Share Options	Share Options	Restricted Shares for Employees	Total	Legal Reserve	Unappropriated Earnings	Total				
BALANCE AT JANUARY 1, 2017	84,023	\$ 840,232	\$ 3,285,208	\$ 139,405	\$ 147,974	\$ 191,155	\$ 3,763,742	\$ 253,228	\$ 3,332,282	\$ 3,585,510	\$ 91,948	\$ (86,672)	\$ 5,276	\$ 8,194,760
Recognition of employee share options by Silergy Corp.	-	-	-	28,243	-	-	28,243	-	-	-	-	-	-	28,243
Convertible bonds converted to common shares	1,825	18,246	711,431	-	(59,438)	-	651,993	-	-	-	-	-	-	670,239
Net profit for the three months ended March 31, 2017	-	-	-	-	-	-	-	-	363,886	363,886	-	-	-	363,886
Other comprehensive loss for the three months ended March 31, 2017, net of income tax	-	-	-	-	-	-	-	-	-	-	(475,326)	-	(475,326)	(475,326)
Total comprehensive income (loss) for the three months ended March 31, 2017	-	-	-	-	-	-	-	-	363,886	363,886	(475,326)	-	(475,326)	(111,440)
Issue of common shares under employee share options	137	1,374	2,192	(362)	-	-	1,830	-	-	-	-	-	-	3,204
Recognition of restricted employee shares issued by Silergy Corp.	-	-	70,530	-	-	(70,530)	-	-	-	-	-	39,150	39,150	39,150
BALANCE AT MARCH 31, 2017	85,985	\$ 859,852	\$ 4,069,361	\$ 167,286	\$ 88,536	\$ 120,625	\$ 4,445,808	\$ 253,228	\$ 3,696,168	\$ 3,949,396	\$ (383,378)	\$ (47,522)	\$ (430,900)	\$ 8,824,156
BALANCE AT JANUARY 1, 2018	87,733	\$ 877,326	\$ 4,624,875	\$ 243,749	\$ 59,936	\$ 212,243	\$ 5,140,803	\$ 400,194	\$ 4,573,721	\$ 4,973,915	\$ (363,370)	\$ (58,268)	\$ (421,638)	\$ 10,570,406
Effect of retrospective application	-	-	-	-	-	-	-	-	5,169	5,169	-	-	-	5,169
BALANCE AT JANUARY 1, 2018 AS RESTATED	87,733	877,326	4,624,875	243,749	59,936	212,243	5,140,803	400,194	4,578,890	4,979,084	(363,370)	(58,268)	(421,638)	10,575,575
Recognition of employee share options by Silergy Corp.	-	-	-	47,831	-	-	47,831	-	-	-	-	-	-	47,831
Net profit for the three months ended March 31, 2018	-	-	-	-	-	-	-	-	411,304	411,304	-	-	-	411,304
Other comprehensive loss for the three months ended March 31, 2018, net of income tax	-	-	-	-	-	-	-	-	-	-	(67,024)	-	(67,024)	(67,024)
Total comprehensive income (loss) for the three months ended March 31, 2018	-	-	-	-	-	-	-	-	411,304	411,304	(67,024)	-	(67,024)	344,280
Issue of common shares under employee share options	296	2,962	33,875	(8,849)	-	-	25,026	-	-	-	-	-	-	27,988
Recognition of restricted employee shares issued by Silergy Corp.	3	28	138,005	-	-	(136,364)	1,641	-	-	-	-	38,282	38,282	39,951
BALANCE AT MARCH 31, 2018	88,032	\$ 880,316	\$ 4,796,755	\$ 282,731	\$ 59,936	\$ 75,879	\$ 5,215,301	\$ 400,194	\$ 4,990,194	\$ 5,390,388	\$ (430,394)	\$ (19,986)	\$ (450,380)	\$ 11,035,625

SILERGY CORP.
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CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 435,374	\$ 375,586
Adjustments for:		
Reversal of expected credit loss	(2,075)	-
Impairment loss recognized on accounts receivable	-	2,034
Net gain on financial instruments at fair value through profit or loss	(212)	(9,618)
Depreciation expenses	9,916	7,539
Amortization expenses	45,006	62,481
Interest income	(10,284)	(5,824)
Interest expenses	3,208	7,827
Compensation cost of employee share options	47,831	28,243
Compensation cost of restricted employee shares	39,951	39,150
Share of loss of associates	10,393	2,252
Loss on disposal of property, plant and equipment	17	4
Gains on disposal of intangible assets	(4,451)	(4,363)
Write-down of inventories	42,220	10,750
Unrealized loss (gain) on foreign currency exchange	(537)	276
Changes in operating assets and liabilities		
Decrease (increase) in accounts receivable	(94,415)	57,516
Increase in accounts receivable from related parties	-	(106)
Decrease (increase) in other receivables	(1,990)	16,011
Decrease (increase) in inventories	23,855	(119,473)
Increase in prepayments	(13,851)	(4,694)
Increase in defined benefit assets - non-current	(17)	(39)
Increase (decrease) in notes and accounts payable	26,879	(72,343)
Decrease in other payables	(49,400)	(34,411)
Increase in other current liabilities	<u>23,303</u>	<u>5,394</u>
Cash generated from operations	530,721	364,192
Interest received	8,751	5,872
Income tax paid	<u>(43,938)</u>	<u>(22,664)</u>
Net cash generated from operating activities	<u>495,534</u>	<u>347,400</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(207,595)	-
Proceeds from sale of debt investments with no active market	-	126,488
Purchase of financial assets measured at cost	-	(13,695)
Net cash outflow on business combinations	-	(40,952)
Purchase of financial assets at fair value through profit or loss	(81,000)	-
Acquisition of property, plant and equipment	(97,259)	(73,655)

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SILERGY CORP.
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CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2018	2017
Decrease (increase) in long-term prepayments	250	(58,215)
Payments for intangible assets	(18,553)	(26,765)
Proceeds from disposal of property, plant and equipment	1	-
Decrease in refundable deposits	52,791	470
Increase (decrease) in guarantee deposits	<u>24</u>	<u>(9,001)</u>
Net cash used in investing activities	<u>(351,341)</u>	<u>(95,325)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends paid	-	(10,296)
Proceeds from exercise of employee share options	<u>27,988</u>	<u>3,204</u>
Net cash generated from (used in) financing activities	<u>27,988</u>	<u>(7,092)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(30,618)</u>	<u>(300,560)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	141,563	(55,577)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>2,914,172</u>	<u>2,679,526</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 3,055,735</u>	<u>\$ 2,623,949</u>

(Concluded)