

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 June 30, 2019 and 2018, the related consolidated statements of comprehensive income for the three months ended June 30, 2019 and 2018 and for the six months ended June 30, 2019 and 2018, the consolidated statements of changes in equity and cash flows for the six months then ended, and the related notes to the consolidated financial statements, 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" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. 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 consolidated financial position of Silergy Corp. and its subsidiaries as of June 30, 2019 and 2018, its consolidated financial performance for the three months ended June 30, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2019 and 2018 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 12, 2019

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

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	June 30, 2019 (Reviewed)		December 31, 2018 (Audited)		June 30, 2018 (Reviewed)	
	Amount	%	Amount	%	Amount	%
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	\$ 4,043,626	26	\$ 2,618,420	19	\$ 3,411,644	25
Financial assets at fair value through profit or loss - current	-	-	-	-	1,322	-
Financial assets at amortized cost - current	1,603,564	10	2,022,896	15	1,844,464	13
Accounts receivable, net	796,389	5	581,860	4	732,563	5
Other receivables	81,435	1	117,814	1	115,262	1
Inventories	1,554,396	10	1,690,972	12	1,626,142	12
Prepayments	59,102	-	69,641	-	71,470	1
Total current assets	<u>8,138,512</u>	<u>52</u>	<u>7,101,603</u>	<u>51</u>	<u>7,802,867</u>	<u>57</u>
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current	1,598,771	11	1,289,447	9	372,661	3
Investments accounted for using equity method	574,840	4	595,650	4	623,372	5
Property, plant and equipment	975,362	6	1,176,605	9	1,001,554	7
Right-of-use assets	129,204	1	-	-	-	-
Investment properties	450,945	3	-	-	-	-
Goodwill	2,423,374	16	2,397,800	17	2,439,903	18
Other intangible assets	1,127,721	7	1,191,113	9	1,269,099	9
Deferred tax assets	34,053	-	34,632	-	32,649	-
Refundable deposits	40,233	-	39,853	-	40,979	-
Net defined benefit assets - non-current	1,336	-	1,309	-	1,548	-
Long-term prepayments	37,508	-	49,433	1	57,036	1
Total non-current assets	<u>7,393,347</u>	<u>48</u>	<u>6,775,842</u>	<u>49</u>	<u>5,838,801</u>	<u>43</u>
TOTAL	<u>\$ 15,531,859</u>	<u>100</u>	<u>\$ 13,877,445</u>	<u>100</u>	<u>\$ 13,641,668</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Accounts payable	\$ 745,318	5	\$ 475,293	4	\$ 683,597	5
Accounts payable - related parties	108	-	584	-	-	-
Other payables	880,848	6	390,873	3	798,871	6
Current tax liabilities	4,468	-	8,527	-	13,636	-
Lease liabilities - current	35,522	-	-	-	-	-
Other current liabilities	25,309	-	25,585	-	28,731	-
Total current liabilities	<u>1,691,573</u>	<u>11</u>	<u>900,862</u>	<u>7</u>	<u>1,524,835</u>	<u>11</u>
NON-CURRENT LIABILITIES						
Bonds payable	-	-	-	-	623,846	5
Deferred tax liabilities	21,451	-	141	-	164	-
Lease liabilities - non-current	69,889	1	-	-	-	-
Guarantee deposits	7,596	-	6,730	-	6,233	-
Other payables - non-current	23,295	-	32,251	-	41,121	-
Total non-current liabilities	<u>122,231</u>	<u>1</u>	<u>39,122</u>	<u>-</u>	<u>671,364</u>	<u>5</u>
Total liabilities	<u>1,813,804</u>	<u>12</u>	<u>939,984</u>	<u>7</u>	<u>2,196,199</u>	<u>16</u>
EQUITY						
Common shares	906,881	6	902,566	6	886,932	6
Capital surplus	6,246,033	40	6,061,816	44	5,407,112	40
Retained earnings						
Legal reserve	763,980	5	580,995	4	580,995	4
Special reserve	237,236	1	363,370	3	363,370	3
Unappropriated earnings	5,747,939	37	5,337,529	38	4,397,180	32
Total retained earnings	<u>6,749,155</u>	<u>43</u>	<u>6,281,894</u>	<u>45</u>	<u>5,341,545</u>	<u>39</u>
Other equity						
Exchange differences on translating foreign operations	(109,168)	(1)	(237,236)	(2)	(158,019)	(1)
Unearned employee benefits	(74,846)	-	(71,579)	-	(32,101)	-
Total other equity	<u>(184,014)</u>	<u>(1)</u>	<u>(308,815)</u>	<u>(2)</u>	<u>(190,120)</u>	<u>(1)</u>
Total equity	<u>13,718,055</u>	<u>88</u>	<u>12,937,461</u>	<u>93</u>	<u>11,445,469</u>	<u>84</u>
TOTAL	<u>\$ 15,531,859</u>	<u>100</u>	<u>\$ 13,877,445</u>	<u>100</u>	<u>\$ 13,641,668</u>	<u>100</u>

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

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE, NET	\$ 2,522,593	100	\$ 2,424,588	100	\$ 4,577,403	100	\$ 4,603,505	100
OPERATING COSTS	<u>1,352,717</u>	<u>54</u>	<u>1,330,239</u>	<u>55</u>	<u>2,458,435</u>	<u>54</u>	<u>2,498,319</u>	<u>54</u>
GROSS PROFIT	<u>1,169,876</u>	<u>46</u>	<u>1,094,349</u>	<u>45</u>	<u>2,118,968</u>	<u>46</u>	<u>2,105,186</u>	<u>46</u>
OPERATING EXPENSES								
Selling and marketing expenses	155,378	6	156,048	6	299,097	6	309,417	7
General and administrative expenses	127,814	5	117,749	5	249,041	5	232,572	5
Research and development expenses	400,247	16	344,842	14	767,094	17	649,238	14
Expected credit loss (reversed)	<u>(2,869)</u>	<u>-</u>	<u>779</u>	<u>-</u>	<u>(1,375)</u>	<u>-</u>	<u>(1,296)</u>	<u>-</u>
Total operating expenses	<u>680,570</u>	<u>27</u>	<u>619,418</u>	<u>25</u>	<u>1,313,857</u>	<u>28</u>	<u>1,189,931</u>	<u>26</u>
OTHER OPERATING INCOME AND EXPENSES, NET	<u>4,366</u>	<u>-</u>	<u>4,509</u>	<u>-</u>	<u>8,774</u>	<u>-</u>	<u>8,943</u>	<u>-</u>
PROFIT FROM OPERATIONS	<u>493,672</u>	<u>19</u>	<u>479,440</u>	<u>20</u>	<u>813,885</u>	<u>18</u>	<u>924,198</u>	<u>20</u>
NON-OPERATING INCOME AND EXPENSES								
Interest income	15,763	1	13,283	-	39,987	1	23,567	-
Other income	33,487	1	16,603	1	42,183	1	28,167	1
Foreign exchange gain, net	12,470	-	25,414	1	5,650	-	8,416	-
Interest expenses	(181)	-	(3,261)	-	(411)	-	(6,469)	-
Gain on disposal of associates	-	-	845	-	-	-	845	-
Gain (loss) on financial instruments at fair value through profit or loss	192,655	8	(7,723)	-	239,004	5	(7,511)	-
Share of loss of associates	(21,841)	(1)	(9,930)	(1)	(35,621)	(1)	(20,323)	(1)
Miscellaneous expenses	<u>(690)</u>	<u>-</u>	<u>(714)</u>	<u>-</u>	<u>(1,405)</u>	<u>-</u>	<u>(1,559)</u>	<u>-</u>
Total non-operating income and expenses	<u>231,663</u>	<u>9</u>	<u>34,517</u>	<u>1</u>	<u>289,387</u>	<u>6</u>	<u>25,133</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	725,335	28	513,957	21	1,103,272	24	949,331	20
INCOME TAX EXPENSE	<u>(35,807)</u>	<u>(1)</u>	<u>(36,404)</u>	<u>(1)</u>	<u>(49,343)</u>	<u>(1)</u>	<u>(60,474)</u>	<u>(1)</u>
NET PROFIT FOR THE PERIOD	<u>689,528</u>	<u>27</u>	<u>477,553</u>	<u>20</u>	<u>1,053,929</u>	<u>23</u>	<u>888,857</u>	<u>19</u>
OTHER COMPREHENSIVE INCOME (LOSS)								

(Continued)

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

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
Items that will not be reclassified subsequently to profit or loss:								
Exchange differences arising from translation to the presentation currency	104,852	4	520,143	21	146,178	3	274,824	6
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	(105,652)	(4)	(216,326)	(9)	(17,471)	-	(62,044)	(1)
Share of the other comprehensive loss of associates accounted for using equity method	(12,139)	-	(31,442)	(1)	(639)	-	(7,429)	-
Other comprehensive (loss) income for the period, net of income tax	(12,939)	-	272,375	11	128,068	3	205,351	5
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 676,589</u>	<u>27</u>	<u>\$ 749,928</u>	<u>31</u>	<u>\$ 1,181,997</u>	<u>26</u>	<u>\$ 1,094,208</u>	<u>24</u>
EARNINGS PER SHARE								
Basic	<u>\$ 7.68</u>		<u>\$ 5.45</u>		<u>\$ 11.75</u>		<u>\$ 10.17</u>	
Diluted	<u>\$ 7.52</u>		<u>\$ 5.22</u>		<u>\$ 11.48</u>		<u>\$ 9.71</u>	

(Concluded)

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

	Common Shares		Capital Surplus	Retained Earnings				Other Equity			Total Equity
	Shares	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating Foreign Operations	Unearned Employee Benefits	Total	
BALANCE AT JANUARY 1, 2018	87,733	\$ 877,326	\$ 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	5,140,803	400,194	-	4,578,890	4,979,084	(363,370)	(58,268)	(421,638)	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)
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	3,025	-	-	-	-	-	-	-	3,025
Recognition of employee share options by Silergy Corp.	-	-	98,303	-	-	-	-	-	-	-	98,303
Convertible bonds converted to common shares	185	1,849	66,775	-	-	-	-	-	-	-	68,624
Net profit for the six months ended June 30, 2018	-	-	-	-	-	888,857	888,857	-	-	-	888,857
Other comprehensive income for the six months ended June 30, 2018, net of income tax	-	-	-	-	-	-	-	205,351	-	205,351	205,351
Total comprehensive income for the six months ended June 30, 2018	-	-	-	-	-	888,857	888,857	205,351	-	205,351	1,094,208
Issue of common shares under employee share options	730	7,302	70,707	-	-	-	-	-	-	-	78,009
Recognition of restricted employee shares issued by Silergy Corp.	45	455	27,499	-	-	-	-	-	26,167	26,167	54,121
BALANCE AT JUNE 30, 2018	<u>88,693</u>	<u>\$ 886,932</u>	<u>\$ 5,407,112</u>	<u>\$ 580,995</u>	<u>\$ 363,370</u>	<u>\$ 4,397,180</u>	<u>\$ 5,341,545</u>	<u>\$ (158,019)</u>	<u>\$ (32,101)</u>	<u>\$ (190,120)</u>	<u>\$ 11,445,469</u>
BALANCE AT JANUARY 1, 2019	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
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)
Recognition of employee share options by Silergy Corp.	-	-	112,545	-	-	-	-	-	-	-	112,545
Net profit for the six months ended June 30, 2019	-	-	-	-	-	1,053,929	1,053,929	-	-	-	1,053,929
Other comprehensive income for the six months ended June 30, 2019, net of income tax	-	-	-	-	-	-	-	128,068	-	128,068	128,068
Total comprehensive income for the six months ended June 30, 2019	-	-	-	-	-	1,053,929	1,053,929	128,068	-	128,068	1,181,997
Issue of common shares under employee share options	306	3,060	17,243	-	-	-	-	-	-	-	20,303
Recognition of restricted employee shares issued by Silergy Corp.	125	1,255	54,429	-	-	-	-	-	(3,267)	(3,267)	52,417
BALANCE AT JUNE 30, 2019	<u>90,688</u>	<u>\$ 906,881</u>	<u>\$ 6,246,033</u>	<u>\$ 763,980</u>	<u>\$ 237,236</u>	<u>\$ 5,747,939</u>	<u>\$ 6,749,155</u>	<u>\$ (109,168)</u>	<u>\$ (74,846)</u>	<u>\$ (184,014)</u>	<u>\$ 13,718,055</u>

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

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

	For the Six Months Ended	
	June 30	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,103,272	\$ 949,331
Adjustments for:		
Expected credit loss reversed on trade receivables	(1,375)	(1,296)
Net (gain) loss on financial instruments at fair value through profit or loss	(239,004)	7,511
Depreciation expenses	48,861	21,105
Amortization expenses	92,649	90,070
Interest income	(39,987)	(23,567)
Interest expenses	411	6,469
Compensation cost of employee share options	112,545	98,303
Compensation cost of restricted employee shares	52,417	54,121
Share of loss of associates	35,621	20,323
Loss on disposal of property, plant and equipment	54	19
Property, plant and equipment transferred to expenses	5	-
Gains on disposal of intangible assets	(8,828)	(8,962)
Write-down of inventories	37,264	73,796
Unrealized loss (gain) on foreign currency exchange	420	(7,093)
Changes in operating assets and liabilities		
Increase in accounts receivable	(213,651)	(140,551)
Decrease (increase) in other receivables	73,664	(20,681)
Decrease (increase) in inventories	95,337	(61,670)
Decrease (increase) in prepayments	10,787	(7,605)
Increase in defined benefit assets - non-current	(27)	(30)
Increase in accounts payable	270,071	266,626
Decrease in accounts payable - related parties	(476)	-
Decrease in other payables	(99,326)	(83,138)
Increase (decrease) in other current liabilities	(276)	16,754
Cash generated from operations	1,330,428	1,249,835
Interest received	38,993	17,033
Income tax paid	(65,462)	(67,522)
Net cash generated from operating activities	<u>1,303,959</u>	<u>1,199,346</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	-	(610,259)
Proceeds from sale of financial assets at amortized cost	419,332	-
Purchase of financial assets at fair value through profit or loss	(59,501)	(94,882)
Acquisition of property, plant and equipment	(250,657)	(217,320)
Proceeds from disposal of property, plant and equipment	7	1

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

	For the Six Months Ended June 30	
	2019	2018
Increase in long-term prepayments	(33,192)	(9,624)
Payments for intangible assets	(25,504)	(27,652)
Decrease (increase) in refundable deposits	<u>(380)</u>	<u>51,316</u>
Net cash generated from (used in) investing activities	<u>50,105</u>	<u>(908,420)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in guarantee deposits	866	5,498
Repayment of the principal portion of lease liabilities	(18,299)	-
Proceeds from exercise of employee share options	<u>20,303</u>	<u>78,009</u>
Net cash generated from financing activities	<u>2,870</u>	<u>83,507</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>68,272</u>	<u>123,039</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,425,206	497,472
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>2,618,420</u>	<u>2,914,172</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 4,043,626</u>	<u>\$ 3,411,644</u>

(Concluded)