

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 September 30, 2019 and 2018, the related consolidated statements of comprehensive income for the three months ended September 30, 2019 and 2018 and for the nine months ended September 30, 2019 and 2018, the consolidated statements of changes in equity and cash flows for the nine months 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 September 30, 2019 and 2018, its consolidated financial performance for the three months ended September 30, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 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

November 12, 2019

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

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	September 30, 2019 (Reviewed)		December 31, 2018 (Audited)		September 30, 2018 (Reviewed)	
	Amount	%	Amount	%	Amount	%
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	\$ 3,535,661	23	\$ 2,618,420	19	\$ 2,442,767	18
Financial assets at fair value through profit or loss - current	-	-	-	-	1,068	-
Financial assets at amortized cost - current	1,719,106	11	2,022,896	15	2,007,583	15
Accounts receivable, net	991,402	6	581,860	4	796,668	6
Other receivables	93,128	1	117,814	1	112,072	1
Inventories	1,621,218	10	1,690,972	12	1,607,061	12
Prepayments	90,491	1	69,641	-	70,640	1
Total current assets	<u>8,051,006</u>	<u>52</u>	<u>7,101,603</u>	<u>51</u>	<u>7,037,859</u>	<u>53</u>
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current	1,596,118	10	1,289,447	9	920,552	7
Investments accounted for using equity method	544,992	4	595,650	4	595,865	4
Property, plant and equipment	1,066,929	7	1,176,605	9	1,013,706	8
Right-of-use assets	120,593	1	-	-	-	-
Investment properties	466,029	3	-	-	-	-
Goodwill	2,430,194	16	2,397,800	17	2,444,791	18
Other intangible assets	1,080,244	7	1,191,113	9	1,229,748	9
Deferred tax assets	32,043	-	34,632	-	33,041	-
Refundable deposits	46,166	-	39,853	-	39,677	-
Net defined benefit assets - non-current	1,348	-	1,309	-	1,562	-
Long-term prepayments	18,424	-	49,433	1	61,879	1
Total non-current assets	<u>7,403,080</u>	<u>48</u>	<u>6,775,842</u>	<u>49</u>	<u>6,340,821</u>	<u>47</u>
TOTAL	<u>\$ 15,454,086</u>	<u>100</u>	<u>\$ 13,877,445</u>	<u>100</u>	<u>\$ 13,378,680</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Notes and accounts payable	\$ 538,643	3	\$ 475,293	4	\$ 423,155	3
Accounts payable - related parties	631	-	584	-	-	-
Other payables	409,404	3	390,873	3	350,103	3
Current tax liabilities	-	-	8,527	-	3,202	-
Lease liabilities - current	33,928	-	-	-	-	-
Long-term liabilities - current	-	-	-	-	405,282	3
Other current liabilities	53,035	-	25,585	-	14,542	-
Total current liabilities	<u>1,035,641</u>	<u>6</u>	<u>900,862</u>	<u>7</u>	<u>1,196,284</u>	<u>9</u>
NON-CURRENT LIABILITIES						
Deferred tax liabilities	20,599	-	141	-	164	-
Lease liabilities - non-current	62,943	1	-	-	-	-
Guarantee deposits	8,508	-	6,730	-	5,850	-
Other payables - non-current	18,624	-	32,251	-	36,630	-
Total non-current liabilities	<u>110,674</u>	<u>1</u>	<u>39,122</u>	<u>-</u>	<u>42,644</u>	<u>-</u>
Total liabilities	<u>1,146,315</u>	<u>7</u>	<u>939,984</u>	<u>7</u>	<u>1,238,928</u>	<u>9</u>
EQUITY						
Common shares	910,511	6	902,566	6	894,233	7
Capital surplus	6,439,491	42	6,061,816	44	5,717,522	43
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	6,336,876	41	5,337,529	38	4,951,787	37
Total retained earnings	<u>7,338,092</u>	<u>47</u>	<u>6,281,894</u>	<u>45</u>	<u>5,896,152</u>	<u>44</u>
Other equity						
Exchange differences on translating foreign operations	(283,432)	(2)	(237,236)	(2)	(319,356)	(3)
Unearned employee benefits	(96,891)	-	(71,579)	-	(48,799)	-
Total other equity	<u>(380,323)</u>	<u>(2)</u>	<u>(308,815)</u>	<u>(2)</u>	<u>(368,155)</u>	<u>(3)</u>
Total equity	<u>14,307,771</u>	<u>93</u>	<u>12,937,461</u>	<u>93</u>	<u>12,139,752</u>	<u>91</u>
TOTAL	<u>\$ 15,454,086</u>	<u>100</u>	<u>\$ 13,877,445</u>	<u>100</u>	<u>\$ 13,378,680</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 September 30				For the Nine Months Ended September 30			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE, NET	\$ 2,878,458	100	\$ 2,538,324	100	\$ 7,455,861	100	\$ 7,141,829	100
OPERATING COSTS	<u>1,543,573</u>	<u>54</u>	<u>1,333,335</u>	<u>53</u>	<u>4,002,008</u>	<u>54</u>	<u>3,831,654</u>	<u>54</u>
GROSS PROFIT	<u>1,334,885</u>	<u>46</u>	<u>1,204,989</u>	<u>47</u>	<u>3,453,853</u>	<u>46</u>	<u>3,310,175</u>	<u>46</u>
OPERATING EXPENSES								
Selling and marketing expenses	171,220	6	154,992	6	470,317	6	464,409	6
General and administrative expenses	159,084	6	118,176	4	408,125	6	350,748	5
Research and development expenses	443,599	15	375,303	15	1,210,693	16	1,024,541	14
Expected credit loss	<u>7,057</u>	<u>-</u>	<u>2,861</u>	<u>-</u>	<u>5,682</u>	<u>-</u>	<u>1,565</u>	<u>-</u>
Total operating expenses	<u>780,960</u>	<u>27</u>	<u>651,332</u>	<u>25</u>	<u>2,094,817</u>	<u>28</u>	<u>1,841,263</u>	<u>25</u>
OTHER OPERATING INCOME AND EXPENSES, NET	<u>4,291</u>	<u>-</u>	<u>4,260</u>	<u>-</u>	<u>13,065</u>	<u>-</u>	<u>13,203</u>	<u>-</u>
OPERATING INCOME	<u>558,216</u>	<u>19</u>	<u>557,917</u>	<u>22</u>	<u>1,372,101</u>	<u>18</u>	<u>1,482,115</u>	<u>21</u>
NON-OPERATING INCOME AND EXPENSES								
Interest income	21,893	1	15,985	1	61,880	1	39,552	-
Other income	10,991	-	12,693	-	53,174	1	40,860	-
Foreign exchange gain, net	24,835	1	23,620	1	30,485	1	32,036	-
Interest expenses	(186)	-	(3,032)	-	(597)	-	(9,501)	-
Gain on disposal of associates	-	-	-	-	-	-	845	-
Gain (loss) on financial assets at fair value through profit or loss	13,529	1	(13,246)	(1)	252,533	3	(20,757)	-
Share of loss of associates	(17,913)	(1)	(9,475)	-	(53,534)	(1)	(29,798)	-
Miscellaneous expenses	<u>(2,497)</u>	<u>-</u>	<u>(785)</u>	<u>-</u>	<u>(3,902)</u>	<u>-</u>	<u>(2,344)</u>	<u>-</u>
Total non-operating income and expenses	<u>50,652</u>	<u>2</u>	<u>25,760</u>	<u>1</u>	<u>340,039</u>	<u>5</u>	<u>50,893</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	608,868	21	583,677	23	1,712,140	23	1,533,008	21
INCOME TAX EXPENSE	<u>(19,931)</u>	<u>(1)</u>	<u>(29,070)</u>	<u>(1)</u>	<u>(69,274)</u>	<u>(1)</u>	<u>(89,544)</u>	<u>(1)</u>
NET PROFIT FOR THE PERIOD	<u>588,937</u>	<u>20</u>	<u>554,607</u>	<u>22</u>	<u>1,642,866</u>	<u>22</u>	<u>1,443,464</u>	<u>20</u>
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that will not be reclassified subsequently to profit or loss:								
Exchange differences arising from translation to the presentation currency	(11,271)	-	22,088	1	134,907	2	296,912	4

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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 September 30				For the Nine Months Ended September 30			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	\$ (147,044)	(5)	\$ (160,045)	(7)	\$ (164,515)	(2)	\$ (222,089)	(3)
Share of the other comprehensive loss of associates accounted for using equity method	(15,949)	(1)	(23,380)	(1)	(16,588)	(1)	(30,809)	-
Other comprehensive income (loss) for the period, net of income tax	(174,264)	(6)	(161,337)	(7)	(46,196)	(1)	44,014	1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 414,673</u>	<u>14</u>	<u>\$ 393,270</u>	<u>15</u>	<u>\$ 1,596,670</u>	<u>21</u>	<u>\$ 1,487,478</u>	<u>21</u>
EARNINGS PER SHARE								
Basic	<u>\$ 6.54</u>		<u>\$ 6.29</u>		<u>\$18.29</u>		<u>\$16.47</u>	
Diluted	<u>\$ 6.39</u>		<u>\$ 6.04</u>		<u>\$17.82</u>		<u>\$15.72</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		Legal Reserve	Special Reserve	Unappropriated Earnings				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 2017 earnings											
Legal reserve	-	-	-	180,801	-	(180,801)	-	-	-	-	-
Special reserve	-	-	-	-	363,370	(363,370)	-	-	-	-	-
Cash dividends distribute 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.	-	-	149,899	-	-	-	-	-	-	-	149,899
Convertible bonds converted to common shares	778	7,780	282,476	-	-	-	-	-	-	-	290,256
Net profit for the nine months ended September 30, 2018	-	-	-	-	-	1,443,464	1,443,464	-	-	-	1,443,464
Other comprehensive income for the nine months ended September 30, 2018, net of income tax	-	-	-	-	-	-	-	44,014	-	44,014	44,014
Total comprehensive income for the nine months ended September 30, 2018	-	-	-	-	-	1,443,464	1,443,464	44,014	-	44,014	1,487,478
Issue of common shares under employee share options	805	8,057	80,583	-	-	-	-	-	-	-	88,640
Recognition of restricted employee shares issued by Silergy Corp.	107	1,070	60,736	-	-	-	-	-	9,469	9,469	71,275
BALANCE AT SEPTEMBER 30, 2018	89,423	\$ 894,233	\$ 5,717,522	\$ 580,995	\$ 363,370	\$ 4,951,787	\$ 5,896,152	\$ (319,356)	\$ (48,799)	\$ (368,155)	\$ 12,139,752
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.	-	-	168,026	-	-	-	-	-	-	-	168,026
Net profit for the nine months ended September 30, 2019	-	-	-	-	-	1,642,866	1,642,866	-	-	-	1,642,866
Other comprehensive loss for the nine months ended September 30, 2019, net of income tax	-	-	-	-	-	-	-	(46,196)	-	(46,196)	(46,196)
Total comprehensive income (loss) for the nine months ended September 30, 2019	-	-	-	-	-	1,642,866	1,642,866	(46,196)	-	(46,196)	1,596,670
Issue of common shares under employee share options	572	5,718	93,868	-	-	-	-	-	-	-	99,586
Recognition of restricted employee shares issued by Silergy Corp.	222	2,227	115,781	-	-	-	-	-	(25,312)	(25,312)	92,696
BALANCE AT SEPTEMBER 30, 2019	91,051	\$ 910,511	\$ 6,439,491	\$ 763,980	\$ 237,236	\$ 6,336,876	\$ 7,338,092	\$ (283,432)	\$ (96,891)	\$ (380,323)	\$ 14,307,771

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 Nine Months Ended	
	September 30	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,712,140	\$ 1,533,008
Adjustments for:		
Expected credit loss recognized	5,682	1,565
Net loss (gain) on financial instruments at fair value through profit or loss	(252,533)	20,757
Depreciation expenses	75,393	33,228
Amortization expenses	138,282	136,519
Interest income	(61,880)	(39,552)
Interest expenses	597	9,501
Compensation cost of employee share options	168,026	149,899
Compensation cost of restricted employee shares	92,696	71,275
Share of loss of associates	53,534	29,798
Loss on disposal of property, plant and equipment	71	113
Property, plant and equipment transferred to expenses	5	-
Gains on disposal of intangible assets	(13,136)	(13,316)
Write-down of inventories	72,052	126,505
Unrealized loss on foreign currency exchange	56	3,721
Changes in operating assets and liabilities		
Increase in accounts receivable	(415,199)	(218,623)
Decrease (increase) in other receivables	74,223	(10,582)
Decrease (increase) in inventories	15,876	(89,653)
Increase in prepayments	(10,174)	(6,231)
Increase in defined benefit assets - non-current	(39)	(44)
Increase in notes and accounts payable	63,360	6,494
Increase in accounts payable - related parties	47	-
Increase (decrease) in other payables	12,729	(5,550)
Increase in other current liabilities	27,450	2,565
Cash generated from operations	1,759,258	1,741,397
Interest received	52,888	30,665
Income tax paid	(103,644)	(107,405)
Net cash generated from operating activities	<u>1,708,502</u>	<u>1,664,657</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	-	(773,378)
Proceeds from sale of financial assets at amortized cost	303,790	-
Purchase of financial assets at fair value through profit or loss	(59,501)	(670,624)
Net cash outflow on business combinations	(30,980)	-
Acquisition of property, plant and equipment	(418,895)	(275,658)

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

	For the Nine Months Ended September 30	
	2019	2018
Increase in long-term prepayments	\$ (14,108)	\$ (16,158)
Payments for intangible assets	(30,362)	(36,941)
Proceeds from disposal of property, plant and equipment	8	1
Decrease (increase) in refundable deposits	<u>(6,313)</u>	<u>52,618</u>
Net cash used in investing activities	<u>(256,361)</u>	<u>(1,720,140)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in guarantee deposits	1,778	5,115
Repayment of the principal portion of lease liabilities	(26,534)	-
Cash dividends paid	(583,486)	(526,396)
Proceeds from exercise of employee share options	<u>99,586</u>	<u>88,640</u>
Net cash used in financing activities	<u>(508,656)</u>	<u>(432,641)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(26,244)</u>	<u>16,719</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	917,241	(471,405)
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>\$ 3,535,661</u>	<u>\$ 2,442,767</u>

(Concluded)