

## **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, 2020 and 2019, the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three 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 March 31, 2020 and 2019, and of its consolidated financial performance and its consolidated cash flows for the three months then ended March 31, 2020 and 2019 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

May 13, 2020

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

**CONSOLIDATED BALANCE SHEETS**  
(In Thousands of New Taiwan Dollars)

	March 31, 2020 (Reviewed)		December 31, 2019 (Audited)		March 31, 2019 (Reviewed)	
	Amount	%	Amount	%	Amount	%
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	\$ 3,984,408	23	\$ 4,507,653	27	\$ 3,371,623	23
Financial assets at amortized cost - current	1,451,472	8	1,811,075	11	1,499,405	10
Accounts receivable, net	1,117,271	6	940,390	6	688,355	5
Other receivables	119,546	1	292,060	2	75,804	1
Inventories	2,218,241	13	1,923,495	11	1,631,820	11
Prepayments	129,401	1	132,228	1	63,892	1
Total current assets	<u>9,020,339</u>	<u>52</u>	<u>9,606,901</u>	<u>58</u>	<u>7,330,899</u>	<u>51</u>
<b>NON-CURRENT ASSETS</b>						
Financial assets at fair value through profit or loss - non-current	1,735,115	10	1,608,505	9	1,382,738	10
Investments accounted for using equity method	497,804	3	509,379	3	599,821	4
Property, plant and equipment	1,203,915	7	1,122,619	7	1,356,677	9
Right-of-use assets	108,925	1	119,275	1	156,336	1
Investment properties	485,508	3	463,424	3	-	-
Goodwill	2,269,741	13	2,128,436	13	2,405,583	17
Other intangible assets	963,868	5	999,629	6	1,165,498	8
Deferred tax assets	32,466	-	29,427	-	32,387	-
Refundable deposits	44,408	-	43,035	-	40,610	-
Prepayment for investments	1,103,212	6	-	-	-	-
Net defined benefit assets - non-current	1,171	-	1,160	-	1,324	-
Long-term prepayments	21,391	-	7,157	-	25,209	-
Total non-current assets	<u>8,467,524</u>	<u>48</u>	<u>7,032,046</u>	<u>42</u>	<u>7,166,183</u>	<u>49</u>
<b>TOTAL</b>	<u>\$ 17,487,863</u>	<u>100</u>	<u>\$ 16,638,947</u>	<u>100</u>	<u>\$ 14,497,082</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings	\$ 100,000	1	\$ 100,000	1	\$ -	-
Accounts payable	548,323	3	689,094	4	377,058	3
Accounts payable - related parties	104	-	1,104	-	-	-
Other payables	567,873	3	469,351	3	410,882	3
Current tax liabilities	14,190	-	10,458	-	10,895	-
Lease liabilities - current	32,986	-	34,937	-	34,531	-
Other current liabilities	35,546	-	28,831	-	27,419	-
Total current liabilities	<u>1,299,022</u>	<u>7</u>	<u>1,333,775</u>	<u>8</u>	<u>860,785</u>	<u>6</u>
<b>NON-CURRENT LIABILITIES</b>						
Deferred tax liabilities	19,997	-	19,173	-	139	-
Lease liabilities - non-current	53,573	1	61,135	1	76,338	1
Guarantee deposits	5,210	-	6,588	-	6,419	-
Other payables - non-current	9,068	-	13,491	-	27,738	-
Total non-current liabilities	<u>87,848</u>	<u>1</u>	<u>100,387</u>	<u>1</u>	<u>110,634</u>	<u>1</u>
Total liabilities	<u>1,386,870</u>	<u>8</u>	<u>1,434,162</u>	<u>9</u>	<u>971,419</u>	<u>7</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>						
Share capital						
Common shares	918,226	5	914,802	5	903,806	6
Capital surplus	6,963,452	40	6,752,006	41	6,154,929	42
Retained earnings						
Legal reserve	763,980	5	763,980	5	580,995	4
Special reserve	237,236	1	237,236	1	363,370	3
Unappropriated earnings	7,719,560	44	7,019,735	42	5,701,930	39
Total retained earnings	<u>8,720,776</u>	<u>50</u>	<u>8,020,951</u>	<u>48</u>	<u>6,646,295</u>	<u>46</u>
Other equity						
Exchange differences on translating foreign operations	(680,325)	(4)	(703,512)	(4)	(96,229)	(1)
Unearned employee benefits	(171,268)	(1)	(136,158)	(1)	(83,138)	-
Total other equity	<u>(851,593)</u>	<u>(5)</u>	<u>(839,670)</u>	<u>(5)</u>	<u>(179,367)</u>	<u>(1)</u>
Total equity attributable to owners of the Company	<u>15,750,861</u>	<u>90</u>	<u>14,848,089</u>	<u>89</u>	<u>13,525,663</u>	<u>93</u>
<b>NON-CONTROLLING INTERESTS</b>	<u>350,132</u>	<u>2</u>	<u>356,696</u>	<u>2</u>	<u>-</u>	<u>-</u>
Total equity	<u>16,100,993</u>	<u>92</u>	<u>15,204,785</u>	<u>91</u>	<u>13,525,663</u>	<u>93</u>
<b>TOTAL</b>	<u>\$ 17,487,863</u>	<u>100</u>	<u>\$ 16,638,947</u>	<u>100</u>	<u>\$ 14,497,082</u>	<u>100</u>

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

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019**  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31			
	2020		2019	
	(Reviewed)		(Reviewed)	
	Amount	%	Amount	%
OPERATING REVENUE, NET	\$ 2,853,629	100	\$ 2,054,810	100
OPERATING COSTS	<u>1,432,787</u>	<u>50</u>	<u>1,105,718</u>	<u>54</u>
GROSS PROFIT	<u>1,420,842</u>	<u>50</u>	<u>949,092</u>	<u>46</u>
OPERATING EXPENSES				
Selling and marketing expenses	164,991	6	143,719	7
General and administrative expenses	143,358	5	121,227	6
Research and development expenses	456,273	16	366,847	18
Expected credit loss	<u>2,056</u>	<u>-</u>	<u>1,494</u>	<u>-</u>
Total operating expenses	<u>766,678</u>	<u>27</u>	<u>633,287</u>	<u>31</u>
OTHER OPERATING INCOME AND EXPENSES, NET	<u>4,170</u>	<u>-</u>	<u>4,408</u>	<u>1</u>
PROFIT FROM OPERATIONS	<u>658,334</u>	<u>23</u>	<u>320,213</u>	<u>16</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	18,454	1	24,224	1
Other income	81,438	3	8,696	1
Foreign exchange gain (loss), net	14,038	-	(6,820)	-
Interest expenses	(403)	-	(230)	-
(Loss) gain on financial instruments at fair value through profit or loss	(42,616)	(2)	46,349	2
Share of loss of associates	(12,109)	-	(13,780)	(1)
Miscellaneous expenses	<u>(9,128)</u>	<u>-</u>	<u>(715)</u>	<u>-</u>
Total non-operating income and expenses	<u>49,674</u>	<u>2</u>	<u>57,724</u>	<u>3</u>
PROFIT BEFORE INCOME TAX	708,008	25	377,937	19
INCOME TAX EXPENSE	<u>(13,459)</u>	<u>(1)</u>	<u>(13,536)</u>	<u>(1)</u>
NET PROFIT FOR THE PERIOD	<u>694,549</u>	<u>24</u>	<u>364,401</u>	<u>18</u>

(Continued)

**SILERGY CORP.**  
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**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019**  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31			
	2020		2019	
	(Reviewed)		(Reviewed)	
	Amount	%	Amount	%
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
Items that will not be reclassified subsequently to profit or loss:				
Exchange differences arising from translation to the presentation currency	120,816	4	41,326	2
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(92,694)	(3)	88,181	4
Share of the other comprehensive (loss) gain of associates accounted for using equity method	<u>(7,738)</u>	<u>-</u>	<u>11,500</u>	<u>1</u>
Other comprehensive income for the period, net of income tax	<u>20,384</u>	<u>1</u>	<u>141,007</u>	<u>7</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u>\$ 714,933</u>	<u>25</u>	<u>\$ 505,408</u>	<u>25</u>
<b>NET PROFIT ATTRIBUTABLE TO:</b>				
Owners of the Company	699,825	24	364,401	18
Non-controlling interests	<u>(5,276)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 694,549</u>	<u>24</u>	<u>\$ 364,401</u>	<u>18</u>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>				
Owners of the Company	723,012	25	505,408	25
Non-controlling interests	<u>(8,079)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 714,933</u>	<u>25</u>	<u>\$ 505,408</u>	<u>25</u>
<b>EARNINGS PER SHARE</b>				
Basic	<u>\$ 7.67</u>		<u>\$ 4.07</u>	
Diluted	<u>\$ 7.38</u>		<u>\$ 3.97</u>	

(Concluded)

**SILERGY CORP.**  
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**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019**  
(In Thousands of New Taiwan Dollars)  
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Company							Other Equity			Non-controlling Interest	Total Equity	
	Common Shares		Capital Surplus	Retained Earnings			Exchange Differences on Translating Foreign Operations	Unearned Employee Benefits	Total Other Equity	Total			
	Shares	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings							Total Retained Earnings
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	\$ -	\$ 12,937,461
Recognition of employee share options by Silergy Corp.	-	-	56,925	-	-	-	-	-	-	-	56,925	-	56,925
Net profit for the three months ended March 31, 2019	-	-	-	-	-	364,401	364,401	-	-	-	364,401	-	364,401
Other comprehensive income for the three months ended March 31, 2019, net of income tax	-	-	-	-	-	-	-	141,007	-	141,007	141,007	-	141,007
Total comprehensive income for the three months ended March 31, 2019	-	-	-	-	-	364,401	364,401	141,007	-	141,007	505,408	-	505,408
Issue of common shares under employee share options	49	490	3,638	-	-	-	-	-	-	-	4,128	-	4,128
Recognition of restricted employee shares issued by Silergy Corp.	75	750	32,550	-	-	-	-	-	(11,559)	(11,559)	21,741	-	21,741
BALANCE AT MARCH 31, 2019	90,381	\$ 903,806	\$ 6,154,929	\$ 580,995	\$ 363,370	\$ 5,701,930	\$ 6,646,295	\$ (96,229)	\$ (83,138)	\$ (179,367)	\$ 13,525,663	\$ -	\$ 13,525,663
BALANCE AT JANUARY 1, 2020	91,481	\$ 914,802	\$ 6,752,006	\$ 763,980	\$ 237,236	\$ 7,019,735	\$ 8,020,951	\$ (703,512)	\$ (136,158)	\$ (839,670)	\$ 14,848,089	\$ 356,696	\$ 15,204,785
Change in percentage of ownership interests in subsidiaries	-	-	(1,515)	-	-	-	-	-	-	-	(1,515)	1,515	-
Recognition of employee share options by Silergy Corp.	-	-	50,733	-	-	-	-	-	-	-	50,733	-	50,733
Net profit for the three months ended March 31, 2020	-	-	-	-	-	699,825	699,825	-	-	-	699,825	(5,276)	694,549
Other comprehensive income (loss) for the three months ended March 31, 2020, net of income tax	-	-	-	-	-	-	-	23,187	-	23,187	23,187	(2,803)	20,384
Total comprehensive income (loss) for the three months ended March 31, 2020	-	-	-	-	-	699,825	699,825	23,187	-	23,187	723,012	(8,079)	714,933
Issue of common shares under employee share options	238	2,378	88,785	-	-	-	-	-	-	-	91,163	-	91,163
Recognition of restricted employee shares issued by Silergy Corp.	104	1,046	73,443	-	-	-	-	-	(35,110)	(35,110)	39,379	-	39,379
BALANCE AT MARCH 31, 2020	91,823	\$ 918,226	\$ 6,963,452	\$ 763,980	\$ 237,236	\$ 7,719,560	\$ 8,720,776	\$ (680,325)	\$ (171,268)	\$ (851,593)	\$ 15,750,861	\$ 350,132	\$ 16,100,993

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019**  
(In Thousands of New Taiwan Dollars)

	<b>For the Three Months Ended March 31</b>	
	<b>2020 (Reviewed)</b>	<b>2019 (Reviewed)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 708,008	\$ 377,937
Adjustments for:		
Expected credit loss recognized on trade receivables	2,056	1,494
Net loss (gain) on financial instruments at fair value through profit or loss	42,616	(46,349)
Depreciation expenses	39,039	24,397
Amortization expenses	46,339	45,911
Interest income	(18,454)	(24,224)
Interest expenses	403	230
Compensation cost of employee share options	50,733	56,925
Compensation cost of restricted employee shares	39,379	21,741
Share of loss of associates	12,109	13,780
Loss on disposal of property, plant and equipment	-	7
Property, plant and equipment transferred to expenses	-	5
Gains on disposal of intangible assets	(4,170)	(4,415)
Write-down of inventories	16,006	18,237
Unrealized gain on foreign currency exchange	(1,605)	(2,012)
Changes in operating assets and liabilities		
Increase in accounts receivable	(169,485)	(105,960)
Decrease in other receivables	224,987	85,098
(Increase) decrease in inventories	(294,191)	36,434
Decrease in prepayments	2,977	5,911
Increase in defined benefit assets - non-current	(11)	(15)
Decrease in accounts payable	(140,424)	(98,290)
Decrease in accounts payable - related parties	(1,000)	(584)
Increase in other payables	98,439	18,885
Increase in other current liabilities	6,715	1,834
Cash generated from operations	660,466	426,977
Interest received	13,726	24,668
Interest paid	(403)	-
Income tax paid	(60,395)	(50,790)
Net cash generated from operating activities	<u>613,394</u>	<u>400,855</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of financial assets at amortized cost	359,603	523,491
Purchase of financial assets at fair value through profit or loss	(165,926)	(36,507)
Increase in prepayment for investments	(1,105,767)	-

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**SILERGY CORP.**  
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**AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019**  
(In Thousands of New Taiwan Dollars)

	<b>For the Three Months Ended March 31</b>	
	<b>2020 (Reviewed)</b>	<b>2019 (Reviewed)</b>
Net cash outflow on business combinations	(152,776)	-
Acquisition of property, plant and equipment	(143,038)	(169,193)
Increase in long-term prepayments	(14,234)	(20,893)
Payments for intangible assets	(7,762)	(20,753)
Increase in refundable deposits	<u>(1,373)</u>	<u>(757)</u>
Net cash (used in) generated from investing activities	<u>(1,231,273)</u>	<u>275,388</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease in guarantee deposits	(1,378)	(311)
Repayment of the principal portion of lease liabilities	(9,803)	(9,058)
Proceeds from exercise of employee share options	<u>91,163</u>	<u>4,128</u>
Net cash generated from (used in) financing activities	<u>79,982</u>	<u>(5,241)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	<u>14,652</u>	<u>82,201</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	(523,245)	753,203
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<u>4,507,653</u>	<u>2,618,420</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>\$ 3,984,408</u>	<u>\$ 3,371,623</u>

(Concluded)