

## **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, 2019 and 2018, 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, 2019 and 2018, and of its consolidated financial performance and its consolidated cash flows for the three months then ended March 31, 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

May 10, 2019

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

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

	March 31, 2019 (Reviewed)		December 31, 2018 (Audited)		March 31, 2018 (Reviewed)	
	Amount	%	Amount	%	Amount	%
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	\$ 3,371,623	23	\$ 2,618,420	19	\$ 3,055,735	24
Financial assets at fair value through profit or loss - current	-	-	-	-	1,263	-
Financial assets at amortized cost - current	1,499,405	10	2,022,896	15	1,441,800	11
Accounts receivable, net	688,355	5	581,860	4	680,575	5
Other receivables	75,804	1	117,814	1	92,950	1
Inventories	1,631,820	11	1,690,972	12	1,578,566	13
Prepayments	63,892	1	69,641	-	78,025	1
Total current assets	<u>7,330,899</u>	<u>51</u>	<u>7,101,603</u>	<u>51</u>	<u>6,928,914</u>	<u>55</u>
<b>NON-CURRENT ASSETS</b>						
Financial assets at fair value through profit or loss - non-current	1,382,738	10	1,289,447	9	365,060	3
Investments accounted for using equity method	599,821	4	595,650	4	629,110	5
Property, plant and equipment	1,356,677	9	1,176,605	9	897,973	7
Right-of-use assets	156,336	1	-	-	-	-
Goodwill	2,405,583	17	2,397,800	17	2,338,014	19
Other intangible assets	1,165,498	8	1,191,113	9	1,253,050	10
Deferred tax assets	32,387	-	34,632	-	45,879	-
Refundable deposits	40,610	-	39,853	-	39,504	-
Net defined benefit assets - non-current	1,324	-	1,309	-	1,535	-
Long-term prepayments	25,209	-	49,433	1	47,415	1
Total non-current assets	<u>7,166,183</u>	<u>49</u>	<u>6,775,842</u>	<u>49</u>	<u>5,617,540</u>	<u>45</u>
<b>TOTAL</b>	<u>\$ 14,497,082</u>	<u>100</u>	<u>\$ 13,877,445</u>	<u>100</u>	<u>\$ 12,546,454</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Accounts payable	\$ 377,058	3	\$ 475,293	4	\$ 443,653	4
Accounts payable - related parties	-	-	584	-	-	-
Other payables	410,882	3	390,873	3	305,400	2
Current tax liabilities	10,895	-	8,527	-	23,080	-
Lease liabilities - current	34,531	-	-	-	-	-
Other current liabilities	27,419	-	25,585	-	35,280	-
Total current liabilities	<u>860,785</u>	<u>6</u>	<u>900,862</u>	<u>7</u>	<u>807,413</u>	<u>6</u>
<b>NON-CURRENT LIABILITIES</b>						
Bonds payable	-	-	-	-	658,835	5
Deferred tax liabilities	139	-	141	-	164	-
Lease liabilities - non-current	76,338	1	-	-	-	-
Guarantee deposits	6,419	-	6,730	-	759	-
Other payables - non-current	27,738	-	32,251	-	43,658	1
Total non-current liabilities	<u>110,634</u>	<u>1</u>	<u>39,122</u>	<u>-</u>	<u>703,416</u>	<u>6</u>
Total liabilities	<u>971,419</u>	<u>7</u>	<u>939,984</u>	<u>7</u>	<u>1,510,829</u>	<u>12</u>
<b>EQUITY</b>						
Share capital						
Common shares	903,806	6	902,566	6	880,316	7
Capital surplus	6,154,929	42	6,061,816	44	5,215,301	42
Retained earnings						
Legal reserve	580,995	4	580,995	4	400,194	3
Special reserve	363,370	3	363,370	3	-	-
Unappropriated earnings	5,701,930	39	5,337,529	38	4,990,194	40
Total retained earnings	<u>6,646,295</u>	<u>46</u>	<u>6,281,894</u>	<u>45</u>	<u>5,390,388</u>	<u>43</u>
Other equity						
Exchange differences on translating foreign operations	(96,229)	(1)	(237,236)	(2)	(430,394)	(4)
Unearned employee benefits	(83,138)	-	(71,579)	-	(19,986)	-
Total other equity	<u>(179,367)</u>	<u>(1)</u>	<u>(308,815)</u>	<u>(2)</u>	<u>(450,380)</u>	<u>(4)</u>
Total equity	<u>13,525,663</u>	<u>93</u>	<u>12,937,461</u>	<u>93</u>	<u>11,035,625</u>	<u>88</u>
<b>TOTAL</b>	<u>\$ 14,497,082</u>	<u>100</u>	<u>\$ 13,877,445</u>	<u>100</u>	<u>\$ 12,546,454</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 March 31			
	2019		2018	
	Amount	%	Amount	%
OPERATING REVENUE, NET	\$ 2,054,810	100	\$ 2,178,917	100
OPERATING COSTS	<u>1,105,718</u>	<u>54</u>	<u>1,168,080</u>	<u>54</u>
GROSS PROFIT	<u>949,092</u>	<u>46</u>	<u>1,010,837</u>	<u>46</u>
OPERATING EXPENSES				
Selling and marketing expenses	143,719	7	153,369	7
General and administrative expenses	121,227	6	114,823	5
Research and development expenses	366,847	18	304,396	14
Expected credit loss (reversed)	<u>1,494</u>	<u>-</u>	<u>(2,075)</u>	<u>-</u>
Total operating expenses	<u>633,287</u>	<u>31</u>	<u>570,513</u>	<u>26</u>
OTHER OPERATING INCOME AND EXPENSES, NET	<u>4,408</u>	<u>1</u>	<u>4,434</u>	<u>-</u>
PROFIT FROM OPERATIONS	<u>320,213</u>	<u>16</u>	<u>444,758</u>	<u>20</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	24,224	1	10,284	-
Other income	8,696	1	11,564	1
Foreign exchange loss, net	(6,820)	-	(16,998)	(1)
Interest expenses	(230)	-	(3,208)	-
Gain on financial instruments at fair value through profit or loss	46,349	2	212	-
Share of loss of associates	(13,780)	(1)	(10,393)	-
Miscellaneous expenses	<u>(715)</u>	<u>-</u>	<u>(845)</u>	<u>-</u>
Total non-operating income and expenses	<u>57,724</u>	<u>3</u>	<u>(9,384)</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	377,937	19	435,374	20
INCOME TAX EXPENSE	<u>(13,536)</u>	<u>(1)</u>	<u>(24,070)</u>	<u>(1)</u>
NET PROFIT FOR THE PERIOD	<u>364,401</u>	<u>18</u>	<u>411,304</u>	<u>19</u>
OTHER COMPREHENSIVE INCOME (LOSS)				

(Continued)

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

	<b>For the Three Months Ended March 31</b>			
	<b>2019</b>		<b>2018</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Items that will not be reclassified subsequently to profit or loss:				
Exchange differences arising from translation to the presentation currency	41,326	2	(245,319)	(11)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	88,181	4	154,282	7
Share of the other comprehensive gain of associates accounted for using equity method	<u>11,500</u>	<u>1</u>	<u>24,013</u>	<u>1</u>
Other comprehensive income (loss) for the period, net of income tax	<u>141,007</u>	<u>7</u>	<u>(67,024)</u>	<u>(3)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u>\$ 505,408</u>	<u>25</u>	<u>\$ 344,280</u>	<u>16</u>
<b>EARNINGS PER SHARE</b>				
Basic	<u>\$ 4.07</u>		<u>\$ 4.72</u>	
Diluted	<u>\$ 3.97</u>		<u>\$ 4.50</u>	

(Concluded)

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**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(In Thousands of New Taiwan Dollars)

	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
Recognition of employee share options by Silergy Corp.	-	-	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	25,026	-	-	-	-	-	-	-	27,988
Recognition of restricted employee shares issued by Silergy Corp.	3	28	1,641	-	-	-	-	-	38,282	38,282	39,951
BALANCE AT MARCH 31, 2018	<u>88,032</u>	<u>\$ 880,316</u>	<u>\$ 5,215,301</u>	<u>\$ 400,194</u>	<u>\$ -</u>	<u>\$ 4,990,194</u>	<u>\$ 5,390,388</u>	<u>\$ (430,394)</u>	<u>\$ (19,986)</u>	<u>\$ (450,380)</u>	<u>\$ 11,035,625</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
Recognition of employee share options by Silergy Corp.	-	-	56,925	-	-	-	-	-	-	-	56,925
Net profit for the three months ended March 31, 2019	-	-	-	-	-	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
Total comprehensive income for the three months ended March 31, 2019	-	-	-	-	-	364,401	364,401	141,007	-	141,007	505,408
Issue of common shares under employee share options	49	490	3,638	-	-	-	-	-	-	-	4,128
Recognition of restricted employee shares issued by Silergy Corp.	75	750	32,550	-	-	-	-	-	(11,559)	(11,559)	21,741
BALANCE AT MARCH 31, 2019	<u>90,381</u>	<u>\$ 903,806</u>	<u>\$ 6,154,929</u>	<u>\$ 580,995</u>	<u>\$ 363,370</u>	<u>\$ 5,701,930</u>	<u>\$ 6,646,295</u>	<u>\$ (96,229)</u>	<u>\$ (83,138)</u>	<u>\$ (179,367)</u>	<u>\$ 13,525,663</u>

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

	<b>For the Three Months Ended</b>	
	<b>March 31</b>	
	<b>2019</b>	<b>2018</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 377,937	\$ 435,374
Adjustments for:		
Expected credit loss recognized (reversed) on trade receivables	1,494	(2,075)
Net gain on financial instruments at fair value through profit or loss	(46,349)	(212)
Depreciation expenses	24,397	9,916
Amortization expenses	45,911	45,006
Interest income	(24,224)	(10,284)
Interest expenses	230	3,208
Compensation cost of employee share options	56,925	47,831
Compensation cost of restricted employee shares	21,741	39,951
Share of loss of associates	13,780	10,393
Loss on disposal of property, plant and equipment	7	17
Property, plant and equipment transferred to expenses	5	-
Gains on disposal of intangible assets	(4,415)	(4,451)
Write-down of inventories	18,237	42,220
Unrealized gain on foreign currency exchange	(2,012)	(537)
Changes in operating assets and liabilities		
Increase in accounts receivable	(105,960)	(94,415)
Decrease (increase) in other receivables	85,098	(1,990)
Decrease in inventories	36,434	23,855
Decrease (increase) in prepayments	5,911	(13,851)
Increase in defined benefit assets - non-current	(15)	(17)
Increase (decrease) in accounts payable	(98,290)	26,879
Decrease in accounts payable - related parties	(584)	-
Increase (decrease) in other payables	18,885	(49,400)
Increase in other current liabilities	1,834	23,303
Cash generated from operations	426,977	530,721
Interest received	24,668	8,751
Income tax paid	(50,790)	(43,938)
Net cash generated from operating activities	<u>400,855</u>	<u>495,534</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at amortized cost	-	(207,595)
Proceeds from sale of financial assets at amortized cost	523,491	-
Purchase of financial assets at fair value through profit or loss	(36,507)	(81,000)
Acquisition of property, plant and equipment	(169,193)	(97,259)
Proceeds from disposal of property, plant and equipment	-	1
Decrease (increase) in long-term prepayments	(20,893)	250

(Continued)

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

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Payments for intangible assets	(20,753)	(18,553)
Decrease (increase) in refundable deposits	<u>(757)</u>	<u>52,791</u>
Net cash generated from (used in) investing activities	<u>275,388</u>	<u>(351,365)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (decrease) in guarantee deposits	(311)	24
Repayment of the principal portion of lease liabilities	(9,058)	-
Proceeds from exercise of employee share options	<u>4,128</u>	<u>27,988</u>
Net cash (used in) generated from financing activities	<u>(5,241)</u>	<u>28,012</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	<u>82,201</u>	<u>(30,618)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	753,203	141,563
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<u>2,618,420</u>	<u>2,914,172</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>\$ 3,371,623</u>	<u>\$ 3,055,735</u>

(Concluded)