

Silergy Corp.
(Incorporated in the Cayman Islands)
and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2020 and 2019 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Silergy Corp.

Opinion

We have audited the accompanying consolidated financial statements of Silergy Corp. and its subsidiaries (collectively referred to as the "Company"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's consolidated financial statements for the year ended December 31, 2020 are stated as follows:

Evaluation of Provisions Held Against Inventory

As of December 31, 2020, the Company held inventory of NT\$2,314,096 thousand, comprising 12% of its total assets. The amount is significant, the measurement involves a great amount of judgment and inventory management, and the amount of provision is affected by market competition, thus the provisions held against inventory was identified as one of the key audit matters.

Information of accounting policies, estimates and assumption of uncertainty and disclosures related to the evaluation of provisions held against inventory are indicated in Notes 4, 5 and 10 of the Notes to Consolidated Financial Statements.

The audit procedures developed for this key audit matter were as follows:

1. Understood and evaluated operating procedure and internal control related to inventory valuation. Test the design and implementation effectiveness of the control.
2. Test the inventory net realizable value forms and inventory aging forms used for inventory valuation. Including sample source documents to verify the data of the forms, and evaluate the reasonableness of the parameter and logic of the forms. Then sample and recalculate to verify the correctness and completeness of the forms. In addition, perform the retrospective test with actual impairment happened in previous years or subsequent period.

Goodwill Impairment Loss

As of December 31, 2020, the Company held Goodwill of NT\$1,824,929 thousand, comprising 9% of its total assets. According to IAS 36 "Impairment of Assets", the assessment of impairment to related assets has to be made. Management takes into consideration the recoverable amount of the allocation of cash-generating unit when making assumptions of impairment loss. Because the amount is significant and the measurement involves a great amount of judgment from management, and could also be influenced by future market condition or economy, thus as such was identified as one of the key audit matters.

Information of accounting policies, estimates and assumption of uncertainty and disclosures related to goodwill impairment loss are indicated in Notes 4, 5 and 16 of the Notes to Consolidated Financial Statements.

The audit procedures developed for this key audit matter were as follows:

1. Understood and evaluated the reasonability of management's estimates of assets impairment.
2. Evaluated the professional qualifications, competence and independence of independent evaluators that management hired.
3. Understood management's estimation process and basis of forecasted future financials of the cash-generating unit.
4. Evaluate the reasonability of the assumption and assessment method used in the goodwill impairment loss report provided by independent evaluators and consult with specialist within our firm.

Responsibilities of Management and Those Charged with Governance for 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 Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Tzu-Jung Kuo and Cheng-Chun Chiu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 16, 2021

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

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

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

ASSETS	2020		2019 (Audited after Restatement, Refer to Note 16)	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 9,248,146	47	\$ 4,507,653	27
Financial assets at amortized cost - current (Notes 4 and 8)	229,696	1	1,811,075	11
Accounts receivable, net (Notes 4, 9, 24 and 29)	1,016,757	5	940,390	6
Other receivables (Notes 4 and 9)	74,012	-	292,060	2
Inventories (Notes 4, 5, 10 and 29)	2,314,096	12	1,923,495	11
Prepayments (Note 18)	<u>152,899</u>	<u>1</u>	<u>132,228</u>	<u>1</u>
Total current assets	<u>13,035,606</u>	<u>66</u>	<u>9,606,901</u>	<u>58</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	1,638,644	8	1,608,505	9
Investments accounted for using the equity method (Notes 4, 12 and 33)	529,349	3	509,379	3
Property, plant and equipment (Notes 4 and 13)	1,190,616	6	1,122,619	7
Right-of-use assets (Notes 4 and 14)	99,835	1	119,275	1
Investment properties (Notes 4 and 15)	582,184	3	463,424	3
Goodwill (Notes 4, 5, 16 and 29)	1,824,929	9	2,141,244	13
Other intangible assets (Notes 4, 17 and 29)	832,630	4	1,019,682	6
Deferred tax assets (Notes 4 and 26)	38,252	-	29,427	-
Refundable deposits	54,017	-	43,035	-
Net defined benefit assets - non-current (Notes 4 and 22)	995	-	1,160	-
Long-term prepayments (Note 18)	<u>40,229</u>	<u>-</u>	<u>7,157</u>	<u>-</u>
Total non-current assets	<u>6,831,680</u>	<u>34</u>	<u>7,064,907</u>	<u>42</u>
TOTAL	<u>\$ 19,867,286</u>	<u>100</u>	<u>\$ 16,671,808</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 19)	\$ -	-	\$ 100,000	1
Accounts payable (Note 20)	616,402	3	689,094	4
Accounts payable - related parties (Note 33)	1,720	-	1,104	-
Other payables (Note 21)	672,769	4	469,351	3
Current tax liabilities (Note 26)	47,532	-	10,458	-
Lease liabilities - current (Notes 4 and 14)	36,793	-	34,937	-
Other current liabilities (Notes 21 and 24)	<u>46,350</u>	<u>-</u>	<u>28,831</u>	<u>-</u>
Total current liabilities	<u>1,421,566</u>	<u>7</u>	<u>1,333,775</u>	<u>8</u>
NON-CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - non-current (Notes 7 and 29)	33,376	-	32,861	-
Deferred tax liabilities (Notes 4 and 26)	10,886	-	19,173	-
Lease liabilities - non-current (Notes 4 and 14)	40,759	1	61,135	1
Guarantee deposits	10,095	-	6,588	-
Other payables - non-current (Note 21)	<u>-</u>	<u>-</u>	<u>13,491</u>	<u>-</u>
Total non-current liabilities	<u>95,116</u>	<u>1</u>	<u>133,248</u>	<u>1</u>
Total liabilities	<u>1,516,682</u>	<u>8</u>	<u>1,467,023</u>	<u>9</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 23 and 28)				
Share capital				
Common shares	<u>929,014</u>	<u>5</u>	<u>914,802</u>	<u>5</u>
Capital surplus	<u>7,799,136</u>	<u>39</u>	<u>6,752,006</u>	<u>41</u>
Retained earnings				
Legal reserve	996,568	5	763,980	5
Special reserve	703,512	4	237,236	1
Unappropriated earnings	<u>8,912,441</u>	<u>45</u>	<u>7,019,735</u>	<u>42</u>
Total retained earnings	<u>10,612,521</u>	<u>54</u>	<u>8,020,951</u>	<u>48</u>
Other equity				
Exchange differences on translating foreign operations	(1,129,475)	(6)	(703,512)	(4)
Unearned employee benefits	<u>(180,211)</u>	<u>(1)</u>	<u>(136,158)</u>	<u>(1)</u>
Total other equity	<u>(1,309,686)</u>	<u>(7)</u>	<u>(839,670)</u>	<u>(5)</u>
Total equity attributable to owners of the Company	18,030,985	91	14,848,089	89
NON-CONTROLLING INTERESTS (Notes 11 and 23)	<u>319,619</u>	<u>1</u>	<u>356,696</u>	<u>2</u>
Total equity	<u>18,350,604</u>	<u>92</u>	<u>15,204,785</u>	<u>91</u>
TOTAL	<u>\$ 19,867,286</u>	<u>100</u>	<u>\$ 16,671,808</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

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

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

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE, NET (Note 24)	\$ 13,876,445	100	\$ 10,777,781	100
OPERATING COSTS (Notes 10, 25, 28 and 33)	<u>7,204,323</u>	<u>52</u>	<u>5,662,486</u>	<u>53</u>
GROSS PROFIT	<u>6,672,122</u>	<u>48</u>	<u>5,115,295</u>	<u>47</u>
OPERATING EXPENSES (Notes 4, 9, 22, 25, 28 and 33)				
Selling and marketing expenses	738,991	5	633,898	6
General and administrative expenses	712,877	5	554,972	5
Research and development expenses	2,161,121	16	1,609,810	15
Expected credit loss	<u>722</u>	<u>-</u>	<u>438</u>	<u>-</u>
Total operating expenses	<u>3,613,711</u>	<u>26</u>	<u>2,799,118</u>	<u>26</u>
OTHER OPERATING INCOME AND EXPENSES, NET (Notes 12 and 25)	<u>50,503</u>	<u>-</u>	<u>16,992</u>	<u>-</u>
PROFIT FROM OPERATIONS	<u>3,108,914</u>	<u>22</u>	<u>2,333,169</u>	<u>21</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	66,491	-	77,984	1
Other income (Note 25)	226,536	2	90,961	1
Foreign exchange (loss) gain, net (Notes 4 and 34)	(98,111)	(1)	18,200	-
Interest expenses (Note 25)	(981)	-	(817)	-
Gain on disposal of investments (Note 12)	308,371	2	-	-
Miscellaneous expenses	(51,918)	-	(5,794)	-
Impairment loss (Note 16)	(334,101)	(2)	(227,961)	(2)
Gain on financial instruments at fair value through profit or loss (Note 32)	234,348	2	208,483	2
Share of loss of associates (Note 12)	<u>(134,754)</u>	<u>(1)</u>	<u>(82,608)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>215,881</u>	<u>2</u>	<u>78,448</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	3,324,795	24	2,411,617	22
INCOME TAX EXPENSE (Notes 4 and 26)	<u>(83,000)</u>	<u>(1)</u>	<u>(85,735)</u>	<u>(1)</u>
NET PROFIT FOR THE YEAR	<u>3,241,795</u>	<u>23</u>	<u>2,325,882</u>	<u>21</u>

(Continued)

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

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

	2020		2019	
	Amount	%	Amount	%
OTHER COMPREHENSIVE (LOSS) INCOME (Notes 4, 22, 23 and 26)				
Items that will not be reclassified subsequently to profit or loss:				
Exchange differences arising on translation to the presentation currency	\$ (889,929)	(6)	\$ (374,064)	(3)
Remeasurement of defined benefit plans	(167)	-	(157)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	417,740	3	(8,966)	-
Share of the other comprehensive loss of associates accounted for using the equity method	<u>46,735</u>	<u>-</u>	<u>(83,246)</u>	<u>(1)</u>
Other comprehensive loss for the year, net of income tax	<u>(425,621)</u>	<u>(3)</u>	<u>(466,433)</u>	<u>(4)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,816,174</u>	<u>20</u>	<u>\$ 1,859,449</u>	<u>17</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 3,278,478	23	\$ 2,325,882	22
Non-controlling interests	<u>(36,683)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,241,795</u>	<u>23</u>	<u>\$ 2,325,882</u>	<u>22</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 2,851,708	20	\$ 1,859,449	17
Non-controlling interests	<u>(35,534)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,816,174</u>	<u>20</u>	<u>\$ 1,859,449</u>	<u>17</u>
EARNINGS PER SHARE (Note 27)				
Basic	<u>\$35.72</u>		<u>\$25.83</u>	
Diluted	<u>\$34.01</u>		<u>\$25.07</u>	

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

SILERGY CORP.
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**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Company							Other Equity (Notes 23 and 28)				Non-controlling Interests (Notes 11 and 23)	Total Equity
	Share Capital (Note 23)		Capital Surplus (Notes 23 and 28)	Retained Earnings (Note 23)			Exchange Differences on Translating Foreign Operations	Unearned Employee Benefits	Total	Total			
	Number of Shares	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings					Total		
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
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)	-	(586,668)
	-	-	-	182,985	(126,134)	(643,519)	(586,668)	-	-	-	(586,668)	-	(586,668)
Changes in percentage of ownership interests in subsidiaries	-	-	73,923	-	-	-	-	-	-	-	73,923	-	73,923
Recognition of employee share options by Silergy Corp.	-	-	218,562	-	-	-	-	-	-	-	218,562	-	218,562
Net profit for the year ended December 31, 2019	-	-	-	-	-	2,325,882	2,325,882	-	-	-	2,325,882	-	2,325,882
Other comprehensive loss for the year ended December 31, 2019, net of income tax	-	-	-	-	-	(157)	(157)	(466,276)	-	(466,276)	(466,433)	-	(466,433)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	2,325,725	2,325,725	(466,276)	-	(466,276)	1,859,449	-	1,859,449
Issue of common shares under employee share options	919	9,188	207,375	-	-	-	-	-	-	-	216,563	-	216,563
Recognition of restricted employee shares issued by Silergy Corp.	306	3,058	190,870	-	-	-	-	-	(64,579)	(64,579)	129,349	-	129,349
Recognition of restricted employee shares forfeited	(1)	(10)	(540)	-	-	-	-	-	-	-	(550)	-	(550)
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	356,696	356,696
BALANCE AT DECEMBER 31, 2019	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
Appropriation of the 2019 earnings													
Legal reserve	-	-	-	232,588	-	(232,588)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	466,276	(466,276)	-	-	-	-	-	-	-
Cash dividends distributed by Silergy Corp.	-	-	-	-	-	(686,101)	(686,101)	-	-	-	(686,101)	-	(686,101)
	-	-	-	232,588	466,276	(1,384,965)	(686,101)	-	-	-	(686,101)	-	(686,101)
Changes in percentage of ownership interests in subsidiaries	-	-	1,543	-	-	-	-	-	-	-	1,543	(1,543)	-
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	2,984	-	-	-	-	-	-	-	2,984	-	2,984
Recognition of employee share options by Silergy Corp.	-	-	306,810	-	-	-	-	-	-	-	306,810	-	306,810
Net profit for the year ended December 31, 2020	-	-	-	-	-	3,278,478	3,278,478	-	-	-	3,278,478	(36,683)	3,241,795
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	(807)	(807)	(425,963)	-	(425,963)	(426,770)	1,149	(425,621)
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	-	3,277,671	3,277,671	(425,963)	-	(425,963)	2,851,708	(35,534)	2,816,174
Issue of common shares under employee share options	1,174	11,746	449,602	-	-	-	-	-	-	-	461,348	-	461,348
Recognition of restricted employee shares issued by Silergy Corp.	247	2,466	286,191	-	-	-	-	-	(44,053)	(44,053)	244,604	-	244,604
BALANCE AT DECEMBER 31, 2020	92,902	\$ 929,014	\$ 7,799,136	\$ 996,568	\$ 703,512	\$ 8,912,441	\$ 10,612,521	\$ (1,129,475)	\$ (180,211)	\$ (1,309,686)	\$ 18,030,985	\$ 319,619	\$ 18,350,604

The accompanying notes are an integral part of the consolidated financial statements.

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 3,324,795	\$ 2,411,617
Adjustments for:		
Expected credit loss recognized on trade receivables	722	438
Net gain on financial instruments at fair value through profit or loss	(234,348)	(208,483)
Depreciation expenses	180,730	114,025
Amortization expenses	199,466	184,060
Interest income	(66,491)	(77,984)
Interest expenses	981	817
Compensation cost of employee share options	306,810	218,562
Compensation cost of restricted employee shares	244,604	128,799
Share of loss of associates	134,754	82,608
Loss on disposal of property, plant and equipment	307	337
Property, plant and equipment transferred to expenses	-	5
Gains on disposal of intangible assets	(50,810)	(17,319)
Gains on disposal of right-of-use assets	-	(10)
Write-down of inventories	97,438	22,657
Unrealized (gain) loss on foreign currency exchange	(1,539)	1,605
Gains on disposal of investments	(308,371)	-
Impairment loss of goodwill	334,101	227,961
Changes in operating assets and liabilities		
Increase in accounts receivable	(67,385)	(360,722)
Decrease in other receivables	223,561	73,709
Increase in inventories	(462,483)	(226,277)
Increase in prepayments	(20,631)	(62,604)
Decrease (increase) in defined benefit assets - non-current	165	(47)
(Decrease) increase in accounts payable	(72,423)	214,058
Increase in accounts payable - related parties	616	520
Increase in other payables	205,836	77,473
Increase in other current liabilities	17,519	3,246
Cash generated from operations	3,987,924	2,809,051
Interest received	47,223	66,060
Interest paid	(981)	-
Income tax paid	(50,090)	(71,895)
	<u>3,984,076</u>	<u>2,803,216</u>
Net cash generated from operating activities		(Continued)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at amortized cost	\$ 1,581,379	\$ 211,821
Purchase of financial assets at fair value through profit or loss	(1,182,168)	(189,094)
Proceeds from sale of financial assets at fair value through profit or loss	88,225	30,715
Proceeds from liquidation and refund of shares of financial assets at fair value through profit or loss	1,234,280	-
Purchase of investments accounted for using equity method	(1,160,767)	-
Proceeds from sale of investments accounted for using equity method	1,312,220	-
Net cash outflow on business combinations	(152,776)	(30,980)
Payments for property, plant and equipment	(307,636)	(530,539)
Proceeds from disposal of property, plant and equipment	-	26
Payments for intangible assets	(54,024)	(35,458)
Proceeds from disposal of intangible assets	34,262	-
Increase in long-term prepayments	(24,959)	(2,841)
Increase in refundable deposits	<u>(10,982)</u>	<u>(3,182)</u>
Net cash generated from (used in) investing activities	<u>1,357,054</u>	<u>(549,532)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in short-term borrowing	(100,000)	100,000
Increase (decrease) in guarantee deposits	3,507	(142)
Repayment of the principal portion of lease liabilities	(39,015)	(37,658)
Cash dividends paid	(683,341)	(585,261)
Proceeds from exercise of employee share options	461,348	216,563
Changes in non-controlling interests	<u>-</u>	<u>206,334</u>
Net cash used in financing activities	<u>(357,501)</u>	<u>(100,164)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(243,136)</u>	<u>(264,287)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,740,493	1,889,233
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>4,507,653</u>	<u>2,618,420</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 9,248,146</u>	<u>\$ 4,507,653</u>

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Silergy Corp. (“Silergy”) was incorporated as a limited company under the Company Act of the Cayman Islands on February 7, 2008. Silergy Corp. and its subsidiaries (collectively, the “Company”) mainly design, develop, and sell various integrated circuit products and provide related technical services.

Silergy’s shares have been listed on the Taiwan Stock Exchange of the Republic of China (ROC) since December 2013.

The functional currency of Silergy is the U.S. dollar. However, for greater comparability and consistency of financial reporting, the consolidated financial statements are presented in New Taiwan dollars, since Silergy’s shares are listed on the Taiwan Stock Exchange.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on March 16, 2021.

3. APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the Company’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2021

New, Amended or Revised Standards and Interpretations (the “New IFRSs”)	Effective Date Announced by IASB
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”	January 1, 2021
Amendment to IFRS 16 “Covid-19 - Related Rent Concessions”	June 1, 2020

As of the date the consolidated financial statements were authorized for issue, the Company assessed that the application of above standards and interpretations would not have any material impact on the Company’s accounting policies.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 4)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 5)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 6)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 7)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 5: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 6: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 7: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of Silergy and the entities controlled by Silergy (i.e. its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statements of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by Silergy.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Company and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 11 and Tables 6 and 7 for the detailed information of subsidiaries (including the percentage of ownership and main businesses).

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. Other types of non-controlling interests are measured at fair value.

Where the consideration the Company transfers in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gains on bargain purchases. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. The measurement period does not exceed 1 year from the acquisition date.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the

measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

f. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e. foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of Silergy and its foreign operations (including subsidiaries, associates or branches operating in other countries or those that use currencies that are different from Silergy's currency) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income attributed to the owners of Silergy and non-controlling interests as appropriate. The exchange differences accumulated in equity, which resulted from the translation of the assets and liabilities of the entities in the Company from functional currencies to the presentation currency, are not subsequently reclassified to profit or loss.

On the disposal of a foreign operation (i.e. disposal of the Company's entire interest in a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners are reclassified to profit or loss.

g. Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

h. Investments in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The Company uses the equity method to account for its investments in associates. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes its share in the changes in the equity of associates attributable to the Company.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Company's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate and joint venture is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

When the Company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Company's consolidated financial statements only to the extent of interests in the associate that are not related to the Company.

i. Property, plant and equipment

Property, plant and equipment are initially stated at cost and subsequently stated at cost less accumulated depreciation.

Property, plant and equipment in the course of construction are carried at cost. Cost includes professional fees. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties include right-of-use assets and properties under construction that meet the definition of investment properties.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Investment properties acquired through leases were initially measured at cost. These investment properties are subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method.

For a transfer of classification from property, plant and equipment and right-of-use assets to investment properties, the deemed cost of an item of property for subsequent accounting is its carrying amount.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

k. Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units or groups of cash-generating units (referred to as cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized on goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal, and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

l. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

2) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

3) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

- m. Impairment of property, plant and equipment, right-of-use assets, intangible assets other than goodwill and assets related to contract costs

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

- n. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

- 1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

- a) Measurement category

Financial assets are classified into the following categories: financial assets at FVTPL and financial assets at amortized cost.

- i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends, interest earned and remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 32.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost, other receivables and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets and contract assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Company always recognizes lifetime expected credit losses (i.e. ECLs) for trade receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of Silergy's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

i. Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are designated as at FVTPL.

A financial liability may be designated as at FVTPL upon initial recognition when doing so results in more relevant information and if:

- i) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- ii) The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and has performance evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- iii) The contract contains one or more embedded derivatives so that the entire combined contract (asset or liability) can be designated as at FVTPL.

For a financial liability designated as at FVTPL, the amount of changes in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income and will not be subsequently reclassified to profit or loss. The gain or loss accumulated in other comprehensive income will be transferred to retained earnings when the financial liability is derecognized. If this accounting treatment related to credit risk would create or enlarge an accounting mismatch, all changes in the fair value of the liability are presented in profit or loss.

Fair value is determined in the manner described in Note 32.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

o. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of integrated circuit products. Sales of products are recognized as revenue at the time of delivery because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Revenue from the rendering of services

Revenue from the rendering of services comes from the provision of services based on contracts. The Company recognizes revenue on the basis of percentage of completion for its contracts.

p. Leasing

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets, except for those that meet the definition of investment properties. With respect to the recognition and measurement of right-of-use assets that meet the definition of investment properties, refer to Note j for the accounting policies for investment properties.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, and variable lease payments which depend on an index or a rate, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

q. Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to the grants and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they become receivable.

r. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plan or reductions in future contributions to the plan.

s. Share-based payment arrangements

The fair value at the grant date of the employee share options or restricted shares for employees is expensed on a straight-line basis over the vesting period, based on the Company's estimate of employee share options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options or other equity - unearned employee benefits. It is recognized as an expense in full at the grant date if vested immediately.

When restricted shares for employees are issued, other equity - unearned employee benefits are recognized on the grant date, with a corresponding increase in capital surplus - restricted shares for employees.

At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to capital surplus - employee share options or capital surplus - restricted shares for employees.

t. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (refundable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. A deferred tax liability is not recognized on taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income, in which case, the current and deferred tax are also recognized in other comprehensive income.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

a. Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from a cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

b. Write-down of inventory

Net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and the historical experience of selling products of a similar nature. Changes in market conditions may have a material impact on the estimation of net realizable value.

6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Cash on hand	\$ 607	\$ 780
Checking accounts and demand deposits	9,247,539	3,412,603
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	<u>-</u>	<u>1,094,270</u>
	<u>\$ 9,248,146</u>	<u>\$ 4,507,653</u>

Interest rate ranges for bank deposits on the balance sheet date were as follows:

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Deposits	0.00%-0.33%	0.00%-2.38%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Financial assets - non-current</u>		
Non-derivative financial assets		
Overseas unlisted common shares		
Silicon Micro Technology L.P. (SMT) (a)	\$ -	\$ 877,185
Hangzhou Hualan Microelectronique Co., Ltd. (“Hualan”)	86,367	45,726
Calterah Semiconductor Technology (Shanghai) CO., Ltd. (“Calterah”)	108,081	197,381
Jiangsu CAS-IGBT Technology Co., Ltd. (“Jiangsu”)	26,141	24,121
Shenzhen Anchuang Technology Equity Investment Partnership (Limited Partnership) (“Anchuang”)	26,189	25,785
Powerland Technology Inc. (“Powerland”)	130,016	100,860
Ningbo Meishan Bonded Port Area Anchuang Growth Equity Investment Partnership L.P. (“Ningbo Anchuang”)	76,384	75,206
Zhenjiang Puhe Equity Investment Fund Partnership (Limited Partnership) (“Puhe”) (b)	43,648	42,975
Shanghai Geometrical Perception and Learning Co., Ltd. (“Geometrical”) (c)	15,390	34,380
Hefei Kangtong Equity Investment Partnership (Limited Partnership) (“Kangtong”) (d)	27,158	128,924
Alphatecture Venture Fund Limited Partnership (“Alphatecture”) (e)	144,507	-
Yiwu Huaxin Yuanjing Venture Investment Center L.P. (“Huaxin”) (f)	98,208	-
Zhejiang Sentronic Semiconductor Co., Ltd. (“Sentronic”) (g)	309,016	-

(Continued)

	December 31	
	2020	2019
Hangzhou Einno Semiconductor Co., Ltd. (“Einno”) (h)	\$ 5,172	\$ -
Hangzhou Xinling Enterprise Management Partnership L.P. (“Xinling”) (i)	80,225	-
Chengdu Analog Circuit Technology Inc. (“ACTT”) (j)	87,296	-
Hefei Walden II IC Industry Investment Partnership L.P. (“Walden”) (k)	179,357	-
Fujian Baicheng New Energy Technology Co., Ltd. (“Baicheng”) (l)	152,769	-
AIStorm, Inc. (“AIStorm”) (m)	42,720	-
Vango Technologies, Inc. (“Vango”) (n)	<u>-</u>	<u>55,962</u>
	<u>\$ 1,638,644</u>	<u>\$ 1,608,505</u>

Financial liabilities - non-current

Non-derivative financial liabilities

Contingent consideration (o)	<u>\$ 33,376</u>	<u>\$ 32,861</u> (Concluded)
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- a. In August 2018, the Company signed an investment agreement with SMT to subscribe capital for US\$30,000 thousand. The subscribed capital contribution accounted for 24.671% of the paid-in capital. The Company did not have power over the relevant activities of SMT. Thus, the Company did not have significant influence over SMT. However, in April 2020, the Company acquired 21.875% equity of Greenpine Device Ltd. (“Greenpine”). The Company is able to exercise significant influence over Greenpine, and it was accounted for using the equity method. Besides, SMT was a shareholder of Greenpine, and according to the investment agreement, Greenpine must be the sole investment target of SMT. The aforementioned change in influence led to the Company accounting for all of its shares held of SMT using the equity method starting from April 2020. In October 2020, the Company disposed of the equity of Greenpine, which caused the Company to lose significant influence over SMT, and accounted for the shares as at FVTPL again. The aforementioned adjustment was regarded as a disposal of all of the equity of SMT and the reacquisition of 24.671% equity of SMT based on the fair value of US\$26,966 thousand in October 2020. In November 2020, SMT liquidated and the Company received refunds amounting to US\$38,950 thousand.
- b. In August 2018, Nanjing Silergy Micro, originally named Nanjing Silergy, signed an investment agreement with Puhe to subscribe capital for RMB10,000 thousand. Nanjing Silergy paid RMB5,000 thousand each in August 2018 and April 2019. As of December 31, 2020, the subscribed capital contribution accounted for 4.975% of the paid-in capital.
- c. In January 2019, Silergy Semiconductor Technology (Hangzhou) (“Hangzhou Silergy”) signed an investment agreement with Geometrical to subscribe capital for RMB8,000 thousand. In March 2020, Hangzhou Silergy subscribe another capital for RMB54 thousand. As of December 31, 2020, the subscribed capital contribution accounted for 3.014% of the paid-in capital.
- d. In October 2019, Hangzhou Silergy signed an investment agreement with Kangtong to subscribe capital for RMB30,000 thousand. In May 2020, Hangzhou Silergy disposed partial of its investment in Kangtong at \$88,225 thousand, which bringing the gains of disposal amounting to \$3,723 thousand. As of December 31, 2020, the subscribed capital contribution accounted for 20.120% of the paid-in capital. The operation of Kangtong is conducted by the General Partner. Hangzhou Silergy is limited partner, only have distribution right, and does not have power over the relevant activities of Kangtong. Thus, Hangzhou Silergy does not have significant influence over Kangtong.

- e. In January 2020, the Company signed an investment agreement with Alphatecture to subscribe capital for US\$10,000 thousand. As of December 31, 2020, the Company has paid US\$5,074 thousand, and the subscribed capital contribution accounted for 7.931% of the paid-in capital.
- f. In April 2020, Hangzhou Silergy signed an investment agreement with Huaxin to subscribe capital for RMB30,000 thousand. As of December 31, 2020, Hangzhou Silergy has paid RMB22,500 thousand, and the subscribed capital contribution accounted for 2.932% of the paid-in capital.
- g. In April 2020, Hangzhou Silergy signed an investment agreement with Sentronic to subscribe capital for RMB39,744 thousand. In November 2020, Hangzhou Silergy subscribe another capital for RMB31,350 thousand. Pursuant to the articles of incorporation of Sentronic, voting rights were determined on the basis of percentage of capital commitment. As of December 31, 2020, Hangzhou Silergy had a capital commitment of 19.674% in Sentronic. Thus, Hangzhou Silergy does not have significant influence over Sentronic.
- h. In May 2020, Hangzhou Silergy signed an investment agreement with Einno to subscribe capital for RMB5,000 thousand. As of December 31, 2020, the subscribed capital contribution accounted for 18.519% of the paid-in capital.
- i. In June 2020, Hangzhou Silergy signed an investment agreement with Xinling to subscribe capital for RMB35,020 thousand. As of December 31, 2020, Hangzhou Silergy has paid RMB18,380 thousand, and the subscribed capital contribution accounted for 37.403% of the paid-in capital. The operation of Xinling is conducted by the General Partner. Hangzhou Silergy is limited partner, only have distribution right, and does not have power over the relevant activities of Xinling. Thus, Hangzhou Silergy does not have significant influence over Xinling. In January 2021, Hangzhou Silergy paid another RMB12,956 thousand.
- j. In September 2020, Hangzhou Silergy signed an investment agreement with ACTT to subscribe capital for RMB20,000 thousand. As of December 31, 2020, the subscribed capital contribution accounted for 1.209% of the paid-in capital.
- k. In October 2020, Hangzhou Silergy signed an investment agreement with Walden to subscribe capital for RMB200,000 thousand. As of December 31, 2020, Hangzhou Silergy has paid RMB41,091 thousand, and the subscribed capital contribution accounted for 12.977% of the paid-in capital. In January 2021, Hangzhou Silergy paid another RMB31,279 thousand.
- l. In October 2020, Hangzhou Silergy signed an investment agreement with Baicheng to subscribe capital for RMB35,000 thousand. As of December 31, 2020, the subscribed capital contribution accounted for 6.250% of the paid-in capital.
- m. In October 2020, Silergy Technology signed an investment agreement with AIStorm to acquire 178,784 preferred shares for US\$1,500 thousand. As of December 31, 2020, the subscribed capital contribution accounted for 0.696% of the paid-in capital.
- n. The board of directors of Vango had resolved to liquidate Vango in April 2020. The Company received partial refunds from the liquidation amounting to \$44,159 thousand in August 2020. As of December 31, 2020, Vango has not completed its liquidation procedures.
- o. In July 2019, the Company acquired a division of NewEdge Technologies, Inc. Pursuant to the contract, under specific conditions, the Company has to pay a certain amount of contingent consideration, which would be settled in two phases. The contingent consideration has to be paid before May 31, 2022 and 2023; refer to Note 29 for more information.

- p. In March 2020, Hangzhou Silergy signed an investment agreement with Hangzhou Xinzhuowei Enterprise Management Partnership L.P. (“Xinzhuowei”) to subscribe capital for RMB20,000 thousand. Hangzhou Silergy paid RMB8,300 thousand, RMB3,300 thousand and RMB4,200 thousand in March, April and June, respectively, totaling RMB15,800 thousand. In December 2020, Xinzhuowei liquidated and the Company received refunds from the liquidation amounting to RMB15,801 thousand. In January 2021, all related registration procedures had been completed.

8. FINANCIAL ASSETS MEASURED AT COST - NON-CURRENT

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Current</u>		
Time deposits with original maturities of more than 3 months	\$ 229,696	\$ 1,811,075
Interest rate range	0.55%-2.73%	1.55%-2.84%

9. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Accounts receivable</u>		
At amortized cost		
Gross carrying amount	\$ 1,019,670	\$ 942,796
Less: Allowance for impairment loss	<u>(2,913)</u>	<u>(2,406)</u>
	<u>\$ 1,016,757</u>	<u>\$ 940,390</u>
<u>Other receivables</u>		
Tax refund receivables - export tax	\$ 38,795	\$ -
Interest receivables	6,185	30,990
Tax refund receivables - income tax	2,981	16,736
Capital receivables	-	224,285
Others	<u>26,051</u>	<u>20,049</u>
	<u>\$ 74,012</u>	<u>\$ 292,060</u>

Accounts Receivable

The average credit period of sales of goods was 30-90 days. Due to the short average credit period of sales of goods, no interest was charged on trade receivables.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company’s credit risk was significantly reduced.

The Company applies lifetime expected loss provision for all accounts receivable. The expected credit losses on accounts receivable are estimated with reference to the past default experience of the debtor and an analysis of the debtor's current financial position and general economic conditions of the industry in which the debtors operate. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The following table details the loss allowance of accounts receivable:

December 31, 2020

	Not Past Due	1 to 60 Days Past Due	61 to 90 Days Past Due	91 to 180 Days Past Due	Over 180 Days Past Due	Total
Gross carrying amount	\$ 853,949	\$ 165,092	\$ 626	\$ 3	\$ -	\$ 1,019,670
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>(2,913)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,913)</u>
Amortized cost	<u>\$ 853,949</u>	<u>\$ 162,179</u>	<u>\$ 626</u>	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ 1,016,757</u>

December 31, 2019

	Not Past Due	1 to 60 Days Past Due	61 to 90 Days Past Due	91 to 180 Days Past Due	Over 180 Days Past Due	Total
Gross carrying amount	\$ 883,999	\$ 56,857	\$ 1,126	\$ 790	\$ 24	\$ 942,796
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>(1,871)</u>	<u>(116)</u>	<u>(395)</u>	<u>(24)</u>	<u>(2,406)</u>
Amortized cost	<u>\$ 883,999</u>	<u>\$ 54,986</u>	<u>\$ 1,010</u>	<u>\$ 395</u>	<u>\$ -</u>	<u>\$ 940,390</u>

The movements of the loss allowance of accounts receivable were as follows:

	2020	2019
Balance at January 1	\$ 2,406	\$ 2,118
Net remeasurement of loss allowance	722	438
Amounts written off	(73)	(81)
Foreign exchange gains and losses	<u>(142)</u>	<u>(69)</u>
Balance at December 31	<u>\$ 2,913</u>	<u>\$ 2,406</u>

10. INVENTORIES

	December 31	
	2020	2019
Finished goods	\$ 779,702	\$ 564,939
Work in progress	1,135,170	1,000,904
Raw materials	<u>399,224</u>	<u>357,652</u>
	<u>\$ 2,314,096</u>	<u>\$ 1,923,495</u>

The cost of goods sold for the years ended December 31, 2020 and 2019 was \$7,204,323 thousand and \$5,662,486 thousand, respectively. The cost of goods sold included inventory write-downs of \$97,438 thousand and \$22,657 thousand for the years ended December 31, 2020 and 2019, respectively.

11. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements:

Investor	Investee	Nature of Activities	Proportion of Ownership		Remark
			2020	2019	
Silergy Corp. ("Silergy")	Silergy Technology ("TECH")	Development, design and sales of power management ICs	100.00%	100.00%	1)
	Silergy Semiconductor Technology (Hangzhou) ("Hangzhou Silergy")	Development, design and sales of electronic components, and related technical services	100.00%	100.00%	2)
	Silergy Semiconductor (Samoa) Limited ("Silergy Samoa")	Holding company	100.00%	100.00%	3)
	Silergy Semiconductor (Hong Kong) Limited ("HK Silergy")	Holding company	100.00%	100.00%	4)
	Silicon Prospect Investment Limited ("Silicon Prospect")	Holding company	100.00%	-	5)
Hangzhou Silergy	Nanjing Silergy Micro Technology Co., Ltd. ("Nanjing Silergy Micro") (Originally named Nanjing Silergy Semiconductor Technology ("Nanjing Silergy"))	Development, design and sales of electronic components	66.67%	66.67%	6)
	Xian Silergy Semiconductor Technology ("Xian Silergy")	Development, design and sales of electronic components	100.00%	100.00%	7)
	Chengdu Silergy Semiconductor Technology ("Chengdu Silergy")	Development and design of electronic components	100.00%	100.00%	8)
Silergy Samoa	Shanghai Silergy Semiconductor Technology ("Shanghai Silergy")	Development and design of electronic components	100.00%	-	9)
	Silergy Technology (Taiwan) Inc. (Originally named Integrated Crystal Technology Inc.) ("Crystal")	Development, design and sales of electronic components	100.00%	100.00%	10)
	Silergy Technologies Private Limited	Development, design and sales of electronic components	100.00%	100.00%	11)
	Silergy Korea Limited	Development, design and sales of electronic components	100.00%	100.00%	12)
Nanjing Silergy Micro	Shanghai Pengxi Semiconductor Technology ("Shanghai Pengxi")	Development and design of electronic components	100.00%	100.00%	13)
	Nanjing Silergy Micro (HK) Co., Limited (Originally named Nanjing Silergy Semiconductor (Hong Kong) Technology)	Development, design and sales of electronic components	100.00%	-	14)

Remarks:

- 1) In May 2008, Silergy set up TECH, which mainly develops and designs power management integrated circuits (ICs). As of December 31, 2020, the paid-in capital of TECH was US\$3,122 thousand.
- 2) In May 2008, Silergy set up Hangzhou Silergy, which develops, designs, and sells electronic components (e.g., ICs), electronic products, communications products and computer software and provides related technical services. As of December 31, 2020, the capital of Hangzhou Silergy was US\$58,520 thousand.
- 3) In December 2012, Silergy set up Silergy Samoa, a holding company. As of December 31, 2020, the capital of Silergy Samoa was US\$24,300 thousand. Silergy Samoa set up a Japan branch in April 2016. As of December 31, 2020, a total capital of US\$3,019 thousand had been injected into the Japan branch.
- 4) In October 2015, Silergy set up HK Silergy, a holding company. As of December 31, 2020, the capital of HK Silergy was US\$11,375 thousand.
- 5) In May 2020, Silergy set up Silicon Prospect, a holding company. As of December 31, 2020, the capital of Silicon Prospect was US\$5,000 thousand.

- 6) In August 2012, Hangzhou Silergy set up Nanjing Silergy, which mainly develops, designs, and sells electronic components (e.g., ICs), electronic products, communications products and computer software. On December 31, 2019, due to consideration of the overall operation plan, the Company's board of directors decided to bring in external investors and implemented a capital increase by issuing common shares at a premium in the amount of RMB100,203 thousand, and RMB15,500 thousand of capital increase was fully subscribed by the external investors. After the capital increase, the paid-in capital of Nanjing Silergy was RMB46,500 thousand and Hangzhou Silergy's proportion of ownership decreased from 100% to 66.67%. In April 2020, Nanjing Silergy changed its registration name to Nanjing Silergy Micro Technology Co., Ltd.
- 7) In April 2015, Hangzhou Silergy set up Xian Silergy, which develops, designs, and sells electronic components (e.g., ICs), semiconductors and other electronic products. As of December 31, 2020, the capital of Xian Silergy was RMB91,000 thousand.
- 8) In November 2016, Hangzhou Silergy set up Chengdu Silergy, which develops and designs electronic components (e.g., ICs), semiconductors and other electronic products. Hangzhou Silergy injected capital into Chengdu Silergy at RMB8,000 thousand in April 2019. As of December 31, 2020, the capital of Chengdu Silergy was RMB34,000 thousand.
- 9) In December 2019, Hangzhou Silergy set up Shanghai Silergy Semiconductor Technology ("Shanghai Silergy") in Shanghai, which mainly develops and designs electronic components (e.g., ICs), semiconductors and other electronic products. As of December 31, 2019. The capital of Shanghai Silergy was RMB10,000 thousand.
- 10) In September 2014, Silergy Samoa acquired a 42.59% equity interest in Crystal, consisting of 7,028 thousand common shares, at \$71,685 thousand. Crystal mainly develops, designs, and sells electronic components. In January 2015, Silergy Samoa bought 9,472 thousand common shares of Crystal at \$99,579 thousand and thus acquired a 100% equity interest in Crystal. Crystal changed its registration name to Silergy Technology (Taiwan) Inc. in March 2017. As of December 31, 2020, Crystal's capital was \$317,000 thousand.
- 11) In May 2016, Silergy Samoa set up Silergy Technologies Private Limited in India, which develops, designs and sells electronic components. As of December 31, 2020, the capital of Silergy Technologies Private Limited was US\$2 thousand.
- 12) In November 2017, Silergy Samoa set up Silergy Korea Limited in Korea, which develops, designs and sells electronic components. As of December 31, 2020, the capital of Silergy Korea Limited was US\$311 thousand.
- 13) In April 2016, Hangzhou Silergy set up Shanghai Pengxi, which develops and designs electronic components (e.g., ICs), semiconductors and other electronic products. Hangzhou Silergy injected capital amounting to RMB6,000 thousand into Shanghai Pengxi in May 2019. In June 2019, in consideration of the overall operation plan, the Company's board of directors resolved to adjust the organizational structure, by transferring all of its shares owned of Shanghai Pengxi to Nanjing Silergy. In November 2019, Nanjing Silergy injected capital in the amount of RMB10,000 thousand into Shanghai Pengxi. As of December 31, 2020, the paid-in capital of Shanghai Pengxi was RMB53,000 thousand.
- 14) In December 2019, Nanjing Silergy set up Nanjing Silergy Semiconductor (Hong Kong) Technology in Hong Kong, which mainly develops, designs, and sells electronic components (e.g., ICs), semiconductors and other electronic products. Nanjing Silergy Semiconductor (Hong Kong) Technology changed its registration name to Nanjing Silergy Micro (HK) Co., Limited in June 2020. As of December 31, 2020, Nanjing Silergy Micro has injected capital of US\$5,201 into Nanjing Silergy Micro (HK) Co., Limited.

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests	
	December 31	
	2020	2019
Nanjing Silergy Micro	33.33%	33.33%

See Table 7 for information on the places of incorporation and principal places of business.

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests		Accumulated Non-controlling Interests	
	For the Year Ended December 31		December 31	
	2020	2019	2020	2019
Nanjing Silergy Micro	\$ (36,683)	\$ -	\$ 319,619	\$ 356,696

The summarized financial information below represents amounts before intragroup eliminations.

Nanjing Silergy Micro

	December 31	
	2020	2019
Current assets	\$ 808,830	\$ 1,040,224
Non-current assets	471,474	408,247
Current liabilities	(288,071)	(378,384)
Non-current liabilities	<u>(33,376)</u>	<u>-</u>
Equity	<u>\$ 958,857</u>	<u>\$ 1,070,087</u>
Equity attributable to:		
Owners of Nanjing Silergy Micro	\$ 639,238	\$ 713,391
Non-controlling interests of Nanjing Silergy Micro	<u>319,619</u>	<u>356,696</u>
	<u>\$ 958,857</u>	<u>\$ 1,070,087</u>
	For the Year Ended December 31	
	2020	2019
Revenue	<u>\$ 1,272,510</u>	<u>\$ 807,437</u>
(Loss) profit/total comprehensive income for the year	<u>\$ (110,049)</u>	<u>\$ 61,898</u>
(Loss) profit/total comprehensive income attributable to:		
Owners of Nanjing Silergy Micro	\$ (73,366)	\$ 61,898
Non-controlling interests of Nanjing Silergy Micro	<u>(36,683)</u>	<u>-</u>
	<u>\$ (110,049)</u>	<u>\$ 61,898</u>

(Continued)

	For the Year Ended December 31	
	2020	2019
Net cash (outflow) inflow from:		
Operating activities	\$ (218,705)	\$ (89,625)
Investing activities	(181,591)	64,135
Financing activities	<u>223,515</u>	<u>215,201</u>
Net cash (outflow) inflow	<u>\$ (176,781)</u>	<u>\$ 189,711</u> (Concluded)

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2020	2019
<u>Investments in associates</u>		
Material associate		
Hefei SMAT Technology Co., Ltd. (“SMAT”)	\$ 474,709	\$ 509,379
Associate that is not individually material		
Winsheng Material Technology Co., Ltd. (“WMT”)	<u>54,640</u>	<u>-</u>
	<u>\$ 529,349</u>	<u>\$ 509,379</u>

a. Material Associates

1) SMAT

In December 2015, SMAT was set up by Hangzhou Silergy, HK Silergy and unrelated third parties. The Company acquired, through Hangzhou Silergy, a 22.22% equity interest in SMAT using a patent worth RMB100,000 thousand, and, through HK Silergy, a 16.42% equity interest for RMB73,876 thousand. The fair value of the patent was determined by an independent third party. Accordingly, a gain of RMB61,361 thousand resulting from the patent-related transaction with SMAT was recognized only to the extent of the interests in this associate that were not related to the Company. To the extent of the investment related to the Company, Hangzhou Silergy recognized an unrealized gain of RMB38,639 thousand, which would be amortized over the economic life of the patent. As of the end of 2020 and 2019, the total realized gain was \$16,548 thousand and \$17,319 thousand, respectively.

The board of directors of SMAT agreed to increase capital and complete the related procedures by the first half of 2018 and the fourth quarter of 2020. The Company did not subscribe to the capital increase in shares in accordance to the original shareholding ratio. Thus, the shareholding ratio of Hangzhou Silergy and HK Silergy dropped from 22.22% and 16.42% to 20.20% and 14.92%, respectively, in the first capital increase, and then dropped to 19.80% and 14.63% in the second capital increase. The Company recognized a loss on disposal of associates amounting to \$112 thousand.

On March 16, 2021, the board of directors of the Company resolved to dispose of 1.29% of the equity of SMAT for RMB6,500 thousand, and the related transaction is still in progress.

2) Greenpine and SMT

In April 2020, the Company acquired 3,500 ordinary shares of Greenpine for US\$36,500 thousand, and its shareholding percentage after the acquisition was 21.875%. Since the Company is able to exercise significant influence over Greenpine, and SMT was a shareholder of Greenpine, and Greenpine must be the sole investment target of SMT based on the investment agreement, the Company accounted for its shares held in SMT using the equity method starting from April 2020. The aforementioned adjustment was regarded as a disposal of all of the equity of SMT and the reacquisition of 24.671% of the equity of SMT based on its fair value of US\$28,035 thousand in April 2020. The goodwill generated from the direct and indirect acquisition of Greenpine is included within the carrying amount of the investment.

On September 14, 2020, the board of directors of the Company had resolved to dispose of 21.875% of its shareholding of Greenpine. The equity method of accounting for the investment had been discontinued and the investment was reclassified as non-current assets held for sale. The aforementioned transaction was completed in October 2020, and a gain on disposal of investments amounting to \$308,483 thousand was recognized. On the other hand, since the Company disposed of the investment of Greenpine and lost significant influence over Greenpine, the equity method of accounting for the investment of SMT had been discontinued and the investment was reclassified as financial assets at FVTPL, refer to Note 7 (a) for the details.

Refer to Tables 6 and 7 for the nature of activities, principal places of business and countries of incorporation of the associates.

The summarized financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRSs adjusted by the Company for equity accounting purposes.

SMAT

	December 31	
	2020	2019
Current assets	\$ 492,305	\$ 431,516
Non-current assets	1,734,526	1,682,170
Current liabilities	(395,544)	322,152
Non-current liabilities	<u>(207,645)</u>	<u>57,772</u>
Equity	<u>\$ 1,623,642</u>	<u>\$ 1,733,762</u>
Proportion of the Company's ownership	<u>34.43%</u>	<u>35.12%</u>
Equity attributable to the Company	\$ 559,035	\$ 609,009
Unrealized gain on disposal of intangible assets	<u>(84,326)</u>	<u>(99,630)</u>
Carrying amount	<u>\$ 474,709</u>	<u>\$ 509,379</u>
	For the Year Ended December 31	
	2020	2019
Operating revenue	<u>\$ 275,321</u>	<u>\$ 59,943</u>
Net loss for the year	<u>\$ (177,536)</u>	<u>\$ (235,174)</u>

Greenpine (December 31, 2020 and 2019: None)

	From April 2, 2020 (Acquisition Date) to September 13, 2020 (Discontinued Date)
Operating revenue	\$ <u> -</u>
Net loss for the period	\$ <u>(194,336)</u>

SMT (December 31, 2020 and 2019: None)

	From April 2, 2020 (Acquisition Date) to October 27, 2020 (Discontinued Date)
Operating revenue	\$ <u> -</u>
Net loss for the period	\$ <u>(145,753)</u>

b. Associate that is not individually material

In November 2020, Silicon Prospect acquired 2,750,000 ordinary shares of WMT for \$55,000 thousand, and its shareholding percentage was 19.84% after the acquisition. Since Silicon Prospect is a director of WMT, Silicon Prospect is able to exercise significant influence over WMT. The goodwill generated from the acquisition of WMT is included within the carrying amount of the investment. Since the valuation of goodwill was not completed before the reporting date, the fair value of goodwill is tentative. As of December 31, 2020, the fair value of goodwill was based on the best possible estimation made by management.

WMT (December 31, 2019: None)

	From November 12, 2020 (Acquisition Date) to December 31, 2020
The Company's share of:	
Loss/total comprehensive income for the period	\$ <u>(172)</u>

13. PROPERTY, PLANT AND EQUIPMENT

For the Year Ended December 31, 2020						
	Buildings	Machinery and Equipment	Office Equipment	Leasehold Improvements	Construction in Progress	Total
<u>Cost</u>						
Balance, beginning of year	\$ 762,743	\$ 241,885	\$ 94,412	\$ 52,690	\$ 171,317	\$ 1,323,047
Additions	7,647	129,045	52,004	1,717	117,223	307,636
Acquisitions through business combinations (Note 29)	-	1,569	-	-	-	1,569
Disposals	-	(2,796)	(7,034)	(4,199)	-	(14,029)
Reclassification	302,468	137	(315)	(28,412)	(282,169)	(8,291)
Transfers to investment properties	(121,433)	-	-	-	-	(121,433)
Effect of foreign currency exchange differences	15,230	3,571	1,197	(329)	(478)	19,191
Balance, end of year	<u>\$ 966,655</u>	<u>\$ 373,411</u>	<u>\$ 140,264</u>	<u>\$ 21,467</u>	<u>\$ 5,893</u>	<u>\$ 1,507,690</u>
<u>Accumulated depreciation</u>						
Balance, beginning of year	\$ 24,370	\$ 123,191	\$ 36,919	\$ 15,948	-	\$ 200,428
Depreciation expense	24,774	69,249	29,625	4,678	-	128,326
Disposals	-	(2,796)	(6,860)	(4,066)	-	(13,722)
Reclassification	2,474	(160)	(18)	(2,474)	-	(178)
Effect of foreign currency exchange differences	875	1,156	381	(192)	-	2,220
Balance, end of year	<u>\$ 52,493</u>	<u>\$ 190,640</u>	<u>\$ 60,047</u>	<u>\$ 13,894</u>	<u>-</u>	<u>\$ 317,074</u>
Net book value, end of year	<u>\$ 914,162</u>	<u>\$ 182,771</u>	<u>\$ 80,217</u>	<u>\$ 7,573</u>	<u>\$ 5,893</u>	<u>\$ 1,190,616</u>

For the Year Ended December 31, 2019						
	Buildings	Machinery and Equipment	Office Equipment	Leasehold Improvements	Construction in Progress	Total
<u>Cost</u>						
Balance, beginning of year	\$ 310,231	\$ 172,499	\$ 49,712	\$ 24,104	\$ 771,799	\$ 1,328,345
Additions	25,978	82,457	53,247	26,934	341,923	530,539
Disposals	-	(831)	(6,516)	(1,864)	-	(9,211)
Reclassification	523,146	(3,870)	1,397	5,218	(529,476)	(3,585)
Transfers to investment properties	(65,209)	-	-	-	(406,744)	(471,953)
Effect of foreign currency exchange differences	(31,403)	(8,370)	(3,428)	(1,702)	(6,185)	(51,088)
Balance, end of year	<u>\$ 762,743</u>	<u>\$ 241,885</u>	<u>\$ 94,412</u>	<u>\$ 52,690</u>	<u>\$ 171,317</u>	<u>\$ 1,323,047</u>
<u>Accumulated depreciation</u>						
Balance, beginning of year	\$ 14,700	\$ 92,828	\$ 32,986	\$ 11,226	\$ -	\$ 151,740
Depreciation expense	12,033	38,816	11,185	6,952	-	68,986
Disposals	-	(789)	(6,195)	(1,864)	-	(8,848)
Reclassification	-	(3,535)	(45)	-	-	(3,580)
Transfers to investment properties	(1,394)	-	-	-	-	(1,394)
Effect of foreign currency exchange differences	(969)	(4,129)	(1,012)	(366)	-	(6,476)
Balance, end of year	<u>\$ 24,370</u>	<u>\$ 123,191</u>	<u>\$ 36,919</u>	<u>\$ 15,948</u>	<u>-</u>	<u>\$ 200,428</u>
Net book value, end of year	<u>\$ 738,373</u>	<u>\$ 118,694</u>	<u>\$ 57,493</u>	<u>\$ 36,742</u>	<u>\$ 171,317</u>	<u>\$ 1,122,619</u>

The Company built their headquarters in Hangzhou, and the buildings have been used since June 2019.

No impairment assessment was performed for the years ended December 31, 2020 and 2019 as there was no indication of impairment.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	35-50 years
Machinery and equipment	3-7 years
Office equipment	3-10 years
Leasehold improvements	3-5 years

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31</u>	
<u>Carrying amount</u>	<u>2020</u>	<u>2019</u>
Land	\$ 24,149	\$ 24,509
Buildings	<u>75,686</u>	<u>94,766</u>
	<u>\$ 99,835</u>	<u>\$ 119,275</u>
	For the Year Ended December 31	
	<u>2020</u>	<u>2019</u>
Additions to right-of-use assets	<u>\$ 22,723</u>	<u>\$ 16,294</u>
Depreciation charge for right-of-use assets		
Land	\$ 532	\$ 765
Buildings	<u>39,641</u>	<u>38,195</u>
	<u>\$ 40,173</u>	<u>\$ 38,960</u>

Except for the aforementioned addition and recognized depreciation, the Company did not have significant impairment of right-of-use assets during the 12 months ended December 31, 2020 and 2019.

The Company built their headquarters on leasehold land located in Hangzhou and plans to sublease part of the office space under operating leases. The related land use rights are presented as investment properties as set out in Note 15. The amounts disclosed above related to the right-of-use assets do not include right-of-use assets that meet the definition of investment properties.

b. Lease liabilities

	<u>December 31</u>	
<u>Carrying amount</u>	<u>2020</u>	<u>2019</u>
Current	<u>\$ 36,793</u>	<u>\$ 34,937</u>
Non-current	<u>\$ 40,759</u>	<u>\$ 61,135</u>

Range of discount rate for lease liabilities was as follows:

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Buildings	1.88%-2.88%	1.88%-2.88%

c. Material lease activities and terms (the Company is lessee)

The Company also leases land and buildings for the use of plants and offices with lease terms of 1 to 50 years. The Company does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

For the investment properties leased out under operating leases, refer to Note 15.

	<u>For the Year Ended December 31</u>	
	2020	2019
Expenses relating to short-term leases	<u>\$ 15,182</u>	<u>\$ 39,779</u>
Total cash outflow for leases	<u>\$ (54,888)</u>	<u>\$ (77,437)</u>

The Company's leases of certain land and buildings qualify as low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

For the year ended December 31, 2019, expenses relating to short-term leases also include expenses relating to leases for which the lease terms end on or before December 31, 2019 and for which the recognition exemption is applied. The amount of lease commitments for short-term leases for which the recognition exemption is applied was \$1,985 thousand as of December 31, 2019.

15. INVESTMENT PROPERTIES

	Buildings	Right-of-use Assets	Total
<u>Cost</u>			
Balance at January 1, 2020	\$ 452,508	\$ 18,081	\$ 470,589
Transfers from property, plant and equipment	121,433	-	121,433
Transfers from right-of-use assets	-	198	198
Effects of foreign currency exchange differences	<u>9,420</u>	<u>287</u>	<u>9,707</u>
Balance at December 31, 2020	<u>\$ 583,361</u>	<u>\$ 18,566</u>	<u>\$ 601,927</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2020	\$ 6,966	\$ 199	\$ 7,165
Depreciation expense	11,835	396	12,231
Effects of foreign currency exchange differences	<u>336</u>	<u>11</u>	<u>347</u>
Balance at December 31, 2020	<u>\$ 19,137</u>	<u>\$ 606</u>	<u>\$ 19,743</u>
Carrying amount at December 31, 2020	<u>\$ 564,224</u>	<u>\$ 17,960</u>	<u>\$ 582,184</u>

(Continued)

	Buildings	Right-of-use Assets	Total
<u>Cost</u>			
Balance at January 1, 2019	\$ -	\$ -	\$ -
Transfers from property, plant and equipment	471,953	-	471,953
Transfers from right-of-use assets	-	18,858	18,858
Effects of foreign currency exchange differences	<u>(19,445)</u>	<u>(777)</u>	<u>(20,222)</u>
Balance at December 31, 2019	<u>\$ 452,508</u>	<u>\$ 18,081</u>	<u>\$ 470,589</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2019	\$ -	\$ -	\$ -
Depreciation expense	5,872	207	6,079
Transfers from property, plant and equipment	1,394	-	1,394
Effects of foreign currency exchange differences	<u>(300)</u>	<u>(8)</u>	<u>(308)</u>
Balance at December 31, 2019	<u>\$ 6,966</u>	<u>\$ 199</u>	<u>\$ 7,165</u>
Carrying amount at December 31, 2019	<u>\$ 445,542</u>	<u>\$ 17,882</u>	<u>\$ 463,424</u> (Concluded)

Right-of-use assets included in investment properties refer to land located in Hangzhou, which the Company leased to build their headquarters, and planned to sublease part of their office space to others under operating leases.

The maturity analysis of lease payments receivable of investment properties leased under operating leases as of December 31, 2020 and 2019 was as follows:

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Year 1	\$ 24,851	\$ 17,172
Year 2	28,361	14,105
Year 3	22,786	9,211
Year 4	20,632	5,351
Year 5	<u>14,372</u>	<u>3,388</u>
	<u>\$ 111,002</u>	<u>\$ 49,227</u>

Investment properties are depreciated using the straight-line method over their estimated useful lives as follows:

Main buildings	35-46 years
Right-of-use assets	50 years

Management was unable to reliably measure the fair value of investment properties located in Hangzhou and Xi'an, because the market for comparable properties in those areas is inactive and alternative reliable measurements of fair value are not available; therefore, the Company determined that the fair values of the investment properties are not reliably measurable.

16. GOODWILL

	<u>For the Year Ended December 31</u>	
	2020	2019
<u>Cost</u>		
Balance at January 1	\$ 2,550,552	\$ 2,592,612
Additional amounts recognized from business combinations that occurred during the year (Note 29)	107,319	27,818
Effect of foreign currency exchange differences	<u>(108,710)</u>	<u>(69,291)</u>
Balance at December 31	<u>\$ 2,549,161</u>	<u>\$ 2,550,552</u>
<u>Accumulated impairment losses</u>		
Balance at January 1	\$ (409,308)	\$ (194,812)
Impairment losses recognized	(334,101)	(227,961)
Effect of foreign currency exchange differences	<u>19,177</u>	<u>13,465</u>
Balance at December 31	<u>\$ (724,232)</u>	<u>\$ (409,308)</u>
Net book value at December 31	<u>\$ 1,824,929</u>	<u>\$ 2,141,244</u>

In June 2020, the Company received the valuation report, and based on the report, the fair values of the other intangible assets and contingent consideration arrangement of NewEdge on the date of acquisition were \$20,971 thousand and \$34,366 thousand, respectively. The Company has made adjustments to the original accounting treatment and provisional amounts since the acquisition date and restated the comparative information. For the amounts after adjustment, refer to Note 29.

The amounts of increase in the relevant items on the consolidated balance sheets are as follows:

	<u>December 31,</u> <u>2019</u>
Goodwill adjustments	<u>\$ 12,808</u>
Other intangible assets	<u>\$ 20,053</u>
Contingent consideration	<u>\$ 32,861</u>

For the year ended December 31, 2020, the Company evaluated the goodwill generated from the acquisition of the power management related businesses and net assets of Maxim Integrated Products, Inc. (“Maxim”), NXP B.V. (“NXP”), and NewEdge, and recognized impairment losses on goodwill of \$193,197 thousand, \$114,395 thousand and \$26,509 thousand for Maxim, NXP and NewEdge, respectively. The recoverable amount of Maxim and NXP was US\$76,474 thousand and US\$11,203 thousand, respectively, which was determined on the basis of the value in use and the discount rate of 13.0% and 17.4%, respectively. The main reason for the impairment loss was the lower than expected profitability of the related products. In addition, the Company evaluated that NewEdge is no longer economically viable, thus, the full amount of goodwill was recognized as an impairment loss.

For the year ended December 31, 2019, the Company evaluated the goodwill generated from the acquisition of the power management related businesses and net assets of Maxim and Gazelle Semiconductor Inc. (“Gazelle”), and recognized impairment losses on goodwill of \$185,403 thousand and \$42,558 thousand for Maxim and Gazelle, respectively. The recoverable amount of Maxim of \$87,099 thousand was determined on the basis of the value in use and the discount rate of 12.0%. The main reason for the impairment loss was the lower than expected profitability of the related products. In addition, the Company evaluated that Gazelle is no longer economically viable, thus, the full amount of goodwill was recognized as an impairment loss.

17. OTHER INTANGIBLE ASSETS

	For the Year Ended December 31, 2020				
	Computer Software	Technical Know-how	Customer Relationships	Back Orders	Total
<u>Cost</u>					
Balance, beginning of year	\$ 99,075	\$ 453,435	\$ 1,184,251	\$ -	\$ 1,736,761
Additions	29,423	6,872	-	-	36,295
Acquisitions through business combinations (Note 29)	-	12,154	6,249	-	18,403
Disposals	(254)	-	-	-	(254)
Effect of foreign currency exchange differences	<u>(5,128)</u>	<u>(15,422)</u>	<u>(58,710)</u>	<u>-</u>	<u>(79,260)</u>
Balance, end of year	<u>\$ 123,116</u>	<u>\$ 457,039</u>	<u>\$ 1,131,790</u>	<u>\$ -</u>	<u>\$ 1,711,945</u>
<u>Accumulated amortization</u>					
Balance, beginning of year	\$ 83,550	\$ 231,694	\$ 401,835	\$ -	\$ 717,079
Amortization expenses	27,620	67,935	103,911	-	199,466
Disposals	(254)	-	-	-	(254)
Effect of foreign currency exchange differences	<u>(4,826)</u>	<u>(8,714)</u>	<u>(23,436)</u>	<u>-</u>	<u>(36,976)</u>
Balance, end of year	<u>\$ 106,090</u>	<u>\$ 290,915</u>	<u>\$ 482,310</u>	<u>\$ -</u>	<u>\$ 879,315</u>
Net book value, end of year	<u>\$ 17,026</u>	<u>\$ 166,124</u>	<u>\$ 649,480</u>	<u>\$ -</u>	<u>\$ 832,630</u>
	For the Year Ended December 31, 2019				
	Computer Software	Technical Know-how	Customer Relationships	Back Orders	Total
<u>Cost</u>					
Balance, beginning of year	\$ 84,948	\$ 453,502	\$ 1,205,958	\$ 59,403	\$ 1,803,811
Additions	16,911	-	-	-	16,911
Acquisitions through business combinations (Note 29)	-	13,270	7,701	-	20,971
Disposals	(96)	-	-	(59,403)	(59,499)
Effect of foreign currency exchange differences	<u>(2,688)</u>	<u>(13,337)</u>	<u>(29,408)</u>	<u>-</u>	<u>(45,433)</u>
Balance, end of year	<u>\$ 99,075</u>	<u>\$ 453,435</u>	<u>\$ 1,184,251</u>	<u>\$ -</u>	<u>\$ 1,736,761</u>
<u>Accumulated amortization</u>					
Balance, beginning of year	\$ 67,175	\$ 179,640	\$ 306,480	\$ 59,403	\$ 612,698
Amortization expenses	18,684	59,337	106,039	-	184,060
Disposals	(96)	-	-	(59,403)	(59,499)
Effect of foreign currency exchange differences	<u>(2,213)</u>	<u>(7,283)</u>	<u>(10,684)</u>	<u>-</u>	<u>(20,180)</u>
Balance, end of year	<u>\$ 83,550</u>	<u>\$ 231,694</u>	<u>\$ 401,835</u>	<u>\$ -</u>	<u>\$ 717,079</u>
Net book value, end of year	<u>\$ 15,525</u>	<u>\$ 221,741</u>	<u>\$ 782,416</u>	<u>\$ -</u>	<u>\$ 1,019,682</u>

The above items of intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	3-10 years
Technical know-how	6-10 years
Customer relationships	5-12 years
Back orders	1 year

18. PREPAYMENTS

	<u>December 31</u>	
	2020	2019
<u>Current</u>		
Prepayments to suppliers	\$ 58,841	\$ 14,602
Offset against business tax payable	56,892	36,725
Prepaid expenses	10,198	50,895
Other prepayments	<u>26,968</u>	<u>30,006</u>
	<u>\$ 152,899</u>	<u>\$ 132,228</u>
<u>Non-current</u>		
Prepayments for equipment	<u>\$ 40,229</u>	<u>\$ 7,157</u>

19. BORROWINGS (DECEMBER 31, 2020: NONE)

Short-term Borrowings

	December 31, 2019
<u>Unsecured borrowings</u>	
Line of credit borrowings	<u>\$ 100,000</u>

The weighted average effective interest rate of revolving bank loans was 1.05% per annum at December 31, 2019.

20. ACCOUNTS PAYABLE

	<u>December 31</u>	
	2020	2019
Accounts payable - operating	<u>\$ 616,402</u>	<u>\$ 689,094</u>

The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

21. OTHER PAYABLES AND LIABILITIES

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Current</u>		
Other payables		
Payables for salaries and bonuses	\$ 475,174	\$ 339,502
Payables for commissions	51,366	-
Payables for equipment	29,664	-
Payables for royalties	12,816	17,988
Payables for remuneration of directors	7,900	5,700
Payables for mask fees	5,348	6,049
Payables for dividends	4,167	1,407
Payables for property tax	1,238	5,450
Payables for business tax	143	1,192
Others	<u>84,953</u>	<u>92,063</u>
	<u>\$ 672,769</u>	<u>\$ 469,351</u>
Other liabilities		
Contract liabilities	\$ 39,341	\$ 17,669
Others	<u>7,009</u>	<u>11,162</u>
	<u>\$ 46,350</u>	<u>\$ 28,831</u>
<u>Non-current</u>		
Other payables		
Payables for royalties	<u>\$ -</u>	<u>\$ 13,491</u>

In December 2016, the Company signed a cross-licensing agreement with Monolithic Power Systems, Inc. regarding particular patents. The agreement stated that the Company has to pay US\$150 thousand each quarter, for 5 years from the end of December 2016 to the end of September 2021, totaling US\$3,000 thousand. As of December 31, 2020 and 2019, the payables for royalties were US\$450 thousand and US\$1,050 thousand, respectively.

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

Silergy Technology (Taiwan) Inc. adopted a pension plan under the Labor Pension Act in Taiwan (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of Silergy's subsidiaries in China are members of retirement benefit plans operated by their respective governments. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Company with respect to the retirement benefit plan is to make the specified contributions.

Silergy's subsidiaries, branches and offices in other areas are required to contribute to the retirement benefit plans according to the relevant policies in their respective areas.

b. Defined benefit plans

Silergy Technology (Taiwan) Inc. adopted a defined benefit plan under the Labor Standards Act of Taiwan (LSA), under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. Silergy Technology (Taiwan) Inc. (Originally named Integrated Crystal Technology Inc.) contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds ("the Bureau") under Taiwan's Ministry of Labor; the Company has no right to influence the Bureau's investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2020	2019
Present value of defined benefit obligation	\$ 1,233	\$ 948
Fair value of plan assets	<u>(2,228)</u>	<u>(2,108)</u>
Net defined benefit assets	<u>\$ (995)</u>	<u>\$ (1,160)</u>

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2020	<u>\$ 948</u>	<u>\$ (2,108)</u>	<u>\$ (1,160)</u>
Net interest expense (income)	<u>7</u>	<u>(16)</u>	<u>(9)</u>
Recognized in profit or loss	<u>7</u>	<u>(16)</u>	<u>(9)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(69)	(69)
Actuarial gain - experience adjustments	71	-	71
Actuarial loss - changes in financial assumptions	<u>207</u>	<u>-</u>	<u>207</u>
Recognized in other comprehensive income	<u>278</u>	<u>(69)</u>	<u>209</u>
Contributions from the employer	<u>-</u>	<u>(35)</u>	<u>(35)</u>
Balance at December 31, 2020	<u>\$ 1,233</u>	<u>\$ (2,228)</u>	<u>\$ (995)</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2019	\$ 676	\$ (1,985)	\$ (1,309)
Net interest expense (income)	<u>8</u>	<u>(22)</u>	<u>(14)</u>
Recognized in profit or loss	<u>8</u>	<u>(22)</u>	<u>(14)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(68)	(68)
Actuarial gain - experience adjustments	160	-	160
Actuarial loss - changes in financial assumptions	<u>104</u>	<u>-</u>	<u>104</u>
Recognized in other comprehensive income	<u>264</u>	<u>(68)</u>	<u>196</u>
Contributions from the employer	<u>-</u>	<u>(33)</u>	<u>(33)</u>
Balance at December 31, 2019	<u>\$ 948</u>	<u>\$ (2,108)</u>	<u>\$ (1,160)</u> (Concluded)

Through the defined benefit plans under the Labor Standards Act in Taiwan, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government or corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2020	2019
Discount rate	0.44%	0.76%
Expected rate of salary increase	2.00%	1.50%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would decrease/increase as follows:

	December 31	
	2020	2019
Discount rate		
0.5% increase	<u>\$ (105)</u>	<u>\$ (83)</u>
0.5% decrease	<u>\$ 103</u>	<u>\$ 93</u>
Expected rate of salary increase		
0.5% increase	<u>\$ 113</u>	<u>\$ 90</u>
0.5% decrease	<u>\$ (103)</u>	<u>\$ (82)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2020	2019
Expected contributions to the plan for the next year	<u>\$ 35</u>	<u>\$ 34</u>
Average duration of the defined benefit obligation	18.07 years	18.72 years

23. EQUITY

a. Common shares

	December 31	
	2020	2019
Number of shares authorized (in thousands)	<u>200,000</u>	<u>200,000</u>
Shares authorized	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>92,902</u>	<u>91,481</u>
Shares issued	<u>\$ 929,014</u>	<u>\$ 914,802</u>

Fully paid common shares, which have a par value of NT\$10, carry one vote per share and a right to dividends.

For the years ended December 31, 2020 and 2019, Silergy's shares increased by 1,421 thousand and 1,225 thousand because of the employees' exercise of their employee share options and the issuance of restricted shares to employees, respectively. On November 12, 2019, the board of directors resolved to recall 1 thousand issued employee restricted shares with no compensation given. For the details, refer to Note 28.

b. Capital surplus

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of ordinary shares	\$ 5,632,897	\$ 5,183,295
<u>May be used to offset a deficit only</u>		
Employee share options	303,279	155,880
Employee restricted shares	711,110	584,540
Share of changes in capital surplus of associates	6,009	3,025
Change in percentage of ownership interest in subsidiaries (2)	75,466	73,923
<u>May not be used for any purpose</u>		
Employee share options	719,761	560,350
Employee restricted shares	<u>350,614</u>	<u>190,993</u>
	<u>\$ 7,799,136</u>	<u>\$ 6,752,006</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).
- 2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from employee share options of subsidiaries.

c. Retained earnings and dividend policy

Under the Company's dividend policy in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. For the policies on distribution of employees' compensation and remuneration of directors and supervisors before and after amendment, refer to Note 25(g) on employee benefits expense.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals Silergy's paid-in capital. The legal reserve may be used to offset deficit. If Silergy has no deficit and the legal reserve has exceeded 25% of Silergy's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and, thereafter, distributed.

The appropriations of earnings for 2019 and 2018 approved in the shareholders' meetings on June 11, 2020 and June 13, 2019, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended December 31		For the Year Ended December 31	
	2019	2018	2019	2018
Legal reserve	\$ 232,588	\$ 182,985	\$ -	\$ -
Special reserve (reversal)	466,276	(126,134)	-	-
Cash dividends	686,101	586,668	7.5	6.5

In 2019, since the exercise of employee stock options and employee restricted shares is not entitled to dividend distribution, the actual cash dividends per share distributed was adjusted to NT\$7.47526328.

In 2018, since the exercise of employee stock options and employee restricted shares is not entitled to dividend distribution, the actual cash dividends per share distributed was adjusted to NT\$6.52367324.

The appropriations of earnings for 2020, which were approved by the Company's board of directors on March 16, 2021, were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Special reserve	\$ 425,963	\$ -
Cash dividends	975,465	10.5

The appropriations of earnings for 2020 is subject to the resolution of the shareholders in the shareholders' meeting to be held on June 3, 2021.

d. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ (703,512)	\$ (237,236)
Recognized for the year		
Exchange differences arising on translation to the presentation currency	(895,392)	(374,064)
Exchange differences on translating the financial statements of foreign operations	422,054	(8,966)
Share of other comprehensive income of associates accounted for using the equity method	<u>47,375</u>	<u>(83,246)</u>
Balance at December 31	<u>\$ (1,129,475)</u>	<u>\$ (703,512)</u>

2) Unearned employee benefits

In the meetings of the shareholders, the shareholders approved a restricted share plan for employees (see Note 28 for the details).

	<u>For the Year Ended December 31</u>	
	2020	2019
Balance at January 1	\$ (136,158)	\$ (71,579)
Shares granted	(288,657)	(193,928)
Share-based payment expenses recognized	244,604	129,349
Share-based payment expenses reversed	-	(550)
Employee's restricted shares retired	<u>-</u>	<u>550</u>
Balance at December 31	<u>\$ (180,211)</u>	<u>\$ (136,158)</u>

e. Non-controlling interests

	<u>For the Year Ended December 31</u>	
	2020	2019
Balance at January 1	\$ 356,696	\$ -
Net loss	(36,683)	-
Exchange differences arising on translation to the presentation currency	5,463	-
Exchange differences on translating the financial statements of foreign operations	(4,314)	-
Change in percentage of ownership interest in subsidiaries	<u>(1,543)</u>	<u>356,696</u>
Balance at December 31	<u>\$ 319,619</u>	<u>\$ 356,696</u>

24. REVENUE

	<u>For the Year Ended December 31</u>	
	2020	2019
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 13,873,447	\$ 10,777,781
Revenue from the rendering of services	<u>2,998</u>	<u>-</u>
	<u>\$ 13,876,445</u>	<u>\$ 10,777,781</u>

a. Contract information

Refer to Note 4 (15).

b. Contract balances

	December 31, 2020	December 31, 2019	January 1, 2019
Trade receivables (Note 9)	<u>\$ 1,016,757</u>	<u>\$ 940,390</u>	<u>\$ 581,860</u>
Contract liabilities (Note 21)			
Sale of goods	<u>\$ 39,341</u>	<u>\$ 17,669</u>	<u>\$ 4,233</u>

The changes in the balance of contract assets and contract liabilities primarily result from the timing difference between the Company's satisfaction of performance obligations and the respective customer's payment.

Revenue recognized in the current year that was included in the contract liability balance at the beginning of the year is as follows:

	<u>For the Year Ended December 31</u>	
	2020	2019
From contract liabilities at the beginning of the year		
Sale of goods	<u>\$ 17,669</u>	<u>\$ 4,233</u>

For information regarding revenue details, refer to Note 36.

25. NET PROFIT

a. Other operating income and expenses

	<u>For the Year Ended December 31</u>	
	2020	2019
Gain on disposal of intangible assets	\$ 50,810	\$ 17,319
Gain on disposal of right-of-use assets	-	10
Loss on disposal of property, plant and equipment	<u>(307)</u>	<u>(337)</u>
	<u>\$ 50,503</u>	<u>\$ 16,992</u>

b. Other income

	<u>For the Year Ended December 31</u>	
	2020	2019
Government grants	\$ 183,181	\$ 80,001
Rental income	27,688	3,070
Others	<u>15,667</u>	<u>7,890</u>
	<u>\$ 226,536</u>	<u>\$ 90,961</u>

c. Interest expense

	<u>For the Year Ended December 31</u>	
	2020	2019
Interest on lease liabilities	\$ 691	\$ 817
Interest on conversion of convertible bonds	<u>290</u>	<u>-</u>
	<u>\$ 981</u>	<u>\$ 817</u>

d. Depreciation and amortization

	<u>For the Year Ended December 31</u>	
	2020	2019
Other intangible assets	\$ 199,466	\$ 184,060
Property, plant and equipment	128,326	68,986
Right-of-use assets	40,173	38,960
Investment properties	<u>12,231</u>	<u>6,079</u>
	<u>\$ 380,196</u>	<u>\$ 298,085</u>
 An analysis of depreciation by function		
Operating cost	\$ 27,764	\$ 1,780
Operating expenses	140,735	112,245
Non-operating income and expenses	<u>12,231</u>	<u>-</u>
	<u>\$ 180,466</u>	<u>\$ 114,025</u>
 An analysis of amortization by function		
Operating expenses	<u>\$ 199,466</u>	<u>\$ 184,060</u>

e. Operating expenses directly related to investment properties

	<u>For the Year Ended December 31</u>	
	2020	2019
Direct operating expenses from investment properties generating rental income	\$ 7,566	\$ 470
Direct operating expenses from investment properties not generating rental income	<u>23,745</u>	<u>7,783</u>
	<u>\$ 31,311</u>	<u>\$ 8,253</u>

f. Employee benefits expense

	<u>For the Year Ended December 31</u>	
	2020	2019
Post-employment benefits (Note 22)		
Defined contribution plan	\$ 27,850	\$ 81,176
Defined benefit plans	<u>(9)</u>	<u>(14)</u>
	<u>27,841</u>	<u>81,162</u>
Share-based payments		
Equity-settled	<u>551,414</u>	<u>347,361</u>
Short-term employee benefits		
Salary	1,613,095	1,231,284
Labor and health insurance	80,774	79,601
Others	<u>133,793</u>	<u>106,022</u>
	<u>1,827,662</u>	<u>1,416,907</u>
 Total employee benefits expense	<u>\$ 2,406,917</u>	<u>\$ 1,845,430</u>
 An analysis of employee benefits expense by function		
Operating expenses	<u>\$ 2,406,917</u>	<u>\$ 1,845,430</u>

g. Employees' compensation and remuneration of directors

The Company accrued employees' compensation and remuneration of directors at rates of 8% to 20% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2020 and 2019 which have been approved by the Company's board of directors on March 16, 2021 and March 18, 2020, respectively, were as follows:

Accrual rate

	<u>For the Year Ended December 31</u>	
	2020	2019
Employees' compensation	8.10%	8.00%
Remuneration of directors	0.22%	0.22%

Amount

	<u>For the Year Ended December 31</u>	
	2020	2019
Employees' compensation	\$ 289,580	\$ 210,230
Remuneration of directors	7,900	5,700

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2019 and 2018.

Information on the employees' compensation and remuneration of directors resolved by Silergy's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

26. INCOME TAX

a. Major components of tax expense recognized in profit or loss

	<u>For the Year Ended December 31</u>	
	2020	2019
Current tax		
In respect of the current year	\$ 94,684	\$ 60,234
In respect of prior years	5,243	1,603
Deferred tax		
In respect of the current year	<u>(16,927)</u>	<u>23,898</u>
Income tax expense recognized in profit or loss	<u>\$ 83,000</u>	<u>\$ 85,735</u>

A reconciliation of accounting profit and income tax expense was as follows:

	For the Year Ended December 31	
	2020	2019
Profit before tax	<u>\$ 3,324,795</u>	<u>\$ 2,411,617</u>
Income tax expense calculated at the statutory rate	\$ 112,432	\$ 145,384
Nondeductible expenses in determining taxable income	5,302	1,260
Tax-exempt income	(31,003)	(43,292)
Unrecognized loss carryforwards used	(8,345)	(8,657)
Adjustments for prior year's current tax expense	5,243	1,603
Others	<u>(629)</u>	<u>(10,563)</u>
Income tax expense recognized in profit or loss	<u>\$ 83,000</u>	<u>\$ 85,735</u>

Silergy and Silergy Samoa are exempt from business income tax in accordance with local laws and regulations.

The applicable corporate tax rate for Silergy Technology (Taiwan) Inc. in the ROC was 20%.

The applicable tax rate used by Hangzhou Silergy, Nanjing Silergy Micro, Xian Silergy, Shanghai Pengxi, Chengdu Silergy and Shanghai Silergy in China is 25%. The applicable tax rate used by Nanjing Silergy Micro (HK) Co., Limited in Hong Kong is 16.5%. Nanjing Silergy Micro obtained approval from local tax authorities to have tax credits on its IC design business. Thus, the applicable tax rate for Nanjing Silergy Micro was nil in 2016 and 2017 and will be 12.5% from 2018 to 2020. Hangzhou Silergy applied for an additional tax-deduction; the applicable tax rate decreased to 10%. Tax rates used by other entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2020	2019
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement of defined benefit plan	<u>\$ 42</u>	<u>\$ 39</u>

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen- sive Income	Exchange Difference	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Write-downs of inventory	\$ 15,888	\$ 7,949	\$ -	\$ 401	\$ 24,238
Property, plant and equipment	2,518	2,985	-	(234)	5,269
Allowance for uncollectible amounts	14	(3)	-	-	11
Unrealized gain on disposal of intangible assets	9,963	(1,655)	-	125	8,433
Others	<u>1,044</u>	<u>(718)</u>	<u>-</u>	<u>(25)</u>	<u>301</u>
	<u>\$ 29,427</u>	<u>\$ 8,558</u>	<u>\$ -</u>	<u>\$ 267</u>	<u>\$ 38,252</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Financial assets at FVTPL	\$ 17,710	\$ (7,026)	\$ -	\$ 144	\$ 10,828
Prepaid pension	100	-	(42)	-	58
Intangible	<u>1,363</u>	<u>(1,343)</u>	<u>-</u>	<u>(20)</u>	<u>-</u>
	<u>\$ 19,173</u>	<u>\$ (8,369)</u>	<u>\$ (42)</u>	<u>\$ 124</u>	<u>\$ 10,886</u>

For the year ended December 31, 2019

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen- sive Income	Exchange Difference	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Write-downs of inventory	\$ 17,028	\$ (482)	\$ -	\$ (658)	\$ 15,888
Property, plant and equipment	1,662	924	-	(68)	2,518
Intangible assets	(1,024)	1,024	-	-	-
Allowance for uncollectible amounts	156	(142)	-	-	14
Financial assets at FVTPL	2,273	(2,273)	-	-	-
Unrealized gain on disposal of intangible assets	12,105	(1,732)	-	(410)	9,963
Others	<u>2,432</u>	<u>(1,345)</u>	<u>-</u>	<u>(43)</u>	<u>1,044</u>
	<u>\$ 34,632</u>	<u>\$ (4,026)</u>	<u>\$ -</u>	<u>\$ (1,179)</u>	<u>\$ 29,427</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Financial assets at FVTPL	\$ -	\$ 18,475	\$ -	\$ (765)	\$ 17,710
Prepaid pension	139	-	(39)	-	100
Property, plant and equipment	2	(2)	-	-	-
Intangible	<u>-</u>	<u>1,399</u>	<u>-</u>	<u>(36)</u>	<u>1,363</u>
	<u>\$ 141</u>	<u>\$ 19,872</u>	<u>\$ (39)</u>	<u>\$ (801)</u>	<u>\$ 19,173</u>

- d. Unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	For the Year Ended December 31	
	2020	2019
Loss carryforwards		
Expiry in 2020	\$ -	\$ 9,697
Expiry in 2021	51,448	40,284
Expiry in 2022	94,571	54,389
Expiry in 2023	48,812	-
Expiry in 2024	74,725	19,241
Expiry in 2025	18,311	18,311
Expiry in 2026	<u>23,750</u>	<u>23,750</u>
	<u>\$ 311,617</u>	<u>\$ 165,672</u>

- e. Income tax assessments

The tax returns of Silergy Technology (Taiwan) Inc. through 2018 have been assessed by the tax authorities.

27. EARNINGS PER SHARE

Unit: Dollars Per Share

	For the Year Ended December 31	
	2020	2019
Basic earnings per share	<u>\$ 35.72</u>	<u>\$ 25.83</u>
Diluted earnings per share	<u>\$ 34.01</u>	<u>\$ 25.07</u>

The earnings and weighted average number of common shares outstanding used in the computation of earnings per share were as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2020	2019
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 3,278,478</u>	<u>\$ 2,325,882</u>

Common Shares Outstanding

(In Thousands of Shares)

	For the Year Ended December 31	
	2020	2019
Weighted average number of common shares used in the computation of basic earnings per share	91,776	90,029
Effect of potentially dilutive common shares:		
Employee share options	4,169	1,823
Restricted shares for employees	285	620
Employees' compensation	<u>178</u>	<u>297</u>
Weighted average number of common shares used in the computation of diluted earnings per share	<u>96,408</u>	<u>92,769</u>

The Company offered to settle compensation paid to employees in cash or shares, therefore, the Company assumed the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in shareholders' meeting in the following year.

28. SHARE-BASED PAYMENT ARRANGEMENTS

a. Employee share option plan of the Company

The outstanding options granted are valid for 10 years and exercisable at certain percentages after a certain period from the grant date. Except for options currently outstanding but granted before the IPO whose exercise price needs to be separately agreed on, other options were granted at an exercise price equal to the closing price of the Company's common shares listed on the Taiwan Stock Exchange on the grant dates.

The board of directors of Silergy agreed to issue 1,350,000 options on March 20, 2018. Upon completion of registration with the FSC, Silergy issued 179,000 options and 705,250 options in September 2018 and November 2018, respectively. Furthermore, Silergy issued 86,250 options and 379,500 options in March 2019 and May 2019, respectively. Each option entitles the holder to subscribe for one common share of Silergy.

The board of directors of Silergy agreed to issue 2,500,000 options on March 19, 2019. Upon completion of registration with the FSC, Silergy issued 166,000 options, 92,500 options, 25,000 options, 2,187,000 options and 29,500 options in August 2019, November 2019, December 2019, March 2020 and April 2020, respectively. Each option entitles the holder to subscribe for one common share of Silergy.

The board of directors of Silergy agreed to issue 2,000,000 options on March 18, 2020. Upon completion of registration with the FSC, Silergy issued 227,500 options in August 2020. Each option entitles the holder to subscribe for one common share of Silergy.

Information about employee share options was as follows:

Employee Share Options	For the Year Ended December 31			
	2020		2019	
	Units of Options	Weighted-average Exercise Price	Units of Options	Weighted-average Exercise Price
Balance, beginning of year	5,889,589	\$ 450	6,059,094	\$ 404
Options granted	2,550,100	862	749,250	558
Options exercised	<u>(1,174,652)</u>	395	<u>(918,755)</u>	238
Balance, end of year	<u>7,265,652</u>	603	<u>5,889,589</u>	450
Options exercisable, end of year	<u>2,032,579</u>	393	<u>1,904,431</u>	370
Weighted-average fair value of options granted (\$)	<u>\$ 278</u>		<u>\$ 178</u>	

For any subsequent changes in Silergy's capital surplus, the exercise price or the number of shares corresponding to each option unit is adjusted in accordance with the rules for each plan.

For the years ended December 31, 2020 and 2019, the weighted-average share prices at the date of exercise were NT\$1,734 and NT\$707, respectively.

Information about outstanding options as of December 31, 2020 and 2019 was as follows:

	December 31	
	2020	2019
Range of exercise price	\$47-\$2,330	\$47-\$932
Weighted-average remaining contractual life (years)	1.99-9.99	2.99-9.97

Options granted from 2019 to 2020 were priced using the binomial option pricing model and the inputs to the model were as follows:

Issue Date	Fair Value Per Option - Grant Date	Exercise Price	Expected Volatility	Expected Life	Expected Dividend Yield	Risk-free Interest
March 27, 2019	143	\$ 444	43.07%	6.0 years-7.5 years	-	0.676%-0.715%
May 20, 2019	140-142	444	43.40%	6.0 years-7.5 years	-	0.602%-0.620%
August 12, 2019	209-212	641	43.52%	6.0 years-7.5 years	-	1.516%-1.563%
November 29, 2019	271	888	43.65%	6.0 years-7.5 years	-	0.616%-0.648%
December 20, 2019	284	932	43.41%-43.58%	6.0 years-7.5 years	-	0.608%-0.635%
March 18, 2020	229-232	712	44.55%-44.96%	6.0 years-7.5 years	-	0.558%-0.570%
April 30, 2020	376	1,195	45.20%-45.52%	6.0 years-7.5 years	-	0.425%-0.455%
August 19, 2020	583	1,630	45.89%-46.03%	6.5 years-7.5 years	-	0.349%-0.368%
November 11, 2020	767	2,130	46.48%-46.60%	6.5 years-7.5 years	-	0.246%-0.263%
December 28, 2020	840	2,330	46.55%-46.75%	6.5 years-7.5 years	-	0.208%-0.240%

Compensation cost recognized was \$306,810 thousand and \$218,562 thousand for the years ended December 31, 2020 and 2019, respectively.

b. Restricted shares for employees

The restrictions on the rights of the outstanding restricted shares in 2020 and 2019 that have not met the vesting conditions are as follows:

- 1) The employees should not sell, pledge, transfer, donate or in any other way dispose of these shares.
- 2) The employees holding these shares are entitled for receive stock dividends but not cash dividends, but are not entitled to subscribe for new common shares issued for cash.
- 3) The employees holding these shares have no voting rights.

In the shareholders' meeting on June 8, 2018, the shareholders approved the issuance of 300,000 shares under a restricted share plan. Upon the completion of the registration of this issuance with the FSC, Silergy issued to employees 61,550 shares, 112,980 shares, 75,000 shares and 50,470 shares in September 2018, November 2018, March 2019 and May 2019, respectively.

In the shareholders' meeting on June 13, 2019, the shareholders approved the issuance of 350,000 shares under a restricted share plan. Upon the completion of the registration of this issuance with the FSC, Silergy issued to employees 97,230 shares, 35,820 shares, 47,331 shares, 104,619 shares, 6,300 shares and 58,700 shares in August 2019, November 2019, December 2019, March 2020, April 2020 and May 2020, respectively.

In the shareholders' meeting on June 11, 2020, the shareholders approved the issuance of 300,000 shares under a restricted share plan. Upon the completion of the registration of this issuance with the FSC, Silergy issued to employees 69,200 shares, 3,200 shares and 4,600 shares in August 2020, November 2020, December 2020, respectively.

If an employee fails to meet the vesting conditions, Silergy will recall and cancel the restricted shares without any reimbursement. The board of directors of Silergy on November 12, 2019 resolved to recall and retire 1,000 shares of the restricted shares with no compensation given.

Information on the restricted shares for employees is as follows:

Restricted Shares for Employees	For the Year Ended December 31	
	2020	2019
Balance, beginning of year	305,851	633,030
Shares issued	246,619	305,851
Shares vested	(209,620)	(632,030)
Shares forfeited	<u>-</u>	<u>(1,000)</u>
Balance, end of year	<u>342,850</u>	<u>305,851</u>

As of December 31, 2020 and 2019, information on the outstanding restricted employee shares is as follows:

Grant Date	Fair Value Per Share - Grant Date	Shares Granted (In Thousands of Shares)	Vesting Period
March 27, 2019	\$ 444	75	1 year
May 20, 2019	444	50	1 year-3 years
August 12, 2019	641	97	1 year
November 29, 2019	888	36	1 year
December 20, 2019	932	47	1 year-3 years
March 18, 2000	712	105	1 year-3 years
April 30, 2020	1,195	6	1 year
May 12, 2020	1,300	59	1 year
August 19, 2020	1,630	69	1 year
November 11, 2020	2,130	3	1 year
December 28, 2020	2,330	5	1 year

Compensation cost recognized was \$244,604 thousand and \$128,799 thousand for the years ended December 31, 2020 and 2019, respectively.

29. BUSINESS COMBINATIONS

a. Acquisition of assets and operations

Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Jieng Tai International Electronic Co. Development, design and sale of SAR ICs.	January 2020	100.00	<u>\$ 152,776</u>
Business unit of NewEdge Technologies, Inc. Development, design and sale of wireless ICs.	July 2019	100.00	<u>\$ 65,346</u>

The business unit of NewEdge Technologies, Inc. (“NewEdge”) was acquired in August 2019 to increase product lines.

The business unit of Jieng Tai International Electronic Co. (“Jieng Tai”) was acquired in January 2020 to increase product lines.

b. Considerations transferred

Acquisition-related costs were excluded from the consideration transferred and recognized as an expense in the year of acquisition.

	Jieng Tai	NewEdge
Cash	\$ 152,776	\$ 30,980
Contingent consideration arrangement*	<u>-</u>	<u>34,366</u>
	<u>\$ 152,776</u>	<u>\$ 65,346</u>

* Under the contingent consideration arrangement, the Company is required to calculate contingent consideration based on the expected revenue of NewEdge in 2021 and 2022, using the formula stated in the arrangement.

Acquisition-related costs were excluded from the consideration transferred and recognized as an expense in the year of acquisition.

c. Assets acquired and liabilities assumed at the date of acquisition

	Jieng Tai	NewEdge
Current assets		
Accounts receivable	\$ 8,298	\$ -
Inventories	17,187	16,557
Non-current assets		
Property, plant and equipment	1,569	-
Other intangible assets	<u>18,403</u>	<u>20,971</u>
	<u>\$ 45,457</u>	<u>\$ 37,528</u>

d. Goodwill arising on acquisition

	Jieng Tai	NewEdge
Consideration transferred	\$ 152,776	\$ 65,346
Less: Fair value of identifiable net assets acquired	<u>(45,457)</u>	<u>(37,528)</u>
Goodwill arising on acquisition	<u>\$ 107,319</u>	<u>\$ 27,828</u>

The goodwill recognized in the acquisitions of Jieng Tai and NewEdge mainly represents the control premium included in the cost of the combinations. In addition, the consideration paid for the combinations effectively included amounts attributed to the benefits of expected synergies, revenue growth, future market development and the assembled workforces of Jieng Tai and NewEdge. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

e. Net cash outflow on acquisition of subsidiaries, assets and operations

	Jieng Tai	NewEdge
Consideration paid in cash	<u>\$ 152,776</u>	<u>\$ 30,980</u>

f. Impact of acquisition on the results of the Company

The extrapolated results of operations from the acquisition of Jieng Tai and NewEdge had the acquisition been in effect for the whole year could not be reliably estimated; thus, the Company's pro-forma financial information related to such acquisitions is unable to be disclosed.

30. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On December 31, 2019, the Company subscribed for additional new shares of Nanjing Silergy at a percentage different from its existing ownership percentage, reducing its continuing interest from 100% to 66.67%.

The above transactions were accounted for as equity transactions, since the Company did not cease to have control over these subsidiaries.

	Nanjing Silergy Micro
Consideration received	\$ 430,619
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	<u>(356,696)</u>
Differences recognized from equity transactions	<u>\$ 73,923</u>
Capital surplus - changes in percentage of ownership interests in subsidiaries	<u>\$ 73,923</u>

31. CAPITAL MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The Company's capital structure management strategy is based on (a) its scale of operations and expected growth and product development - an appropriate market share target is determined, and the capital expenditures required to meet this target are estimated; (b) industry developments - the Company calculates the required working capital under an overall plan for long-term asset development; and (c) the Company's competitiveness - estimates are made of marginal contribution, operating profit rate and cash flows of possible products, taking into consideration the risk factors of industrial cyclical fluctuations and product life cycles to determine the Company's appropriate capital structure.

Management regularly reviews the Company's capital structure and considers the costs and risks of different capital structures, and balances the Company's capital structure by raising debt and issuing convertible bonds. In general, the Company has a prudent risk management strategy.

32. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

Management believed the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Equity instruments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,638,644</u>	<u>\$ 1,638,644</u>
Financial liabilities at FVTPL				
Contingent consideration	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,376</u>	<u>\$ 33,376</u>

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Equity instruments	\$ <u> -</u>	\$ <u> -</u>	\$ <u>1,608,505</u>	\$ <u>1,608,505</u>
Financial liabilities at FVTPL				
Contingent consideration	\$ <u> -</u>	\$ <u> -</u>	\$ <u>32,861</u>	\$ <u>32,861</u>

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2020

Financial Assets (Liabilities)	Financial Assets at FVTPL	Financial Liabilities at FVTPL	Total
	Equity Instruments	Contingent Consideration	
Balance at January 1, 2020	\$ 1,608,505	\$ (32,861)	\$ 1,575,644
Recognized in profit or loss	234,348	-	234,348
Settlements due to significant influence	(847,358)	-	(847,358)
Reclassification	815,763	-	815,763
Current year additions	1,182,168	-	1,182,168
Disposals	(88,225)	-	(88,225)
Liquidation and refund of shares	(1,234,280)	-	(1,234,280)
Translation adjustments	<u>(32,277)</u>	<u>(515)</u>	<u>(32,277)</u>
Balance at December 31, 2020	<u>\$ 1,638,644</u>	<u>\$ (33,376)</u>	<u>\$ 1,605,268</u>

For the year ended December 31, 2019

Financial Assets (Liabilities)	Financial Assets at FVTPL		Financial Liabilities at FVTPL	Total
	Equity Instruments	Convertible Bonds	Contingent Consideration	
Balance at January 1, 2019	\$ 1,258,732	\$ 30,715	\$ -	\$ 1,289,447
Recognized in profit or loss	208,483	-	-	208,483
Current year additions	189,094	-	(33,366)	154,728
Current year redemptions	-	(30,715)	-	(30,715)
Translation adjustments	<u>(47,804)</u>	<u>-</u>	<u>1,505</u>	<u>(46,299)</u>
Balance at December 31, 2019	<u>\$ 1,608,505</u>	<u>\$ -</u>	<u>\$ (32,861)</u>	<u>\$ 1,575,644</u>

3) Valuation techniques and inputs applied for Level 3 fair value measurement

a) Equity instrument investments

Equity instrument investments are unlisted company stock with no active market. Fair values are estimated mainly using the market approach, which is estimated with reference to the Company's recent financing activities, valuation of similar companies, market conditions and other economic indicators, etc.

b) Convertible bond investments

Future cash flows are estimated based on the equity value of the invested company on the balance sheet date and the exercise price stated in the contract, discounted at a rate that reflects the credit risk of various counterparties.

c) Contingent consideration

Contingent consideration is calculated based on the expected revenue of NewEdge in 2021 and 2022, using the formula on arrangement.

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Financial assets</u>		
Financial assets at FVTPL		
Equity instruments	\$ 1,638,644	\$ 1,608,505
Assets measured at amortized cost (1)	10,619,647	7,577,477
<u>Financial liabilities</u>		
Financial liabilities at FVTPL		
Contingent consideration	33,376	32,861
Measured at amortized cost (2)	1,300,986	1,279,628

1) The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, financial assets measured at amortized cost, accounts receivable, other receivables (excluding tax receivable), and refundable deposits.

2) The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, accounts payable, accounts payable - related parties, other payables, guarantee deposits and other long-term liabilities.

d. Financial risk management objectives and policies

The Company's major financial instruments included equity and debt investments, accounts receivable, other receivables, refundable deposits, short-term borrowings, accounts payable, other payables, lease liabilities, guarantee deposits and other long-term liabilities. The Company's corporate treasury function provides services to the business departments, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below), interest rates (see (b) below) and other prices (see (c) below).

a) Foreign currency risk

The Company had foreign currency-denominated sales and purchases, which exposed the Company to foreign currency risk. The carrying amounts of the Company's foreign currency-denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 34.

Sensitivity analysis

The Company was mainly exposed to the U.S. dollar.

The following table details the Company's sensitivity to a 5% increase and decrease in the functional currency against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency-denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with the U.S. dollar strengthening 5% against the relevant currency. For a 5% weakening of the U.S. dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	U.S. Dollar Impact	
	For the Year Ended December 31	
	2020	2019
Profit or loss and equity*	\$ 34,547	\$ 15,531

* This was mainly attributable to the exposure on outstanding U.S. dollar-denominated deposits, receivables and payables, which were not hedged at the end of the reporting period.

b) Interest rate risk

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2020	2019
Fair value interest rate risk		
Financial assets	\$ 229,696	\$ 2,905,345
Financial liabilities	77,552	196,072
Cash flow interest rate risk		
Financial assets	9,134,581	3,261,217

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's floating-rate financial assets and financial liabilities at the end of the reporting period.

Had interest rates been 50 basis points higher and all other variables held constant, the Company's pretax profit for the years ended December 31, 2020 and 2019 would have increased by \$45,673 thousand and \$16,306 thousand, respectively, which was mainly attributable to the Company's exposure to interest rate changes on its variable-rate bank deposits.

c) Other price risk

The Company's price risk of equity instrument investments in 2020 and 2019 are primarily from the investments of financial assets at FVTPL.

If the price of the equity instrument increased (decreased) by 5% at the end of the reporting period, the Company's profit before tax will increase (decrease) by \$81,932 thousand and \$80,425 thousand in 2020 and 2019, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure of counterparties to discharge an obligation approximates the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

The Company adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company uses publicly or non-publicly available financial information and its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The accounts receivable balances of individual customers that each accounted for more than 10% of the total balance as of December 31, 2020 and 2019, were as follows:

	December 31, 2020
Customer A	\$ 173,544
Customer B	168,261
Customer F	<u>132,234</u>
	<u>\$ 474,039</u>
	December 31, 2019
Customer A	<u>\$ 298,303</u>

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

As of December 31, 2020, the Company's working capital was sufficient and there was no liquidity risk due to lack of funds needed to meet contractual obligations.

33. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between Silergy and its subsidiaries, which are related parties of Silergy, had been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Company and its related parties are disclosed below.

- a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
SMAT Hangzhou XinTu Semiconductor Technology Co., Ltd.	Associate Related party in substance

- b. Purchases of goods

<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Associates		
SMAT	\$ <u>15,174</u>	\$ <u>2,296</u>

Terms and conditions for purchases of goods from related parties are the same as that of general transactions.

- c. Payables to related parties

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>December 31</u>	
		<u>2020</u>	<u>2019</u>
Accounts payable - related parties	Associates SMAT	\$ <u>1,720</u>	\$ <u>1,104</u>

- d. Disposal of financial assets (for the year ended December 31, 2019: None)

For the year ended December 31, 2020

<u>Related Party Category</u>	<u>Line Item</u>	<u>Number of Shares</u>	<u>Underlying Assets</u>	<u>Proceeds</u>	<u>Gain on Disposal</u>
Related party in substance	Investment accounted for using equity method	3,500	Greenpine Device Ltd.	\$ <u>1,312,220</u>	\$ <u>308,483</u>

- e. Others

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
		<u>2020</u>	<u>2019</u>
Research and development expense	Associates SMAT	\$ <u>3,447</u>	\$ <u>3,643</u>

f. Remuneration of key management personnel

	For the Year Ended December 31	
	2020	2019
Salaries	\$ 42,619	\$ 45,729
Share-based payments	<u>11,171</u>	<u>2,811</u>
	<u>\$ 53,790</u>	<u>\$ 48,540</u>

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Company and the exchange rates between the foreign currencies and the respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

(Foreign Currencies and NT\$ in Thousands)

December 31, 2020

	Foreign Currency	Exchange Rate	NT\$
<u>Financial assets</u>			
Monetary items			
USD	\$ 2,054	28.48 (USD:NTD)	\$ 58,505
USD	22,581	6.5249 (USD:RMB)	643,101
USD	273	1,077.16 (USD:KRW)	<u>7,772</u>
			<u>\$ 709,378</u>
<u>Financial liabilities</u>			
Monetary items			
USD	275	28.48 (USD:NTD)	\$ 7,838
USD	372	6.5249 (USD:RMB)	10,596
NTD	9,867	0.0351 (NTD:USD)	<u>9,867</u>
			<u>\$ 28,301</u>

December 31, 2019

	Foreign Currency	Exchange Rate	NT\$
<u>Financial assets</u>			
Monetary items			
USD	\$ 2,172	29.98 (USD:NTD)	\$ 65,114
USD	7,335	6.9762 (USD:RMB)	219,891
USD	995	1.145.58 (USD:KRW)	<u>29,817</u>
			<u>\$ 314,822</u>
<u>Financial liabilities</u>			
Monetary items			
USD	91	29.98 (USD:NTD)	\$ 2,721
USD	50	6.9762 (USD:RMB)	1,487
NTD	6,206	0.0334 (NTD:USD)	<u>6,206</u>
			<u>\$ 10,414</u>

For the years ended December 31, 2020 and 2019, realized and unrealized net foreign exchange gains (losses) were \$(98,111) thousand and \$18,200 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

35. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others (None)
- 2) Endorsements/guarantees provided (Table 1)
- 3) Marketable securities held (excluding investments in subsidiaries and associates) (Table 2)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (Table 3)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 4)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)
- 9) Trading in derivative instruments (None)

- 10) Intercompany relationships and significant intercompany transactions (Table 5)
- b. Information on investees (Table 6)
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: (Table 7)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period. (Note 33 and Table 5)
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period. (Table 5)
 - c) The amount of property transactions and the amount of the resultant gains or losses. (None)
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes. (None)
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds. (None)
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services. (None)
- c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 8)

36. SEGMENT INFORMATION

a. Segment information

Information reported to the chief operating decision maker is for the purposes of resource allocation and assessment of segment performance. Under IFRS 8 “Operating Segments,” if the operating revenue of an operating segment accounts for up to 90% of the Company’s total revenue, the Company is considered as having only one reportable segment.

b. Revenue from major products and services

The Company mainly develops, designs, and sells electronic products, which is the major source of revenue.

c. Geographical information

The Company's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2020	2019	2020	2019
China (including Hong Kong)	\$ 6,856,538	\$ 5,101,613	\$ 4,451,157	\$ 4,688,181
Others	<u>7,019,907</u>	<u>5,676,168</u>	<u>173,283</u>	<u>195,393</u>
	<u>\$ 13,876,445</u>	<u>\$ 10,777,781</u>	<u>\$ 4,624,440</u>	<u>\$ 4,883,574</u>

Non-current assets included property, plant and equipment, right-of-use assets, investment properties, goodwill, other intangible assets, refundable deposits and long-term prepayments.

d. Information about major customers

Customers that individually contributed 10% or more to the Company's revenue were as follows:

	For the Year Ended December 31, 2020	
	Amount	Percentage of Revenue (%)
Customer X	\$ 1,906,993	13.74
Customer Y	<u>1,402,482</u>	<u>10.11</u>
	<u>\$ 3,309,475</u>	<u>23.85</u>

	For the Year Ended December 31, 2019	
	Amount	Percentage of Revenue (%)
Customer X	\$ 1,596,376	14.81
Customer Y	<u>1,090,125</u>	<u>10.11</u>
	<u>\$ 2,686,501</u>	<u>24.92</u>

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

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 2)											
0	Silergy Corp.	Crystal	2	\$ 3,606,197	\$ 284,800	\$ -	\$ -	\$ -	-	\$ 9,015,493	Y	N	N	
1	Nanjing Silergy Micro	Nanjing Silergy Micro (HK) Co., Limited	2	191,771	28,480	28,480	19,936	-	2.97	479,428	N	N	N	

Note 1: No. 0 represents the parent company; other numbers represent subsidiaries.

Note 2: The nature of the relationship between the endorser/guarantor and the endorsee/guarantee are represented by the following numerals:

- No. 1 - companies with business transactions.
- No. 2 - a subsidiary directly holding over 50% of the common shares.
- No. 3 - a parent and subsidiary collectively holding over 50% of the common shares of the investee company.
- No. 4 - a parent company holding 50% of the common shares directly or through a subsidiary indirectly.
- No. 5 - companies (based on the contractual project requirements of the same industry) with contractual mutual guarantees.
- No. 6 - companies guaranteed by their respective common shareholdings in accordance with mutual investment relations.
- No. 7 - companies engaged in performance guarantees of contracts related to the pre-sale of real estate in accordance with the Consumer Protection Law.

Note 3: The total amount of guarantee shall not exceed 50% of Silergy Corp.'s net value. The total amount of the guarantee provided by Silergy Corp. to any individual entity shall not exceed 20% of Silergy Corp.'s net value.

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

MARKETABLE SECURITIES HELD
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Issuer of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note	
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value		
Silergy Corp.	Shares								
	Vango	-	Financial assets at FVTPL - non-current	2,666,667	\$ -	6.342 (Note 1)	\$ -	Note 3	
	Alphatecture	-	Financial assets at FVTPL - non-current	-	144,507 (US\$ 5,073,963)	7.931	144,507 (US\$ 5,073,963)		
Hangzhou Silergy	Jiangsu	-	Financial assets at FVTPL - non-current	-	26,141 (RMB 5,989,000)	3.442	26,141 (RMB 5,989,000)		
	Hualan	-	Financial assets at FVTPL - non-current	1,166,700	86,367 (RMB 19,787,000)	0.778	86,367 (RMB 19,787,000)		
	Calterah	-	Financial assets at FVTPL - non-current	-	108,081 (RMB 24,761,911)	11.302	108,081 (RMB 24,761,911)		
	Anchuang	-	Financial assets at FVTPL - non-current	-	26,189 (RMB 6,000,000)	6.780	26,189 (RMB 6,000,000)		
	Powerland	-	Financial assets at FVTPL - non-current	-	130,016 (RMB 29,787,230)	6.912	130,016 (RMB 29,787,230)		
	Ningbo Anchuang	-	Financial assets at FVTPL - non-current	-	76,384 (RMB 17,500,000)	1.186	76,384 (RMB 17,500,000)		
	Geometrical	-	Financial assets at FVTPL - non-current	-	15,390 (RMB 3,526,000)	3.014	15,390 (RMB 3,526,000)		
	Kangtong	-	Financial assets at FVTPL - non-current	-	27,158 (RMB 6,222,000)	20.120	27,158 (RMB 6,222,000)		
	Huaxin	-	Financial assets at FVTPL - non-current	-	98,208 (RMB 22,500,000)	2.932	98,208 (RMB 22,500,000)		
	Sentronic	-	Financial assets at FVTPL - non-current	-	309,016 (RMB 70,797,000)	24.841	309,016 (RMB 70,797,000)		
	Einno	-	Financial assets at FVTPL - non-current	-	5,172 (RMB 1,185,000)	18.519	5,172 (RMB 1,185,000)		
	Xinling	-	Financial assets at FVTPL - non-current	-	80,225 (RMB 18,380,000)	37.403	80,225 (RMB 18,380,000)		
	ACTT	-	Financial assets at FVTPL - non-current	631,333	87,296 (RMB 20,000,000)	1.209	87,296 (RMB 20,000,000)		
	Walden	-	Financial assets at FVTPL - non-current	-	179,357 (RMB 41,091,400)	12.977	179,357 (RMB 41,091,400)		
	Baicheng	-	Financial assets at FVTPL - non-current	-	152,769 (RMB 35,000,000)	6.250	152,769 (RMB 35,000,000)		
	Nanjing Silergy Micro	Puhe	-	Financial assets at FVTPL - non-current	-	43,648 (RMB 10,000,000)	4.975	43,648 (RMB 10,000,000)	
	Silergy Technology	AIStorm	-	Financial assets at FVTPL - non-current	178,784	42,720 (US\$ 1,500,000)	0.696	42,720 (US\$ 1,500,000)	

Note 1: Percentage of ownership refers to preference shares.

Note 2: Refer to Tables 6 and 7 for information about subsidiaries and associates.

Note 3: The board of directors of Vango had resolved to liquidate Vango in April 2020. As of December 31, 2020, Vango has not completed its liquidation procedures.

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

**MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal			Ending Balance		
					Number of Shares	Amount	Number of Shares	Amount (Note 1)	Number of Shares	Amount (Note 1)	Carrying Amount (Note 2)	Gain (Loss) on Disposal (Notes 1 and 3)	Number of Shares	Amount (Notes 4 and 5)
Silergy Corp.	Shares Greenpine	Investments accounted for using the equity method	Notes 6 and 7	Notes 6 and 7	-	\$ -	3,500	\$ 1,105,767 (US\$ 36,499,995)	3,500	\$ 1,312,220 (US\$ 45,500,000)	\$ 1,030,826	\$ 308,483	-	\$ -
Hangzhou Silergy	Sentronic	Financial assets at FVTPL - non-current	Note 6	Note 6	-	-	-	305,745 (RMB71,093,550)	-	-	-	-	-	309,016 (RMB70,797,000)

Note 1: Translation was based on the exchange rate at remittance date.

Note 2: The amount included share of loss of associates.

Note 3: The amount included the exchange differences accumulated in equity.

Note 4: Translation was based on the exchange rate at December 31, 2020.

Note 5: The amount included unrealized losses on financial instruments at FVTPL.

Note 6: Marketable securities was acquired through capital increase in cash.

Note 7: It was sold to related party in substance - Hangzhou XinTu Semiconductor Technology Co., Ltd.

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

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Hangzhou Silergy	Silergy Corp.	Parent company	Sale	\$ (261,046)	(5.65)	-	\$ -	-	\$ 260	-	Note 2

Note 1: Transaction terms and prices between the Company and its subsidiaries are similar to regular transactions.

Note 2: Intercompany balances and transactions were eliminated upon consolidation.

SILERGY CORP.

(Incorporated in the Cayman Islands)

AND SUBSIDIARIES**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS****FOR THE YEAR ENDED DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

No. (Note 1)	Company Name	Counterparty	Flow of Transactions (Note 2)	Transaction Details			
				Financial Statement Account	Amount (Note 4)	Terms (Note 5)	Percentage to Consolidated Total Gross Sales or Total Assets (Note 3)
0	Silergy Corp.	Hangzhou Silergy	1	Accounts payable - related parties	\$ 260	-	-
		Hangzhou Silergy	1	Other receivable - related parties	1,538	-	0.01
		Hangzhou Silergy	1	Other payables - related parties	27,615	-	0.14
		Hangzhou Silergy	1	Sales	215	-	-
		Hangzhou Silergy	1	Operating expenses	168	-	-
		Nanjing Silergy Micro	1	Accounts receivable - related parties	3,599	-	0.02
		Nanjing Silergy Micro	1	Sales	8,532	-	0.06
		Nanjing Silergy Micro (HK) Co., Limited	1	Sales	12,962	-	0.09
		Silergy Technology	1	Other payables - related parties	88,519	-	0.44
		Silergy Technology	1	Sales	46,743	-	0.34
		Silergy Technology	1	Operating expenses	357,392	-	2.58
		Silergy Samoa	1	Other payables - related parties	19,012	-	0.09
		Crystal	1	Other payables - related parties	36,193	-	0.18
		Crystal	1	Operating expenses	145,968	-	1.05
		Silergy Korea Limited	1	Other payables - related parties	45,913	-	0.23
		Silergy Korea Limited	1	Operating expenses	68,788	-	0.50
		Silergy Technology Private Limited	1	Other payables - related parties	6,860	-	0.03
Silergy Technology Private Limited	1	Operating expenses	19,190	-	0.14		
HK Silergy	1	Other payables - related parties	50	-	-		
1	Hangzhou Silergy	Silergy Corp.	2	Sales	261,064	-	1.88
		Xian Silergy	3	Accounts receivable - related parties	63	-	-
		Xian Silergy	3	Accounts payable - related parties	52	-	-
		Xian Silergy	3	Sales	924	-	0.01
		Nanjing Silergy Micro	3	Other payables - related parties	2,570	-	0.01
		Nanjing Silergy Micro	3	Sales	827	-	0.01
		Chengdu Silergy	3	Operating expenses	28,824	-	0.15
		Shanghai Silergy	3	Accounts receivable - related parties	9,821	-	0.05
		Shanghai Silergy	3	Operating expenses	3,030	-	0.02
		Silergy Technology	3	Sales	3,690	-	0.03

(Continued)

No. (Note 1)	Company Name	Counterparty	Flow of Transactions (Note 2)	Transaction Details			
				Financial Statement Account	Amount (Note 4)	Terms (Note 5)	Percentage to Consolidated Total Gross Sales or Total Assets (Note 3)
2	Xian Silergy	Silergy Corp. Hangzhou Silergy	2	Sales	\$ 694	-	0.01
			3	Sales	88	-	-
3	Nanjing Silergy Micro	Silergy Corp. Hangzhou Silergy Shanghai Silergy Nanjing Silergy Micro (HK) Co., Limited Silergy Technology Crystal Crystal Crystal	2	Sales	91,504	-	0.66
			3	Sales	50	-	-
			3	Operating expenses	34,221	-	0.25
			3	Other receivable - related parties	8,683	-	0.04
			3	Sales	146	-	-
			3	Accounts receivable - related parties	3,926	-	0.02
			3	Sales	22,777	-	0.16
3	Operating expenses	18,271	-	0.13			
4	Nanjing Silergy Micro (HK) Co., Limited	Nanjing Silergy Micro Crystal Crystal	3	Operating expenses	8,499	-	0.06
			3	Accounts payable - related parties	28,300	-	0.14
			3	Operating expenses	10,523	-	0.08
5	Silergy Technology	Silergy Corp.	2	Sales	675	-	-
6	Silergy Samoa	Crystal	3	Other payables - related parties	1,487	-	0.01
7	Crystal	Silergy Corp. Nanjing Silergy Micro Nanjing Silergy Micro (HK) Co., Limited Nanjing Silergy Micro (HK) Co., Limited	2	Sales	9,940	-	0.07
			3	Sales	340	-	-
			3	Sales	83,675	-	0.60
			3	Other income	1	-	-

Note 1: No. 0 represents the parent company; other numbers represent subsidiaries.

Note 2: The directional flow of the transactions are represented by the following numerals:

- No. 1 - from parent company to subsidiary.
- No. 2 - from subsidiary to parent company.
- No. 3 - between subsidiaries.

Note 3: The accounts in the consolidated balance sheets and those in the consolidated statements of comprehensive income were based on the Company's consolidated total assets and total gross sales, respectively.

Note 4: Intercompany balances and transactions were eliminated upon consolidation.

Note 5: The selling prices and payment terms for intercompany sales and purchases were not significantly different from those for unrelated parties. For other intercompany transactions, prices and terms were based on mutual agreements.

(Concluded)

SILERGY CORP.
(Incorporated in the Cayman Islands)
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INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee (Notes 3 and 4)	Share of Profit (Loss) (Notes 1, 3 and 4)	Note
				December 31, 2020	December 31, 2019	Number of Shares	Percentage of Ownership (%)	Carrying Amount (Notes 1 and 2)			
Silergy Corp.	Silergy Technology	Suite 100, 1307 S. Mary Ave. Sunnyvale City, Santa Clara County, California State, U.S.A.	Development, design and sales of power management IC	US\$ 7,378,454	US\$ 7,378,454	-	100.00	\$ 337,187	\$ 20,885 (US\$ 706,793)	\$ 20,885 (US\$ 706,793)	Subsidiary
	Silergy Samoa	Portcullis TrustNet chambers, P.O. Box 1225, Apia, Samoa	Holding company	US\$ 24,300,000	US\$ 24,300,000	-	100.00	431,754	7,887 (US\$ 266,906)	7,887 (US\$ 266,906)	Subsidiary
	HK Silergy	15/F., BOC Group Life Assurance Tower, 136 Des Voeux Road Central, Hong Kong	Holding company	US\$ 11,375,000	US\$ 11,375,000	-	100.00	237,586	(26,745) (US\$ -905,110)	(26,745) (US\$ -905,110)	Subsidiary
	Silicon Prospect	Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Island	Holding company	US\$ 5,000,000		-	100.00	142,459	(153) (US\$ -5,174)	(153) (US\$ -5,174)	Subsidiary
Silergy Samoa	Crystal	7F.-8, No. 38, Taiyuan St., Zhubei City, Hsinchu County 302, Taiwan	Development, design and sales of electronic components	314,831 (Note 6)	314,831 (Note 6)	31,700,000	100.00	176,595	11,010	11,010	Subsidiary
	Silergy Technologies Private Limited	Unit #501,5th Floor, Prestige Towers, Residency Road, Bangalore-560025, Karnataka, India	Development, design and sales of electronic components	US\$ 38,200	US\$ 38,200	-	100.00	11,436	2,123 (US\$ 71,832)	2,123 (US\$ 71,832)	Subsidiary
	Silergy Korea Limited	#1202, #1203, 120 Heungdeokjungang-ro, Giheung-gu, Yongin-si, Gyeonggi-do, Korea (UTOWER)	Development, design and sales of electronic components	US\$ 600,000 (KRW 655,800,000)	US\$ 600,000 (KRW 655,800,000)	-	100.00	49,210	7,809 (US\$ 264,290)	7,809 (US\$ 264,290)	Subsidiary
Nanjing Silergy	Nanjing Silergy Micro (HK) Co., Limited	Unit 701, 7/F Citicorp CTR 18 Whitfield Rd, Causeway Bay, Hong Kong	Development, design and sales of electronic components	US\$ 5,200,960	-	-	100.00	149,202	4,915 (US\$ 166,325)	4,915 (US\$ 166,325)	Subsidiary
Silicon Prospect	WMT	No. 191, Jieyukeng Rd., Rueifang Dist., New Taipei City	Manufacturing of electronic components	55,000	-	2,750,000	19.84	54,640	(869)	(172)	Related company (Note 7)

Note 1: The carrying amount of the investments and the share of profit or loss were eliminated upon consolidation.

Note 2: Translation was based on the exchange rate at December 31, 2020.

Note 3: Translation was based on the average exchange rate for the year ended December 31, 2020.

Note 4: Information was based on the investee's current year's audited financial statements.

Note 5: Refer to Table 7 for information on investments in mainland China.

Note 6: Silergy Samoa acquired 9,472 thousand shares of Crystal at NT\$99,579 thousand in January 2015, resulting in Crystal becoming a wholly owned subsidiary of Silergy Samoa. The fair value of the equity interest held previously was NT\$63,252 thousand. Silergy Samoa injected a total of NT\$152,000 thousand in Crystal from April 2015 to February 2017. Thus, Silergy Samoa's investment in Crystal increased to NT\$314,831 thousand.

Note 7: Investment loss was based on the ratio of ownership from the acquisition date, November 12, 2020.

SILERGY CORP.
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**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2020**
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee (Note 2)	Percentage of Ownership (%)	Investment Income (Loss) Recognized (Notes 2, 3 and 4)	Carrying Amount as of December 31, 2020 (Note 4)	Accumulated Repatriation of Investment Income as of December 31, 2020
					Outward	Inward						
Hangzhou Silergy	Development, design and sale of electronic components and related technical services	US\$ 58,520,270 (RMB 381,687,917)	Through Silergy	\$ -	\$ -	\$ -	\$ -	\$ 1,066,793 (RMB 249,092,877)	100%	\$ 1,066,793 (RMB 249,092,877)	\$ 7,022,775	\$ -
Nanjing Silergy	Development, design and sale of electronic components	RMB 46,500,000	Through Hangzhou Silergy	-	-	-	-	(110,049) (RMB -25,696,124)	66.67%	(73,366) (RMB -17,130,749)	639,238	-
Xian Silergy	Development, design, and sale of electronic components	RMB 91,000,000	Through Hangzhou Silergy	-	-	-	-	(21,731) (RMB 5,074,224)	100%	21,731 (RMB 5,074,224)	300,177	-
Chengdu Silergy	Development and design of electronic components	RMB 34,000,000	Through Hangzhou Silergy	-	-	-	-	(6,522) (RMB -1,522,936)	100%	(6,522) (RMB -1,522,936)	66,748	-
Shanghai Silergy	Development and design of electronic components	RMB 10,000,000	Through Hangzhou Silergy	-	-	-	-	(45,477) (RMB -10,618,705)	100%	(45,477) (RMB -10,618,705)	(2,701)	-
Shanghai Pengxi	Development and design of electronic components	RMB 53,000,000	Through Nanjing Silergy	-	-	-	-	(55,622) (RMB -12,987,469)	66.67%	(37,081) (RMB -8,658,313)	2,675	-
SMAT	Development and manufacturing of vehicles and IOT	RMB 505,000,000	Through Hangzhou Silergy	-	-	-	-	(177,536) (RMB -41,454,113)	19.80%	(35,866) (RMB -8,374,568)	237,188 (Note 6)	-
	Development and manufacturing of vehicles and IOT	RMB 505,000,000	Through HK Silergy	-	-	-	-	(177,536) (US\$ -6,008,191)	14.63%	(26,496) (US\$ -896,689)	237,521	-

Accumulated Outward Remittance for Investments from Taiwan in Mainland China as of December 31, 2020	Investment Amount Authorized by the Investment Commission, MOEA	Limit on the Amount of Investment Stipulated by the Investment Commission, MOEA
\$ - (Note 5)	\$ - (Note 5)	\$ - (Note 5)

Note 1: Translation was based on the exchange rate at December 31, 2020.

Note 2: Translation was based on the average exchange rate for the year ended December 31, 2020.

Note 3: Information was based on the investee's audited financial statements for the current year.

Note 4: Except for SMAT, the carrying amount of the investments and the share of profit or loss were eliminated upon consolidation.

Note 5: Foreign security issuers are not subject to the investment limitation set out in the "Guidelines on Investment and Technical Cooperation in Mainland China" issued by the Ministry of Economic Affairs on August 29, 2008, whereby the limit is 60% of an investment entity's most recent net value.

Note 6: Refers to the net amount after deducting the unrealized gain on disposal of intangible assets.

SILERGY CORP.
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INFORMATION OF MAJOR SHAREHOLDERS
FOR THE YEAR ENDED DECEMBER 31, 2020

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Chen Wei	7,156,140	7.70

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to the Market Observation Post System website of the TWSE.