

**REALTEK SEMICONDUCTOR CORPORATION  
AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REVIEW REPORT  
MARCH 31, 2021 AND 2020  
(Stock code: 2379)**

## INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

PWCR 21000007

To the Board of Directors and Shareholders of Realtek Semiconductor Corporation

### ***Introduction***

We have reviewed the accompanying consolidated balance sheets of Realtek Semiconductor Corporation and subsidiaries as at March 31, 2021 and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

### ***Scope of review***

Except as explained in the following paragraph, we conducted our reviews in accordance with the Statement of Auditing Standards No. 65, “Review of Financial Information Performed by the Independent Auditor of the Entity” in the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### ***Basis for qualified conclusion***

As explained in Notes 4(3) and 6(7), the consolidated financial statements of certain insignificant consolidated subsidiaries, investments accounted for under equity method and the information disclosed in Note 13 were based solely on the reports prepared by those subsidiaries and investee companies, which were not reviewed by independent auditors. Total assets of these subsidiaries amounted to NT\$2,653,590 thousand and NT\$3,010,490 thousand, constituting 3.20% and 3.96% of the consolidated total assets as at March 31, 2021 and 2020, respectively, total liabilities amounted to NT\$245,498 thousand and NT\$600,776 thousand, constituting 0.49% and 1.27% of the consolidated total liabilities

as at March 31, 2021 and 2020, respectively, and the total comprehensive income (loss) amounted to NT\$268,170 thousand and NT(\$291,332) thousand, constituting 7.33% and (17.48)% of the consolidated total comprehensive income for the three-month periods then ended, respectively. Furthermore, the investments accounted for under equity method as at March 31, 2021 and 2020 amounted to NT\$155,922 thousand and NT\$185,823 thousand, respectively, and the related investment loss were NT\$931 thousand and NT\$9,905 thousand for the three-month periods then ended, respectively.

### ***Qualified conclusion***

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain insignificant consolidated subsidiaries and investments accounted for under equity method been reviewed by independent auditors as described in the *Basis for qualified conclusion* section above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Realtek Semiconductor Corporation and subsidiaries as at March 31, 2021 and 2020, and of its consolidated financial performance and cash flows for the three-month periods ended March 31, 2021 and 2020 in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

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Cheng, Ya-Huei

Lin, Yu-Kuan

For and on behalf PricewaterhouseCoopers, Taiwan

April 23, 2021

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent auditors are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

**REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**MARCH 31, 2021, DECEMBER 31, 2020 AND MARCH 31, 2020**  
(Expressed in thousands of New Taiwan dollars)  
(The balance sheets as at March 31, 2021 and 2020 are reviewed, not audited)

Assets	Notes	March 31, 2021		December 31, 2020		March 31, 2020		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
<b>Current assets</b>								
1100	Cash and cash equivalents	6(1)	\$ 7,720,129	9	\$ 7,296,360	9	\$ 2,968,732	4
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		679,525	1	1,080,657	1	118,908	-
1136	Financial assets at amortised	6(4)						
	cost - current		37,544,992	45	35,330,346	45	42,796,019	56
1170	Accounts receivable, net	6(5)	11,136,321	13	10,840,669	14	8,732,489	12
1180	Accounts receivable, net -	6(5) and 7						
	related parties		3,019,486	4	2,812,399	4	2,087,171	3
1200	Other receivables		361,255	-	301,431	1	881,638	1
130X	Intentories, net	6(6)	9,785,315	12	8,622,977	11	8,305,551	11
1410	Prepayments		417,707	1	527,074	1	359,912	-
11XX	<b>Total current assets</b>		<u>70,664,730</u>	<u>85</u>	<u>66,811,913</u>	<u>86</u>	<u>66,250,420</u>	<u>87</u>
<b>Non-current assets</b>								
1517	Financial assets at fair value	6(3)						
	through other comprehensive							
	income - non-current		3,193,493	4	2,619,331	3	1,736,151	3
1535	Financial assets at amortised	6(4) and 8						
	cost - non-current		79,821	-	79,657	-	79,119	-
1550	Investments accounted for	6(7)						
	under equity method		155,922	-	156,854	-	185,823	-
1600	Property, plant and equipment	6(8)	5,037,145	6	4,448,532	6	3,648,576	5
1755	Right-of-use assets	6(9)	1,622,680	2	1,647,421	2	1,714,724	2
1760	Investment property	6(10)	44,644	-	45,690	-	47,547	-
1780	Intangible assets	6(11)	2,004,072	3	2,067,324	3	2,227,044	3
1840	Deferred income tax assets		158,153	-	169,876	-	95,644	-
1900	Other non-current assets		29,802	-	49,319	-	33,101	-
15XX	<b>Total non-current assets</b>		<u>12,325,732</u>	<u>15</u>	<u>11,284,004</u>	<u>14</u>	<u>9,767,729</u>	<u>13</u>
1XXX	<b>Total assets</b>		<u>\$ 82,990,462</u>	<u>100</u>	<u>\$ 78,095,917</u>	<u>100</u>	<u>\$ 76,018,149</u>	<u>100</u>

(Continued)

**REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**MARCH 31, 2021, DECEMBER 31, 2020 AND MARCH 31, 2020**  
(Expressed in thousands of New Taiwan dollars)  
(The balance sheets as at March 31, 2021 and 2020 are reviewed, not audited)

Liabilities and Equity	Notes	March 31, 2021		December 31, 2020		March 31, 2020		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
<b>Current liabilities</b>								
2100	Short-term borrowings	6(12)	\$ 12,680,000	15	\$ 11,456,690	15	\$ 19,610,160	26
2130	Contract liabilities - current	6(20)	363,209	-	336,254	-	150,745	-
2150	Notes payable		3,277	-	28,653	-	3,276	-
2170	Accounts payable		11,180,369	14	10,620,054	14	7,722,301	10
2180	Accounts payable - related parties	7	380,176	1	340,232	-	330,817	1
2200	Other payables	6(13)	14,055,953	17	14,665,453	19	10,080,385	13
2220	Other payables - related parties	7	97,141	-	94,808	-	60,896	-
2230	Current income tax liabilities		1,192,666	1	1,084,362	1	926,181	1
2280	Lease liabilities - current		93,445	-	100,900	-	89,774	-
2300	Other current liabilities	6(20)	7,345,824	9	7,401,488	10	5,622,301	8
21XX	<b>Total current liabilities</b>		<u>47,392,060</u>	<u>57</u>	<u>46,128,894</u>	<u>59</u>	<u>44,596,836</u>	<u>59</u>
<b>Non-current liabilities</b>								
2550	Provisions - non-current	6(15)	1,019,527	1	1,018,706	1	1,081,097	1
2570	Deferred income tax liabilities		90,421	-	102,872	-	31,935	-
2580	Lease liabilities - non-current		1,263,700	2	1,276,357	2	1,339,308	2
2600	Other non-current liabilities	6(14)	99,171	-	100,342	-	73,940	-
25XX	<b>Total non-current liabilities</b>		<u>2,472,819</u>	<u>3</u>	<u>2,498,277</u>	<u>3</u>	<u>2,526,280</u>	<u>3</u>
2XXX	<b>Total liabilities</b>		<u>49,864,879</u>	<u>60</u>	<u>48,627,171</u>	<u>62</u>	<u>47,123,116</u>	<u>62</u>
<b>Equity</b>								
Share capital								
3110	Common shares	6(16)	5,106,849	6	5,106,849	7	5,080,955	7
Capital surplus								
3200	Capital surplus	6(17)	2,122,008	3	2,122,008	3	2,736,819	4
Retained earnings								
3310	Legal reserve	6(18)	5,577,083	7	5,577,083	7	4,902,176	6
3320	Special reserve		217,036	-	217,036	-	-	-
3350	Undistributed earnings		21,046,919	25	17,992,154	23	16,347,233	21
Other equity								
3400	Other equity interest	6(19)	( 953,939)	( 1)	( 1,556,049)	( 2)	( 181,781)	-
31XX	<b>Equity attributable to holders of the parent company</b>		<u>33,115,956</u>	<u>40</u>	<u>29,459,081</u>	<u>38</u>	<u>28,885,402</u>	<u>38</u>
36XX	Non-controlling interest		9,627	-	9,665	-	9,631	-
3XXX	<b>Total equity</b>		<u>33,125,583</u>	<u>40</u>	<u>29,468,746</u>	<u>38</u>	<u>28,895,033</u>	<u>38</u>
Significant contingent liabilities and unrecognized contract commitments								
3X2X	<b>Total liabilities and equity</b>		<u>\$ 82,990,462</u>	<u>100</u>	<u>\$ 78,095,917</u>	<u>100</u>	<u>\$ 76,018,149</u>	<u>100</u>

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

**REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2021 AND 2020**  
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)  
(The statements of comprehensive income are reviewed, not audited)

Items	Notes	Three months ended March 31				
		2021		2020		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(20) and 7	\$ 23,340,746	100	\$ 15,928,032	100
5000	Operating costs	6(6) and 7	( 12,887,943)	( 55)	( 9,203,570)	( 58)
5950	Gross profit		10,452,803	45	6,724,462	42
	Operating expenses	6(25)(26) and 7				
6100	Selling expenses		( 1,043,558)	( 4)	( 709,009)	( 4)
6200	General and administrative expenses		( 662,723)	( 3)	( 420,382)	( 3)
6300	Research and development expenses		( 5,750,185)	( 25)	( 4,140,356)	( 26)
6450	Expected credit losses	12(2)	( 3,550)	-	( 5,038)	-
6000	Total operating expenses		( 7,460,016)	( 32)	( 5,274,785)	( 33)
6900	Operating incomes		2,992,787	13	1,449,677	9
	Non-operating incomes and expenses					
7100	Interest income	6(21)	102,799	1	303,436	2
7010	Other income	6(22)	57,272	-	29,657	-
7020	Other gains and losses	6(23)	56,507	-	12,277	-
7050	Finance costs	6(24)	( 25,585)	-	( 48,920)	-
7060	Share of loss of associates and joint ventures accounted for under equity method	6(7)	( 931)	-	( 9,905)	-
7000	Total non-operating incomes and expenses		190,062	1	286,545	2
7900	<b>Profit before income tax, net</b>		3,182,849	14	1,736,222	11
7950	Income tax expense	6(27)	( 128,078)	( 1)	( 105,000)	( 1)
8200	<b>Net income for the period</b>		\$ 3,054,771	13	\$ 1,631,222	10

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**REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2021 AND 2020**  
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)  
(The statements of comprehensive income are reviewed, not audited)

Items	Notes	Three months ended March 31			
		2021		2020	
		AMOUNT	%	AMOUNT	%
<b>Other comprehensive income (loss), net</b>	6(19)				
<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>					
8316 Unrealised income (loss) from investments in equity instruments measured at fair value through other comprehensive income (loss)		\$ 572,921	3	(\$ 128,853)	( 1)
8320 Share of other comprehensive income of associates and joint ventures accounted for under equity method, components of other comprehensive income that will not be reclassified to profit or loss		-	-	9,879	-
8310 Total components of other comprehensive income (loss) that will not be reclassified to profit or loss		572,921	3	( 118,974)	( 1)
<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>					
8361 Financial statements translation differences of foreign operations		29,189	-	154,229	1
8360 Total components of other comprehensive income that will be reclassified to profit or loss		29,189	-	154,229	1
8300 <b>Other comprehensive income, net</b>		\$ 602,110	3	\$ 35,255	-
8500 <b>Total comprehensive income for the period</b>		\$ 3,656,881	16	\$ 1,666,477	10
Net income attributable to:					
8610 Equity holders of the parent company		\$ 3,054,765	13	\$ 1,631,197	10
8620 Non-controlling interest		6	-	25	-
Net income for the period		\$ 3,054,771	13	\$ 1,631,222	10
Comprehensive income attributable to:					
8710 Equity holders of the parent company		\$ 3,656,875	16	\$ 1,666,452	10
8720 Non-controlling interest		6	-	25	-
Total comprehensive income for the period		\$ 3,656,881	16	\$ 1,666,477	10
Earnings per share (in dollars)					
9750 Basic earnings per share	6(28)	\$	5.98	\$	3.21
9850 Diluted earnings per share	6(28)	\$	5.91	\$	3.18

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

**REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2021 AND 2020**  
(Expressed in thousands of New Taiwan dollars)  
(The statements of changes in equity are reviewed, not audited)

	Equity attributable to owners of the parent company										
	Notes	Retained Earnings					Other equity interest			Non-controlling interest	Total equity
		Common shares	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Financial statements translation differences of foreign operations	Unrealised gains from financial assets measured at fair value through other comprehensive income	Total		
<u>Three-month period ended March 31, 2020</u>											
Balance at January 1, 2020		\$ 5,080,955	\$ 2,736,854	\$ 4,902,176	\$ -	\$ 14,716,036	(\$ 762,143)	\$ 545,107	\$ 27,218,985	\$ 9,699	\$ 27,228,684
Net income for the period		-	-	-	-	1,631,197	-	-	1,631,197	25	1,631,222
Other comprehensive income (loss) for the period	6(19)	-	-	-	-	-	154,229	( 118,974 )	35,255	-	35,255
Total comprehensive income (loss)		-	-	-	-	1,631,197	154,229	( 118,974 )	1,666,452	25	1,666,477
Changes in non-controlling interest		-	-	-	-	-	-	-	-	( 93 )	( 93 )
Cash dividends returned	6(17)	-	( 35 )	-	-	-	-	-	( 35 )	-	( 35 )
Balance at March 31, 2020		\$ 5,080,955	\$ 2,736,819	\$ 4,902,176	\$ -	\$ 16,347,233	(\$ 607,914)	\$ 426,133	\$ 28,885,402	\$ 9,631	\$ 28,895,033
<u>Three-month period ended March 31, 2021</u>											
Balance at January 1, 2021		\$ 5,106,849	\$ 2,122,008	\$ 5,577,083	\$ 217,036	\$ 17,992,154	(\$ 2,940,958)	\$ 1,384,909	\$ 29,459,081	\$ 9,665	\$ 29,468,746
Net income for the period		-	-	-	-	3,054,765	-	-	3,054,765	6	3,054,771
Other comprehensive income for the period	6(19)	-	-	-	-	-	29,189	572,921	602,110	-	602,110
Total comprehensive income		-	-	-	-	3,054,765	29,189	572,921	3,656,875	6	3,656,881
Changes in non-controlling interest		-	-	-	-	-	-	-	-	( 44 )	( 44 )
Balance at March 31, 2021		\$ 5,106,849	\$ 2,122,008	\$ 5,577,083	\$ 217,036	\$ 21,046,919	(\$ 2,911,769)	\$ 1,957,830	\$ 33,115,956	\$ 9,627	\$ 33,125,583

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



REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2021 AND 2020  
(Expressed in thousands of New Taiwan dollars)  
(The statements of cash flows are reviewed, not audited)

	Notes	Three-month periods ended March 31	
		2021	2020
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 3,182,849	\$ 1,736,222
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(25)	229,570	199,695
Amortization	6(11)(25)	284,821	268,681
Expected credit losses	12(2)	3,550	5,038
Interest expense	6(24)	25,585	48,920
Interest income	6(21)	( 102,799 )	( 303,436 )
Dividend income	6(22)	( 13,874 )	-
(Gain) loss on financial assets at fair value through profit or loss	6(2)(23)	( 140,421 )	29,753
Share of loss of associates and joint ventures accounted for under equity method	6(7)	931	9,905
(Gain) loss on disposal of property, plant and equipment	6(23)	( 164 )	27
Gain on disposal of investments	6(23)	-	( 466 )
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss - current		541,554	( 74,649 )
Accounts receivable, net		( 297,045 )	( 482,418 )
Accounts receivable, net - related parties		( 209,244 )	108,448
Other receivables		( 106,566 )	( 11,688 )
Inventories		( 1,162,338 )	( 914,016 )
Prepayments		109,367	( 41,227 )
Changes in operating liabilities			
Contract liabilities - current		26,955	45,771
Notes payable		( 25,376 )	-
Accounts payable		560,315	280,458
Accounts payable - related parties		39,944	1,422
Other payables		( 288,397 )	( 971,261 )
Other payables - related parties		2,333	( 26,397 )
Other current liabilities		( 55,664 )	244,223
Accrued pension obligations		( 1,157 )	( 949 )

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REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2021 AND 2020  
(Expressed in thousands of New Taiwan dollars)  
(The statements of cash flows are reviewed, not audited)

	Notes	Three-month periods ended March 31	
		2021	2020
Cash inflow generated from operations		\$ 2,604,729	\$ 152,056
Receipt of interest		135,667	202,185
Dividends received		13,874	-
Interest paid		( 23,971 )	( 46,432 )
Income tax paid		( 17,971 )	( 6,797 )
Net cash flows from operating activities		<u>2,712,328</u>	<u>301,012</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortised cost		( 10,573,875 )	( 8,441,294 )
Proceeds from disposal of financial assets at amortised cost		8,398,210	5,387,397
Proceeds from disposal of investments accounted for under equity method		-	466
Acquisition of property, plant and equipment	6(29)	( 733,002 )	( 176,895 )
Proceeds from disposal of property, plant and equipment		200	-
Acquisition of intangible assets	6(29)	( 602,113 )	( 439,924 )
Decrease (increase) in refundable deposits		20,240	( 126 )
(Increase) decrease in other non-current assets		( 723 )	28,671
Net cash flows used in investing activities		<u>( 3,491,063 )</u>	<u>( 3,641,705 )</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings		29,964,010	54,339,720
Decrease in short-term borrowings		( 28,740,700 )	( 53,697,378 )
Repayment of principal portion of lease liabilities		( 26,206 )	( 22,366 )
Guarantee deposits returned		( 14 )	( 2,191 )
Net cash flows from financing activities		<u>1,197,090</u>	<u>617,785</u>
Effect of exchange rate		5,414	( 36,271 )
Net increase (decrease) in cash and cash equivalents		423,769	( 2,759,179 )
Cash and cash equivalents at beginning of period		7,296,360	5,727,911
Cash and cash equivalents at end of period		<u>\$ 7,720,129</u>	<u>\$ 2,968,732</u>

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

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2021 AND 2020  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)  
(REVIEWED, NOT AUDITED)

1. HISTORY AND ORGANISATION

Realtek Semiconductor Corporation (the “Company”) was incorporated as a company limited by shares on October 21, 1987 and commenced commercial operations in March 1988. The Company was based in Hsinchu Science-Based Industrial Park since October 28, 1989. The Company and its subsidiaries (collectively referred herein as the “Group”) are engaged in the research, development, design, testing, and sales of ICs and application softwares for these products.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were reported to the Board of Directors on April 23, 2021.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRSs”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’	January 1, 2021
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 beyond 30 June 2021’	April 1, 2021(Note)

Note : Earlier application from January 1, 2021 is allowed by FSC.

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

None.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
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 International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	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
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2020, except for the compliance statement, basis of preparations, basis of consolidation and interim financial statements apply as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Accounting Standard 34, 'Interim financial reporting' as endorsed by the FSC.
- B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2020.

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
  - (a) Financial assets (including derivative instruments) at fair value through profit.
  - (b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

Basis for preparation of consolidated financial statements is consistent with the 2020 consolidated financial statements.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			March 31, 2021	December 31, 2020	March 31, 2020	
Realtek Semiconductor Corporation	Leading Enterprises Limited	Investment holdings	100%	100%	100%	
Realtek Semiconductor Corporation	Amber Universal Inc.	"	100%	100%	100%	
Realtek Semiconductor Corporation	Realtek Singapore Private Limited	ICs manufacturing, design, research, development, sales, and marketing	100%	100%	89%	Note 3
Realtek Semiconductor Corporation	Bluocean Inc.	Investment holdings	100%	100%	100%	
Realtek Semiconductor Corporation	Talent Eagle Enterprise Inc.	"	100%	100%	100%	
Realtek Semiconductor Corporation	Realtek Investment Singapore Private Limited	"	100%	100%	100%	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			March 31, 2021	December 31, 2020	March 31, 2020	
Realtek Semiconductor Corporation	Realsun Investment Co., Ltd.	Investment holdings	100%	100%	100%	Note 5
Realtek Semiconductor Corporation	Hung-wei Venture Capital Co., Ltd.	"	100%	100%	100%	Note 5
Realtek Semiconductor Corporation	Realking Investments Co., Ltd.	"	100%	100%	100%	Note 5
Realtek Semiconductor Corporation	Realsun Technology Corporation	ICs manufacturing, design, research, development, sales, and marketing	100%	100%	100%	Note 5
Realtek Semiconductor Corporation	Bobitag Inc.	Manufacture and installation of computer equipment and wholesale, retail and related service of electronic materials and information / software	67%	67%	67%	Note 5
Leading Enterprises Limited	Realtek Semiconductor (Japan) Corp.	ICs design, sales and consultancy	100%	100%	100%	Note 5
Leading Enterprises Limited	Circon Universal Inc.	Investment holdings	100%	100%	100%	Note 5
Leading Enterprises Limited	Realtek Singapore Private Limited	ICs manufacturing, design, research, development, sales, and marketing	-	-	11%	Note 3

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			March 31, 2021	December 31, 2020	March 31, 2020	
Amber Universal Inc.	Realtek Semiconductor (Hong Kong) Limited	Information services and technical support	100%	100%	100%	Note 5
Amber Universal Inc.	Realtek Semiconductor (Shen Zhen) Corp.	R&D and technical support	100%	100%	100%	Note 5
Empsonic Enterprises Inc.	Realsil Microelectronics Corp.	"	100%	100%	100%	Note 5
Talent Eagle Enterprise Inc.	Ubilinx Technology Inc.	R&D and information services	100%	100%	100%	Note 5
Realtek Singapore Private Limited	Cortina Access Inc.	"	100%	100%	100%	Note 5
Realtek Singapore Private Limited	Cortina Systems Taiwan Limited	R&D and technical support	100%	100%	100%	Note 5
Realtek Singapore Private Limited	Cortina Network Systems Shanghai Co., Ltd.	"	100%	100%	100%	Note 5
Realtek Singapore Private Limited	Empsonic Enterprises Inc.	Investment holdings	100%	100%	100%	Note 5
Realtek Singapore Private Limited	Realtek Viet Nam Co., Ltd.	R&D and technical support	100%	100%	100%	Note 5
Realtek Singapore Private Limited	RayMX Microelectronics Corp.	ICs manufacturing, design, research, development, sales, and marketing	19%	19%	29%	Note 4、 Note 5

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			March 31, 2021	December 31, 2020	March 31, 2020	
Realsil Microelectronics Corp.	RayMX Microelectronics Corp.	ICs manufacturing, design, research, development, sales, and marketing	81%	81%	71%	Note 4 、 Note 5
Realsil Microelectronics Corp.	Suzhou PanKore Integrated Circuit Technology Co. Ltd.	"	80%	80%	-	Note 2 、 Note 6
Realtek Semiconductor (Shen Zhen) Corp.	Suzhou PanKore Integrated Circuit Technology Co.	"	20%	20%	-	Note 2 、 Note 6
Bluocean Inc.	Realtek Semiconductor (Malaysia) Sdn. Bhd.	R&D and technical support	100%	100%	-	Note 1 、 Note 6

Note 1: Realtek Semiconductor (Malaysia) Sdn. Bhd. was incorporated and registered on June 10, 2020.

Note 2: Suzhou PanKore Integrated Circuit Technology Co. Ltd. was incorporated and registered on July 3, 2020.

Note 3: In the four quarter of 2020, the Board of Directors of the Company resolved to acquire the equity shares of Realtek Singapore Private Limited from the subsidiary, Leading Enterprises Limited due to the investment structure adjustment of the Company.

Note 4: In the third quarter of 2020, Realsil Microelectronics (Suzhou) Inc. acquired 9.52% equity interests of RayMX Microelectronics Corp. from Realtek Singapore Private Limited due to the investment structure adjustment of the Company.

Note 5: The financial statements of the entity as at and for the three-month periods ended March 31, 2021 and 2020 were not reviewed by the independent auditors as the entity did not meet the definition of a significant subsidiary.

Note 6: The financial statements of the entity as at and for the three-month periods ended March 31, 2021 was not reviewed by the independent auditors as the entity did not meet the definition of a significant subsidiary.



- C. Subsidiaries not included in the consolidated financial statements: None.
- D. Adjustments for subsidiaries with different balance sheet dates: None.
- E. Significant restrictions: None.
- F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Employee benefits

Pensions - Defined benefit plan

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. And, the related information is disclosed accordingly.

(5) Income tax

- A. The interim period income tax expense is recognized based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.
- B. If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognizes the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognized outside profit or loss is recognized in other comprehensive income or equity while the effect of the change on items recognized in profit or loss is recognized in profit or loss.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

There have been no significant changes as at March 31, 2021. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2020.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Cash on hand and revolving funds	\$ 992	\$ 1,011	\$ 925
Checking accounts and demand deposits	7,604,347	7,210,606	2,967,730
Time deposits	114,790	84,743	77
	<u>\$ 7,720,129</u>	<u>\$ 7,296,360</u>	<u>\$ 2,968,732</u>

The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

(2) Financial assets at fair value through profit or loss

<u>Items</u>	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks	\$ 434,669	\$ 298,615	\$ 38,984
Beneficiary certificates	244,856	782,042	79,924
	<u>\$ 679,525</u>	<u>\$ 1,080,657</u>	<u>\$ 118,908</u>

A. Amounts recognized in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	<u>For the three-month period ended March 31, 2021</u>	<u>For the three-month period ended March 31, 2020</u>
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	\$ 136,054	(\$ 30,017)
Beneficiary certificates	4,367	264
	<u>\$ 140,421</u>	<u>(\$ 29,753)</u>

B. The Group has no financial assets at fair value through profit or loss pledged to others.

(3) Financial assets at fair value through other comprehensive income

<u>Items</u>	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Non-current items:			
Equity instruments			
Listed stocks	\$ 747,821	\$ 571,496	\$ 382,888
Emerging stocks	23,520	16,355	11,651
Unlisted stocks	2,422,152	2,031,480	1,341,612
	<u>\$ 3,193,493</u>	<u>\$ 2,619,331</u>	<u>\$ 1,736,151</u>

A. The Group has elected to classify equity instruments investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$3,193,493, \$2,619,331 and \$1,736,151 on March 31, 2021, December 31, 2020 and March 31, 2020, respectively.

B. Amounts recognized in other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	\$ 572,921	(\$ 128,853)

C. The Group has no financial assets at fair value through other comprehensive income pledged to others.

(4) Financial assets at amortised cost

Items	March 31, 2021	December 31, 2020	March 31, 2020
Current items:			
Time deposits	\$ 37,544,992	\$ 35,330,346	\$ 42,796,019
Non-current items:			
Time deposits	\$ 79,821	\$ 79,657	\$ 79,119

A. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

B. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

(5) Accounts receivable

	March 31, 2021	December 31, 2020	March 31, 2020
Accounts receivable	\$ 11,214,782	\$ 10,917,737	\$ 8,803,640
Accounts receivable - related parties	3,039,935	2,830,691	2,100,665
Less: Allowance for bad debts	( 98,910)	( 95,360)	( 84,645)
	<u>\$ 14,155,807</u>	<u>\$ 13,653,068</u>	<u>\$ 10,819,660</u>

A. The aging analysis of accounts receivable is as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Not past due	\$ 14,002,420	\$ 13,471,549	\$ 10,632,278
Up to 30 days	251,793	269,996	271,757
31 to 90 days	70	6,449	-
Over 90 days	434	434	270
	<u>\$ 14,254,717</u>	<u>\$ 13,748,428</u>	<u>\$ 10,904,305</u>

The above aging analysis is based on past due date.

B. As at March 31, 2021, December 31, 2020 and March 31, 2020, accounts receivable was all from contracts with customers. And as at January 1, 2020, the balance of receivables from contracts with customers amounted to \$10,450,728.

C. The Group has no accounts receivable pledged to others.

D. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(6) Inventories

	March 31, 2021		
	Cost	Allowance for obsolescence and market value decline	Book value
Raw materials	\$ 1,475,693	(\$ 22,056)	\$ 1,453,637
Work in process	7,189,035	( 682,915)	6,506,120
Finished goods	2,370,621	( 545,063)	1,825,558
	<u>\$ 11,035,349</u>	<u>(\$ 1,250,034)</u>	<u>\$ 9,785,315</u>

	December 31, 2020		
	Cost	Allowance for obsolescence and market value decline	Book value
Raw materials	\$ 1,308,241	(\$ 20,696)	\$ 1,287,545
Work in process	6,342,702	( 645,173)	5,697,529
Finished goods	2,121,699	( 483,796)	1,637,903
	<u>\$ 9,772,642</u>	<u>(\$ 1,149,665)</u>	<u>\$ 8,622,977</u>

	March 31, 2020		
	Cost	Allowance for obsolescence and market value decline	Book value
Raw materials	\$ 1,263,055	(\$ 25,030)	\$ 1,238,025
Work in process	4,981,932	( 406,437)	4,575,495
Finished goods	3,020,540	( 528,509)	2,492,031
	<u>\$ 9,265,527</u>	<u>(\$ 959,976)</u>	<u>\$ 8,305,551</u>

Operating costs incurred on inventories for the three-month periods ended March 31, 2021 and 2020 were as follows:

	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Cost of inventories sold and others	\$ 12,767,254	\$ 9,066,945
Loss on decline in market value, obsolete inventory and slow-moving inventory	100,219	120,718
Loss on scrap inventory	20,470	15,907
	<u>\$ 12,887,943</u>	<u>\$ 9,203,570</u>

(7) Investments accounted for under equity method

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Technology Partner V Venture Capital Corporation	\$ 255	\$ 255	\$ 26,687
Estinet Technologies Incorporation	7,975	9,158	401
Innorich Venture Capital Corp.	<u>147,692</u>	<u>147,441</u>	<u>158,735</u>
	<u>\$ 155,922</u>	<u>\$ 156,854</u>	<u>\$ 185,823</u>

A. The loss on investments accounted for under equity method amounted to \$931 and \$9,905 for the three-month periods ended March 31, 2021 and 2020, respectively.

B. The Group received the proceeds of \$20,684 from the capital reduction carried out by Technology Partner V Venture Capital Corporation in July 2020. The investee was dissolved on September 21, 2020 and was still in the process of liquidation as at March 31, 2021.

(8) Property, plant and equipment

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Test equipment</u>	<u>Office equipment</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2021</u>							
Cost	\$ 387,280	\$ 3,414,624	\$ 3,838,068	\$ 3,290,307	\$ 333,113	\$ 1,111,004	\$ 12,374,396
Accumulated depreciation and impairment	<u>-</u>	<u>( 1,413,842)</u>	<u>( 3,429,011)</u>	<u>( 2,195,086)</u>	<u>( 207,520)</u>	<u>( 680,405)</u>	<u>( 7,925,864)</u>
	<u>\$ 387,280</u>	<u>\$ 2,000,782</u>	<u>\$ 409,057</u>	<u>\$ 1,095,221</u>	<u>\$ 125,593</u>	<u>\$ 430,599</u>	<u>\$ 4,448,532</u>
<u>2021</u>							
Opening net book amount	\$ 387,280	\$ 2,000,782	\$ 409,057	\$ 1,095,221	\$ 125,593	\$ 430,599	\$ 4,448,532
Additions	-	3,003	9,744	52,799	39,620	682,906	788,072
Disposals	-	-	-	-	( 36)	-	( 36)
Reclassifications	102,090	42,767	-	-	-	( 144,857)	-
Depreciation	-	( 27,902)	( 25,887)	( 114,640)	( 9,696)	( 22,477)	( 200,602)
Net exchange difference	-	454	( 1,144)	1,990	35	( 156)	1,179
Closing net book amount	<u>\$ 489,370</u>	<u>\$ 2,019,104</u>	<u>\$ 391,770</u>	<u>\$ 1,035,370</u>	<u>\$ 155,516</u>	<u>\$ 946,015</u>	<u>\$ 5,037,145</u>
<u>At March 31, 2021</u>							
Cost	\$ 489,370	\$ 3,459,006	\$ 3,846,447	\$ 3,343,232	\$ 372,251	\$ 1,648,633	\$ 13,158,939
Accumulated depreciation and impairment	<u>-</u>	<u>( 1,439,902)</u>	<u>( 3,454,677)</u>	<u>( 2,307,862)</u>	<u>( 216,735)</u>	<u>( 702,618)</u>	<u>( 8,121,794)</u>
	<u>\$ 489,370</u>	<u>\$ 2,019,104</u>	<u>\$ 391,770</u>	<u>\$ 1,035,370</u>	<u>\$ 155,516</u>	<u>\$ 946,015</u>	<u>\$ 5,037,145</u>

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Test equipment</u>	<u>Office equipment</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2020</u>							
Cost	\$ -	\$ 3,222,502	\$ 3,899,552	\$ 2,623,658	\$ 280,814	\$ 850,212	\$ 10,876,738
Accumulated depreciation and impairment	-	( 1,305,695)	( 3,529,856)	( 1,809,993)	( 176,813)	( 608,219)	( 7,430,576)
	<u>\$ -</u>	<u>\$ 1,916,807</u>	<u>\$ 369,696</u>	<u>\$ 813,665</u>	<u>\$ 104,001</u>	<u>\$ 241,993</u>	<u>\$ 3,446,162</u>
<u>2020</u>							
Opening net book amount	\$ -	\$ 1,916,807	\$ 369,696	\$ 813,665	\$ 104,001	\$ 241,993	\$ 3,446,162
Additions	-	-	694	322,114	3,560	50,484	376,852
Disposals	-	-	-	-	( 27)	-	( 27)
Depreciation	-	( 28,608)	( 22,330)	( 88,342)	( 13,185)	( 18,831)	( 171,296)
Net exchange difference	-	( 2,278)	217	( 6,453)	5,689	( 290)	( 3,115)
Closing net book amount	<u>\$ -</u>	<u>\$ 1,885,921</u>	<u>\$ 348,277</u>	<u>\$ 1,040,984</u>	<u>\$ 100,038</u>	<u>\$ 273,356</u>	<u>\$ 3,648,576</u>
<u>At March 31, 2020</u>							
Cost	\$ -	\$ 3,214,139	\$ 3,724,928	\$ 2,932,112	\$ 283,726	\$ 893,745	\$ 11,048,650
Accumulated depreciation and impairment	-	( 1,328,218)	( 3,376,651)	( 1,891,128)	( 183,688)	( 620,389)	( 7,400,074)
	<u>\$ -</u>	<u>\$ 1,885,921</u>	<u>\$ 348,277</u>	<u>\$ 1,040,984</u>	<u>\$ 100,038</u>	<u>\$ 273,356</u>	<u>\$ 3,648,576</u>

A. There was no capitalization of borrowing costs attributable to the property, plant and equipment.

B. The Group has no property, plant and equipment pledged to others.

(9) Leasing arrangements – lessee

A. The Group leases various assets including land and buildings. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation are as follows:

	<u>Carrying amount</u>		
	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Land	\$ 1,391,373	\$ 1,398,253	\$ 1,405,642
Buildings	228,018	249,168	309,082
Transportation equipment	3,289	-	-
	<u>\$ 1,622,680</u>	<u>\$ 1,647,421</u>	<u>\$ 1,714,724</u>
	<u>Depreciation</u>		
	<u>For the three-month period ended March 31, 2021</u>	<u>For the three-month period ended March 31, 2020</u>	
Land	\$ 6,845	\$ 7,633	
Buildings	20,851	19,807	
Transportation equipment	299	-	
	<u>\$ 27,995</u>	<u>\$ 27,440</u>	

C. For the three-month periods ended March 31, 2021 and 2020, the additions to right-of-use assets were \$3,588 and \$338,802, respectively.

D. The information on profit and loss accounts relating to lease contracts is as follows:

	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 7,048	\$ 6,123

E. For the three-month periods ended March 31, 2021 and 2020, the Group's total cash outflow for leases were \$33,254 and \$28,489, respectively.

(10) Investment property

	<u>Buildings</u>	
	2021	2020
<u>At January 1</u>		
Cost	\$ 81,499	\$ 80,799
Accumulated depreciation and impairment	( 35,809)	( 31,663)
	<u>\$ 45,690</u>	<u>\$ 49,136</u>
Opening net book value	\$ 45,690	\$ 49,136
Depreciation	( 973)	( 959)
Net exchange difference	( 73)	( 630)
Closing net book amount	<u>\$ 44,644</u>	<u>\$ 47,547</u>
<u>At March 31</u>		
Cost	\$ 81,356	\$ 79,744
Accumulated depreciation and impairment	( 36,712)	( 32,197)
	<u>\$ 44,644</u>	<u>\$ 47,547</u>

A. Rental income from the lease of the investment property and direct operating expenses arising from the investment property are shown below:

	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Rental income from the lease of the investment property	\$ 562	\$ 284
Direct operating expenses arising from the investment property that generated rental income during the period	<u>\$ 973</u>	<u>\$ 959</u>

B. The Group's investment property is located in Mainland China. The fair value is based on valuation information from Information Centre of Real Estate in local governments in Mainland China and is adjusted and classified as level 3 accordingly. As at March 31, 2021, December 31,

2020 and March 31, 2020, the fair value was \$131,609, \$128,794 and \$129,772, respectively.

(11) Intangible assets

	Computer software	Intellectual property	Goodwill	Others	Total
<u>At January 1, 2021</u>					
Cost	\$ 5,088,065	\$ 4,900,421	\$ 639,561	\$ 275,206	\$ 10,903,253
Accumulated amortisation and impairment	( 3,987,796)	( 3,981,733)	( 639,561)	( 226,839)	( 8,835,929)
	<u>\$ 1,100,269</u>	<u>\$ 918,688</u>	<u>\$ -</u>	<u>\$ 48,367</u>	<u>\$ 2,067,324</u>
<u>2021</u>					
Opening net book amount	\$ 1,100,269	\$ 918,688	\$ -	\$ 48,367	\$ 2,067,324
Additions	106,723	118,509	-	-	225,232
Amortisation	( 176,594)	( 103,010)	-	( 5,217)	( 284,821)
Net exchange difference	( 5)	( 3,670)	-	12	( 3,663)
Closing net book amount	<u>\$ 1,030,393</u>	<u>\$ 930,517</u>	<u>\$ -</u>	<u>\$ 43,162</u>	<u>\$ 2,004,072</u>
<u>At March 31, 2021</u>					
Cost	\$ 5,194,790	\$ 5,018,591	\$ 639,561	\$ 275,427	\$ 11,128,369
Accumulated amortisation and impairment	( 4,164,397)	( 4,088,074)	( 639,561)	( 232,265)	( 9,124,297)
	<u>\$ 1,030,393</u>	<u>\$ 930,517</u>	<u>\$ -</u>	<u>\$ 43,162</u>	<u>\$ 2,004,072</u>
	Computer software	Intellectual property	Goodwill	Others	Total
<u>At January 1, 2020</u>					
Cost	\$ 4,083,596	\$ 4,500,995	\$ 645,724	\$ 291,141	\$ 9,521,456
Accumulated amortisation and impairment	( 3,307,376)	( 3,550,602)	( 498,707)	( 211,811)	( 7,568,496)
	<u>\$ 776,220</u>	<u>\$ 950,393</u>	<u>\$ 147,017</u>	<u>\$ 79,330</u>	<u>\$ 1,952,960</u>
<u>2020</u>					
Opening net book amount	\$ 776,220	\$ 950,393	\$ 147,017	\$ 79,330	\$ 1,952,960
Additions	514,908	27,920	-	-	542,828
Reclassifications	544	-	-	( 577)	( 33)
Amortisation	( 157,738)	( 99,777)	-	( 11,166)	( 268,681)
Net exchange difference	( 30)	( 1,066)	722	344	( 30)
Closing net book amount	<u>\$ 1,133,904</u>	<u>\$ 877,470</u>	<u>\$ 147,739</u>	<u>\$ 67,931</u>	<u>\$ 2,227,044</u>
<u>At March 31, 2020</u>					
Cost	\$ 4,599,085	\$ 4,526,420	\$ 646,447	\$ 291,985	\$ 10,063,937
Accumulated amortisation and impairment	( 3,465,181)	( 3,648,950)	( 498,708)	( 224,054)	( 7,836,893)
	<u>\$ 1,133,904</u>	<u>\$ 877,470</u>	<u>\$ 147,739</u>	<u>\$ 67,931</u>	<u>\$ 2,227,044</u>



Details of amortisation on intangible assets are as follows:

	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Operating costs	\$ 485	\$ 1,146
Operating expenses	284,336	267,535
	<u>\$ 284,821</u>	<u>\$ 268,681</u>

(12) Short-term borrowings

<u>Type of borrowings</u>	<u>March 31, 2021</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	\$ 12,680,000	0.54%~0.56%	None
<u>Type of borrowings</u>	<u>December 31, 2020</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	\$ 11,456,690	0.57%~0.60%	None
<u>Type of borrowings</u>	<u>March 31, 2020</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	\$ 19,610,160	0.62%~2.10%	None

Interest expense recognized in profit or loss amounted to \$18,537 and \$42,797 for the three-month periods ended March 31, 2021 and 2020, respectively.

(13) Other payables

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Accrued salaries	\$ 3,894,650	\$ 5,286,534	\$ 2,654,939
Payable for employees' compensation	7,038,487	6,145,470	4,455,936
Other accrued expenses	2,175,444	1,850,766	1,623,138
Payables on equipment	114,029	58,959	313,307
Payables on software and intellectual property	775,710	1,152,591	828,249
Others	57,633	171,133	204,816
	<u>\$ 14,055,953</u>	<u>\$ 14,665,453</u>	<u>\$ 10,080,385</u>

(14) Pension

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of

the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

- (b) The pension costs under the defined contribution pension plans of the Group for the three-month periods ended March 31, 2021 and 2020 were \$343 and \$552, respectively.
  - (c) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2021 amount to \$6,000.
- B. (a) Effective July 1, 2005, the Company and domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The Company's mainland China subsidiaries, Realsil Microelectronics Corp., Realtek Semiconductor (Shen Zhen) Corp., Cortina Network Systems Shanghai Co., Ltd., RayMX Microelectronics Corp. and Suzhou PanKore Integrated Circuit Technology Co. Ltd. have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. Monthly contributions to an independent fund are administered by the government. Other than the monthly contributions, the Group has no further obligations.
  - (c) The pension costs under the defined contribution pension plans of the Group for the three-month periods ended March 31, 2021 and 2020 were \$80,792 and \$70,962, respectively.

(15) Provision

	2021	2020
At January 1	\$ 1,018,706	\$ 1,075,809
Effect of exchange rate	821	5,288
At March 31	\$ 1,019,527	\$ 1,081,097

As at March 31, 2021, provisions were estimated for possible infringement litigations.

(16) Share capital

- A. As at March 31, 2021, the Company's authorised capital was \$8,900,000, consisting of 890 million shares of ordinary stock (including 80 million shares reserved for employee stock options), and the paid-in capital was \$5,106,849 with a par value of \$10 (in dollars) per share.

All proceeds from shares issued have been collected.

Unit : Thousands of shares

	2021	2020
At January 1 and March 31	<u>510,684</u>	<u>508,095</u>

B. On March 20, 2020, the Board of Directors of the Company during their meeting resolved for the Company to provide employees' compensation in the form of stocks amounting to \$419,485. The Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution. The closing price was \$162 (in dollars) per share, and the Company issued 2,589 thousand new shares, which was approved by the Competence Authority. The effective date for the issuance was April 8, 2020, and the related registration for the issuance was completed on April 20, 2020.

C. On January 24, 2002, the Company increased its new common stock and sold its old common stock by issuing 13,924 thousand units of GDRs for cash. Each GDR unit represents 4 common stocks, so the total common stocks issued were 55,694 thousand shares. The Company's GDRs are traded in the Luxembourg Stock Exchange. As at March 31, 2021, the outstanding GDRs were 367 thousand units, or 1,469 thousand shares of common stock, representing 0.29% of the Company's total common stocks.

(17) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	2021			
	Share premium	Change in associates accounted for under equity method	Others	Total
At January 1 and March 31	<u>\$ 2,060,376</u>	<u>\$ 61,035</u>	<u>\$ 597</u>	<u>\$ 2,122,008</u>

  

	2020			
	Share premium	Change in associates accounted for under equity method	Others	Total
At January 1	\$ 2,688,155	\$ 48,272	\$ 427	\$ 2,736,854
Cash dividends returned	-	-	( 35)	( 35)
At March 31	<u>\$ 2,688,155</u>	<u>\$ 48,272</u>	<u>\$ 392</u>	<u>\$ 2,736,819</u>

(18) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve, if legal reserve has accumulated to an amount equal to the paid-in capital, then legal reserve is not required to be set aside any more. After that, special reserve shall be set aside or reversed in accordance with the related laws or the regulations made by the Competent Authority. The remainder, if any, along with prior year's accumulated undistributed earnings shall be proposed by the Board of Directors. However, the appropriation of earnings shall be resolved by the shareholders if earnings are distributed by issuing new shares, or the appropriation of earnings shall be resolved by the Board of Directors, if earnings are distributed in the form of cash. The Company should consider factors affecting finance, business and operations to appropriate distributable earnings for the period, and appropriate all or partial reserve in accordance with regulations of the Competent Authority. The Company's dividend policy takes into consideration the Company's future expansion plans and future cash flows. In accordance with the Company's dividend policy, cash dividends shall account for at least 10% of the total dividends distributed.

In accordance with Company Act Article 240, Item 5 and Article 241, Item 2, the resolution, for all or partial of distributable dividends, legal reserve and capital surplus are distributed in the form of cash, will be adopted by a majority vote at a meeting of the Board of Directors attended by over two-thirds of the total number of directors, and will be reported to the shareholders.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

D. The appropriation of 2020 earnings had been proposed by the Board of Directors' meeting on April 23, 2021, and the appropriation of 2019 earnings had been resolved at the stockholders' meeting on June 10, 2020. Details are summarised below:

	2020		2019	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ -	\$ -	\$ 674,907	\$ -
Special reserve	1,339,013	-	217,036	-
Cash dividends	6,128,219	12.00	4,596,164	9.00
Total	<u>\$ 7,467,232</u>	<u>\$ 12.00</u>	<u>\$ 5,488,107</u>	<u>\$ 9.00</u>

E. On April 23, 2021, the Board of Directors of the Company proposed to distribute cash dividends from capital surplus to shareholders in the amount of \$1,021,370 (\$2 per share). The aforementioned cash dividends of distribution of 2020 earnings and cash dividends from capital surplus have been resolved by the Board of Directors on April 23, 2021.

F. On June 10, 2020, the stockholders resolved during their meeting to distribute \$1,021,370 by cash (\$2 per share) from capital surplus.

(19) Other equity items

	2021		
	Unrealised gains on valuation	Currency translation difference	Total
At January 1	\$ 1,384,909	(\$ 2,940,958)	(\$ 1,556,049)
Revaluation:			
–Group	572,921	-	572,921
Currency translation differences:			
–Group	-	29,189	29,189
At March 31	<u>\$ 1,957,830</u>	<u>(\$ 2,911,769)</u>	<u>(\$ 953,939)</u>
	2020		
	Unrealised gains on valuation	Currency translation difference	Total
At January 1	\$ 545,107	(\$ 762,143)	(\$ 217,036)
Revaluation:			
–Group	( 128,853)	-	( 128,853)
–Associates	9,879	-	9,879
Currency translation differences:			
–Group	-	154,229	154,229
At March 31	<u>\$ 426,133</u>	<u>(\$ 607,914)</u>	<u>(\$ 181,781)</u>

(20) Operating revenue

	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Revenue from contracts with customers	\$ 23,340,746	\$ 15,928,032

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services at a point in time in the following major product lines:

	Integrated circuit products	Others	Total
<u>For the three-month period ended March 31, 2021</u>			
Revenue from external customer contracts	\$ 23,307,694	\$ 33,052	\$ 23,340,746
Timing of revenue recognition			
At a point in time	\$ 23,307,694	\$ 33,052	\$ 23,340,746
<u>For the three-month period ended March 31, 2020</u>			
Revenue from external customer contracts	\$ 15,907,552	\$ 20,480	\$ 15,928,032
Timing of revenue recognition			
At a point in time	\$ 15,907,552	\$ 20,480	\$ 15,928,032

B. Contract liabilities

The Group has recognized the following revenue-related contract liabilities:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Contract liabilities – advance sales receipts	\$ 363,209	\$ 336,254	\$ 150,745

Revenue recognized that was included in the contract liability balance at the beginning of the period:

	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Contract liabilities – advance sales receipts	\$ 264,547	\$ 85,242

C. Refund liabilities (shown in other current liabilities)

The Group estimates the discounts based on accumulated experience. The estimation is subject to an assessment at each reporting date.

The following refund liabilities:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Refund liabilities – current	\$ 7,324,282	\$ 7,386,910	\$ 5,612,262

(21) Interest income

	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Interest income from bank deposits	\$ 102,799	\$ 303,436

(22) Other income

	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Dividend income	\$ 13,874	\$ -
Other income	43,398	29,657
	<u>\$ 57,272</u>	<u>\$ 29,657</u>

(23) Other gains and losses

	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Gains (losses) on disposal of property, plant and equipment	\$ 164	(\$ 27)
Gains on disposal of investments	-	466
Net currency exchange (losses) gains	( 83,932)	41,672
Gains (losses) on financial assets at fair value through profit or loss	140,421	( 29,753)
Other losses	( 146)	( 81)
	<u>\$ 56,507</u>	<u>\$ 12,277</u>

(24) Finance costs

	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Interest expense		
Bank borrowings	\$ 18,537	\$ 42,797
Lease liabilities	7,048	6,123
	<u>\$ 25,585</u>	<u>\$ 48,920</u>

(25) Expenses by nature

	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Employee benefit expenses	\$ 5,651,874	\$ 3,711,427
Depreciation	\$ 229,570	\$ 199,695
Amortisation	\$ 284,821	\$ 268,681

(26) Employee benefit expenses

	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Wages and salaries	\$ 5,318,063	\$ 3,444,875
Labor and health insurance fees	185,395	141,547
Pension costs	81,135	71,514
Other personnel expenses	67,281	53,491
Total	<u>\$ 5,651,874</u>	<u>\$ 3,711,427</u>

A. In accordance with the Company's Articles of Incorporation, the Company shall appropriate no higher than 3% for directors' remuneration and no less than 1% for employees' compensation, if the Company generates profit. If the Company has accumulated deficit, earnings should be reserved to cover losses before the appropriation of directors' remuneration and employees' compensation. Aforementioned employees' compensation could be distributed by cash or stocks. Specifics of the compensation are to be determined by a majority vote at a meeting of the Board of Directors attended by at least two-thirds of the total number of directors. The resolution should be reported to the shareholders during the shareholders' meeting.

B. For the three-month periods ended March 31, 2021 and 2020, employees' compensation was accrued at \$893,003 and \$477,298, respectively; directors' remuneration was accrued at \$59,534 and \$31,820, respectively. The amounts were estimated as operating cost or operating expense in accordance with the Company's Articles of Incorporation.

On March 19, 2021, employees' compensation was \$2,586,317, and directors' remuneration was \$90,000 for 2020 resolved at the meeting of the Board of Directors agreed with those amounts recognized in the 2020 financial statements.

Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.



(27) Income tax

A. Income tax expense

	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Current income tax:		
Current income tax on profit for the period	\$ 128,807	\$ 106,269
Deferred income tax:		
Origination and reversal of temporary differences	( 729)	( 1,269)
Income tax expense	<u>\$ 128,078</u>	<u>\$ 105,000</u>

B. As at March 31, 2021, the Company's income tax returns through 2019 have been assessed and approved by the Tax Authority.

(28) Earnings per share

	<u>For the three-month period ended March 31, 2021</u>		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 3,054,765</u>	<u>510,685</u>	<u>\$ 5.98</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 3,054,765	510,685	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	<u>6,592</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 3,054,765</u>	<u>517,277</u>	<u>\$ 5.91</u>

	For the three-month period ended March 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,631,197	508,436	\$ 3.21
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,631,197	508,436	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	4,432	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 1,631,197	512,868	\$ 3.18

(29) Supplemental cash flow information

Investing activities with partial cash payments

	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Purchase of property, plant and equipment	\$ 788,072	\$ 376,852
Add: Opening balance of payable on equipment	58,959	113,350
Less: Ending balance of payable on equipment	( 114,029)	( 313,307)
Cash paid during the period	\$ 733,002	\$ 176,895
	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Purchase of intangible assets	\$ 225,232	\$ 542,828
Add: Opening balance of payable on software and intellectual property	1,152,591	725,345
Less: Ending balance of payable on software and intellectual property	( 775,710)	( 828,249)
Cash paid during the period	\$ 602,113	\$ 439,924

(30) Changes in liabilities from financing activities

	<u>Short-term borrowings</u>	<u>Guarantee deposits received</u>	<u>Lease liabilities</u>	<u>Liabilities from financing activities-total</u>
At January 1, 2021	\$ 11,456,690	\$ 1,251	\$ 1,377,257	\$ 12,835,198
Changes in cash flow from financing activities	1,223,310	( 14)	( 26,206)	1,197,090
Interest paid	-	-	( 7,048)	( 7,048)
Interest of lease liabilities	-	-	7,048	7,048
Impact of changes in foreign exchange	-	-	2,958	2,958
Changes in other non-cash items	-	-	3,136	3,136
At March 31, 2021	<u>\$ 12,680,000</u>	<u>\$ 1,237</u>	<u>\$ 1,357,145</u>	<u>\$ 14,038,382</u>
	<u>Short-term borrowings</u>	<u>Guarantee deposits received</u>	<u>Lease liabilities</u>	<u>Liabilities from financing activities-total</u>
At January 1, 2020	\$ 18,966,042	\$ 3,450	\$ 1,112,675	\$ 20,082,167
Changes in cash flow from financing activities	642,342	( 2,191)	( 22,366)	617,785
Interest paid	-	-	( 6,123)	( 6,123)
Interest of lease liabilities	-	-	6,123	6,123
Impact of changes in foreign exchange	1,776	-	( 29)	1,747
Changes in other non-cash items (Note)	-	-	388,802	388,802
At March 31, 2020	<u>\$ 19,610,160</u>	<u>\$ 1,259</u>	<u>\$ 1,479,082</u>	<u>\$ 21,090,501</u>

Note: Obtained the right-of-use assets since the new lease contract was signed.

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The ultimate controlling party of the Group is the Company.

(2) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
G.M.I Technology Inc.	Other related party
Actions Semiconductor Co., Ltd.	Other related party
C-Media Electronics Inc.	Other related party
Greatek Electronics Inc.	Other related party
EmBestor Technology Inc.	Other related party

(3) Significant related party transactions and balances

A. Operating revenue

	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Sales of goods:		
G.M.I Technology Inc.	\$ 3,638,534	\$ 2,683,749
Others	149,333	62,453
	<u>\$ 3,787,867</u>	<u>\$ 2,746,202</u>

Goods are sold based on the price lists in force and terms that would be available to third parties, and the general collection term was 30 ~ 60 days after monthly billings.

B. Processing cost

	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Greatek Electronics Inc.	\$ 361,710	\$ 297,403
Others	1,331	-
	<u>\$ 363,041</u>	<u>\$ 297,403</u>

Processing cost is paid to related parties on normal commercial terms and conditions, and the general payment term was 69 days after monthly billings.

C. Receivables from related parties

	March 31, 2021	December 31, 2020	March 31, 2020
Accounts receivable:			
G.M.I Technology Inc.	\$ 2,971,824	\$ 2,753,359	\$ 2,049,526
Other	47,662	59,040	37,645
	<u>\$ 3,019,486</u>	<u>\$ 2,812,399</u>	<u>\$ 2,087,171</u>

Aforementioned receivables were 30 ~ 60 days after monthly billings. The receivables from related parties arise mainly from sale transactions. The receivables are unsecured in nature and bear no interest.

D. Payables to related parties

	March 31, 2021	December 31, 2020	March 31, 2020
Accounts payable:			
Greatek Electronics Inc.	\$ 378,779	\$ 340,187	\$ 330,817
Others	1,397	45	-
	<u>\$ 380,176</u>	<u>\$ 340,232</u>	<u>\$ 330,817</u>

The payment term above was 69 days after monthly billings. The payables to related parties arise mainly from processing cost. The payables bear no interest.

E. Other transactions and other (receivables) payables:

	For the three-month period ended March 31, 2021		For the three-month period ended March 31, 2020	
	Amount	Ending balance	Amount	Ending balance
	Other related parties-			
Sales commissions	\$ 139,489	\$ 97,141	\$ 99,063	\$ 60,814
Technical royalty revenue	(\$ 3,654)	\$ -	(\$ 250)	\$ -
Other	\$ -	\$ -	\$ 129	\$ 82

The payment term above was 49 days after monthly billings; collection term was 30 ~ 60 days after monthly billings.

(4) Key management compensation

	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Salaries and other short-term employee benefits	\$ 77,327	\$ 55,032
Post-employment benefits	729	693
Total	\$ 78,056	\$ 55,725

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

Pledged asset	Book value			Purposes
	March 31, 2021	December 31, 2020	March 31, 2020	
Time deposits (shown in financial assets at amortised cost non-current)	\$ 30,821	\$ 30,821	\$ 30,578	Guarantee for the importation customs duties of materials
"	49,000	48,836	48,541	Guarantee for leasing land and office in science park
	\$ 79,821	\$ 79,657	\$ 79,119	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingencies

A. In 2020, Divx, LLC brought actions for patent infringement in United States International Trade Commission and United States District Court of Delaware against the Company's IC products. The cases are still pending, and the Company is unable to reliably determine the outcome of the cases.

B. In 2020, KONINKLIJKE PHILIPS N.V. and PHILIPS NORTH AMERICA LLC brought actions for patent infringement in United States International Trade Commission and United States District Court of Delaware against the Company's IC products. The cases are still pending, and the Company is unable to reliably determine the outcome of the cases.

(2) Commitments

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Information on the cash dividends from 2020 earnings distribution and capital surplus as resolved by the Board of Directors on April 23, 2021 is provided in Note 6(18).

12. OTHERS

(1) Capital management

There have been no significant changes as at March 31, 2021. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2020.

(2) Financial instruments

A. Financial instruments by category

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 679,525	\$ 1,080,657	\$ 118,908
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	\$ 3,193,493	\$ 2,619,331	\$ 1,736,151
Financial assets at amortised cost/			
Receivables			
Cash and cash equivalents	\$ 7,720,129	\$ 7,296,360	\$ 2,968,732
Financial assets at amortised cost	37,624,813	35,410,003	42,875,138
Accounts receivable (including related parties)	14,155,807	13,653,068	10,819,660
Other receivables	361,255	301,431	881,638
Refundable deposits	29,887	50,127	32,510
	<u>\$ 59,891,891</u>	<u>\$ 56,710,989</u>	<u>\$ 57,577,678</u>

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 12,680,000	\$ 11,456,690	\$ 19,610,160
Notes payable	3,277	28,653	3,276
Accounts payable (including related parties)	11,560,545	10,960,286	8,053,118
Other payables (including related parties)	14,153,094	14,760,261	10,141,281
Guarantee deposits received	1,237	1,251	1,259
Other financial liabilities	7,324,282	7,386,910	5,612,262
	<u>\$ 45,722,435</u>	<u>\$ 44,594,051</u>	<u>\$ 43,421,356</u>
Lease liabilities	<u>\$ 1,357,145</u>	<u>\$ 1,377,257</u>	<u>\$ 1,429,082</u>

#### B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.
- (b) Risk management is carried out by a finance division (Group finance) under policies approved by the Board of Directors. Group finance identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units.

#### C. Significant financial risks and degrees of financial risks

##### (a) Market risk

##### Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and CNY. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities.
- ii. Management has set up a policy to require the Group to manage its foreign exchange risk against its functional currency. The Group is required to hedge its entire foreign exchange risk exposure with the Group finance.
- iii. The Group's businesses involve some functional currency operations (the Company's and other certain subsidiaries' functional currency: NTD ; other certain subsidiaries' functional currency: USD and CNY). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

March 31, 2021			
	Foreign currency amount <u>(In thousands)</u>	<u>Exchange rate</u>	Book value (NTD) <u></u>
<b>(Foreign currency: functional currency)</b>			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 438,218	28.531	\$ 12,502,798
<u>Non-monetary items</u>			
USD:NTD	1,546,593	28.531	44,125,845
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	457,494	28.531	13,052,761
December 31, 2020			
	Foreign currency amount <u>(In thousands)</u>	<u>Exchange rate</u>	Book value (NTD) <u></u>
<b>(Foreign currency: functional currency)</b>			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 425,703	28.508	\$ 12,135,941
<u>Non-monetary items</u>			
USD:NTD	1,387,989	28.508	39,568,790
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	543,630	28.508	15,497,804



	March 31, 2020		
	Foreign currency amount <u>(In thousands)</u>	<u>Exchange rate</u>	<u>Book value (NTD)</u>
<b>(Foreign currency: functional currency)</b>			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 285,068	30.254	\$ 8,624,460
<u>Non-monetary items</u>			
USD:NTD	902,140	30.254	27,293,354
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	351,260	30.254	10,627,020

Total exchange (loss) gain, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the three-month periods ended March 31, 2021 and 2020, amounted to (\$83,932) and \$41,672, respectively.

Analysis of foreign currency market risk arising from significant foreign exchange variation:

	For the three-month period ended March 31, 2021		
	<u>Sensitivity analysis</u>		
	<u>Degree of variation</u>	<u>Effect on profit or loss</u>	<u>Effect on other comprehensive income</u>
<b>(Foreign currency: functional currency)</b>			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 125,028	\$ -
<u>Non-monetary items</u>			
USD:NTD	1%	-	441,258
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	( 130,528)	-

	For the three-month period ended March 31, 2020		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<b>(Foreign currency: functional currency)</b>			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 86,245	\$ -
<u>Non-monetary items</u>			
USD:NTD	1%	-	272,934
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	( 106,270)	-

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.
- ii. The Group's investments in equity securities comprise shares and open-end funds issued by the domestic and foreign companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 10% with all other variables held constant, post-tax profit for the three-month periods ended March 31, 2021 and 2020 would have increased/decreased by \$67,953 and \$11,891, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$319,349 and \$173,615, respectively, as a result of gains/losses on equity securities classified as at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

The Group has no material interest rate risk.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of financial assets at amortised cost.
- ii. The Group manages their credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard

payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.

- iii. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.
- iv. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:  
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
  - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
  - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
  - (iii) Default or delinquency in interest or principal repayments;
  - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vi. The Group classifies customers' accounts receivable in accordance with customer types. The Group applies the modified approach using provision matrix to estimate expected credit loss under the provision matrix basis.
- vii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.
- viii. The Group used the forecastability of semiconductor industry research report to adjust historical and timely information to assess the default possibility of accounts receivable. As at March 31, 2021, December 31, 2020 and March 31, 2020, the provision matrix are as follows:

	Not past due	1~90 days past due	Over 90 days past due	Total
<u>At March 31, 2021</u>				
Expected loss rate	0%~1%	0%~1%	100%	
Total book value	\$ 14,002,420	\$ 251,863	\$ 434	\$ 14,254,717
Loss allowance	\$ 95,957	\$ 2,519	\$ 434	\$ 98,910

	<u>Not past due</u>	<u>1~90 days past due</u>	<u>Over 90 days past due</u>	<u>Total</u>
<u>At December 31, 2020</u>				
Expected loss rate	0%~1%	0%~1%	100%	
Total book value	<u>\$ 13,471,549</u>	<u>\$ 276,445</u>	<u>\$ 434</u>	<u>\$ 13,748,428</u>
Loss allowance	<u>\$ 92,162</u>	<u>\$ 2,764</u>	<u>\$ 434</u>	<u>\$ 95,360</u>
	<u>Not past due</u>	<u>1~90 days past due</u>	<u>Over 90 days past due</u>	<u>Total</u>
<u>At March 31, 2020</u>				
Expected loss rate	0%~1%	0%~1%	100%	
Total book value	<u>\$ 10,632,278</u>	<u>\$ 271,757</u>	<u>\$ 270</u>	<u>\$ 10,904,305</u>
Loss allowance	<u>\$ 81,658</u>	<u>\$ 2,717</u>	<u>\$ 270</u>	<u>\$ 84,645</u>

- ix. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable are as follows:

	<u>2021</u>
	<u>Loss allowance for accounts receivable</u>
At January 1	\$ 95,360
Provision for impairment loss	3,550
At March 31	<u>\$ 98,910</u>
	<u>2020</u>
	<u>Loss allowance for accounts receivable</u>
At January 1	\$ 79,607
Provision for impairment loss	5,038
At March 31	<u>\$ 84,645</u>

x. For financial assets at amortised cost, the credit rating levels are presented below:

March 31, 2021				
Lifetime				
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost	<u>\$ 37,624,813</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,624,813</u>
December 31, 2020				
Lifetime				
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost	<u>\$ 35,410,003</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,410,003</u>
March 31, 2020				
Lifetime				
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost	<u>\$ 42,875,138</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,875,138</u>

The Group's financial assets at amortised cost are all time deposits with an original due date of more than three months, and there is no significant abnormality in credit risk assessment.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group finance. Group finance monitors forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities.
- ii. Group finance invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

- iii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

March 31, 2021	Less than 1 year	Between 1 and 5 years	Over 5 years
Short-term borrowings	\$ 12,680,000	\$ -	\$ -
Notes payable	3,277	-	-
Accounts payable (including related parties)	11,560,545	-	-
Other payables (including related parties)	14,153,094	-	-
Lease liabilities	121,741	326,941	1,380,638
Guarantee deposits received	-	-	1,237
Other financial liabilities	7,324,282	-	-

Non-derivative financial liabilities:

December 31, 2020	Less than 1 year	Between 1 and 5 years	Over 5 years
Short-term borrowings	\$ 11,465,691	\$ -	\$ -
Notes payable	28,653	-	-
Accounts payable (including related parties)	10,960,286	-	-
Other payables (including related parties)	14,760,261	-	-
Lease liabilities	123,951	338,279	1,393,936
Guarantee deposits received	-	-	1,251
Other financial liabilities	7,386,910	-	-

Non-derivative financial liabilities:

March 31, 2020	Less than 1 year	Between 1 and 5 years	Over 5 years
Short-term borrowings	\$ 19,610,160	\$ -	\$ -
Notes payable	3,276	-	-
Accounts payable (including related parties)	8,053,118	-	-
Other payables (including related parties)	10,141,281	-	-
Lease liabilities	120,699	390,511	1,421,878
Guarantee deposits received	-	-	1,259
Other financial liabilities	5,612,262	-	-

- iv. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks and beneficiary certificates is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

B. Fair value information of investment property at cost is provided in Note 6(10).

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets is as follows:

(a) The related information of nature of the assets is as follows:

March 31, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurement</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 679,525	\$ -	\$ -	\$ 679,525
Financial assets at fair value through other comprehensive income				
Equity securities	<u>771,341</u>	<u>-</u>	<u>2,422,152</u>	<u>3,193,493</u>
Total	<u>\$ 1,450,866</u>	<u>\$ -</u>	<u>\$ 2,422,152</u>	<u>\$ 3,873,018</u>
December 31, 2020	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurement</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 1,080,657	\$ -	\$ -	\$ 1,080,657
Financial assets at fair value through other comprehensive income				
Equity securities	<u>587,851</u>	<u>-</u>	<u>2,031,480</u>	<u>2,619,331</u>
Total	<u>\$ 1,668,508</u>	<u>\$ -</u>	<u>\$ 2,031,480</u>	<u>\$ 3,699,988</u>

March 31, 2020	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurement</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 118,908	\$ -	\$ -	\$ 118,908
Financial assets at fair value through other comprehensive income				
Equity securities	394,539	-	1,341,612	1,736,151
Total	<u>\$ 513,447</u>	<u>\$ -</u>	<u>\$ 1,341,612</u>	<u>\$ 1,855,059</u>

(b) The methods and assumptions the Group used to measure fair value are as follows:

i. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>	<u>Closed-end fund</u>	<u>Open-end fund</u>	<u>Government bond</u>	<u>Corporate bond</u>	<u>Convertible (exchangeable) bond</u>
Market quoted price	Closing price	Closing price	Net asset value	Translation price	Weighted average quoted price	Closing price

ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.

iii. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs.

D. For the three-month periods ended March 31, 2021 and 2020, there was no transfer between Level 1 and Level 2.



E. The following chart is the movement of Level 3 for the three-month periods ended March 31, 2021 and 2020:

	2021		2020	
	Non-derivative equity instrument		Non-derivative equity instrument	
At January 1	\$	2,031,480	\$	1,353,863
Gains (losses) recognized in other comprehensive income		390,672	(	12,251)
At March 31	\$	2,422,152	\$	1,341,612

F. For the three-month periods ended March 31, 2021 and 2020, there was no transfer into or out from Level 3.

G. The finance division is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at March 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non- derivative equity					
Unlisted shares	\$ 109,533	Market comparable companies	Price to book ratio multiple	4.37	The higher the multiple, the higher the fair value
"	23,052	Net asset value	Not applicable	-	Not applicable
Private equity fund investment	2,289,567	Net asset value	Not applicable	-	Not applicable

	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity					
Unlisted shares	\$ 109,445	Market comparable companies	Price to book ratio multiple	4.04	The higher the multiple, the higher the fair value
"	22,737	Net asset value	Not applicable	-	Not applicable
Private equity fund investment	1,899,298	Net asset value	Not applicable	-	Not applicable
	Fair value at March 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity					
Unlisted shares	\$ 116,147	Market comparable companies	Price to book ratio multiple	2.46	The higher the multiple, the higher the fair value
"	20,377	Net asset value	Not applicable	-	Not applicable
Private equity fund investment	1,205,088	Net asset value	Not applicable	-	Not applicable

I. The Group has carefully assessed the valuation models and assumptions used to measure fair value; therefore, the fair value measurement is reasonable. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

		<u>March 31, 2021</u>				
		<u>Recognized in profit or loss</u>		<u>Recognized in other comprehensive income</u>		
		<u>Favourable</u>	<u>Unfavourable</u>	<u>Favourable</u>	<u>Unfavourable</u>	
		<u>Change</u>	<u>change</u>	<u>Change</u>	<u>change</u>	
<u>Financial assets</u>	<u>Input</u>	<u>Change</u>	<u>Change</u>	<u>Change</u>	<u>change</u>	
Equity instrument	Price to book ratio multiple	± 1%	\$ -	\$ -	\$ 1,903	(\$ 1,903)
		<u>December 31, 2020</u>				
		<u>Recognized in profit or loss</u>		<u>Recognized in other comprehensive income</u>		
		<u>Favourable</u>	<u>Unfavourable</u>	<u>Favourable</u>	<u>Unfavourable</u>	
		<u>Change</u>	<u>change</u>	<u>Change</u>	<u>change</u>	
<u>Financial assets</u>	<u>Input</u>	<u>Change</u>	<u>Change</u>	<u>Change</u>	<u>change</u>	
Equity instrument	Price to book ratio multiple	± 1%	\$ -	\$ -	\$ 1,760	(\$ 1,760)
		<u>March 31, 2020</u>				
		<u>Recognized in profit or loss</u>		<u>Recognized in other comprehensive income</u>		
		<u>Favourable</u>	<u>Unfavourable</u>	<u>Favourable</u>	<u>Unfavourable</u>	
		<u>Change</u>	<u>change</u>	<u>Change</u>	<u>change</u>	
<u>Financial assets</u>	<u>Input</u>	<u>Change</u>	<u>Change</u>	<u>Change</u>	<u>change</u>	
Equity instrument	Price to book ratio multiple	± 1%	\$ -	\$ -	\$ 1,581	(\$ 1,581)

### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to tables 1, 2 and 6.

(4) Major shareholders information

As at March 31, 2021, the Company had no shareholders who hold the Company's shares over 5% (including 5%).

14. SEGMENT INFORMATION

(1) General information

The Group operates business only in a single industry. The Chief Operating Decision-Maker, who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Measurement of segment information

The Chief Operating Decision-Maker assesses the performance of the operating segments based on the consolidated financial statements. The accounting policy of operating segments is the same as that described in Note 4.

(3) Information on segment profit (loss), assets and liabilities

The revenue from external customers and segment financial information reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the consolidated statement of comprehensive income.

(4) Reconciliation for segment profit (loss)

The segment assets, liabilities and profit before income tax reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the consolidated balance sheet and consolidated statement of comprehensive income. As a result, no reconciliation was reported.

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

Loans to others

For the three-month period ended March 31, 2021

Table 1

Expressed in thousands of NTD  
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the three- month period ended March 31, 2021 (Note 3)	Balance at March 31, 2021	Actual amount drawn down (Note 4)	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted (Note 2)	Footnote
													Item	Value			
0	Realtek Semiconductor Corporation	RayMX Microelectronics Corp.	Other receivables-related parties	Y	\$ 57,062	\$ 57,062	\$ -	-	Short-term financing	\$ -	Operations	-	None	-	\$ 3,311,596	\$ 13,246,383	None
0	Realtek Semiconductor Corporation	Realtek Singapore Private Limited	Other receivables-related parties	Y	855,930	855,930	-	-	Short-term financing	-	Operations	-	None	-	3,311,596	13,246,383	None
0	Realtek Semiconductor Corporation	Amber Universal Inc.	Other receivables-related parties	Y	884,461	884,461	-	-	Short-term financing	-	Operations	-	None	-	3,311,596	13,246,383	None
0	Realtek Semiconductor Corporation	Bluocean Inc.	Other receivables-related parties	Y	1,711,860	1,711,860	-	-	Short-term financing	-	Operations	-	None	-	3,311,596	13,246,383	None
0	Realtek Semiconductor Corporation	Talent Eagle Enterprise Inc.	Other receivables-related parties	Y	1,711,860	1,711,860	-	-	Short-term financing	-	Operations	-	None	-	3,311,596	13,246,383	None
0	Realtek Semiconductor Corporation	Leading Enterprises Limited	Other receivables-related parties	Y	1,711,860	1,711,860	1,711,860	0.20	Short-term financing	-	Operations	-	None	-	3,311,596	13,246,383	None
1	Leading Enterprises Limited	Bluocean Inc.	Other receivables-related parties	Y	1,711,860	1,711,860	1,046,802	0.20	Short-term financing	-	Operations	-	None	-	13,246,383	13,246,383	None
1	Leading Enterprises Limited	Talent Eagle Enterprise Inc.	Other receivables-related parties	Y	5,706,200	5,706,200	5,632,408	0.20	Short-term financing	-	Operations	-	None	-	13,246,383	13,246,383	None
2	Amber Universal Inc.	Bluocean Inc.	Other receivables-related parties	Y	1,426,500	1,426,500	553,216	0.20	Short-term financing	-	Operations	-	None	-	13,246,383	13,246,383	None
3	Cortina Access, Inc.	Leading Enterprises Limited	Other receivables-related parties	Y	855,930	855,930	661,919	0.14	Short-term financing	-	Operations	-	None	-	13,246,383	13,246,383	None

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

Loans to others

For the three-month period ended March 31, 2021

Table 1

Expressed in thousands of NTD  
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the three- month period ended March 31, 2021 (Note 3)	Balance at March 31, 2021	Actual amount drawn down (Note 4)	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted (Note 2)	Footnote
													Item	Value			
4	Realtek Investment Singapore Private Limited	Realtek Singapore Private Limited	Other receivables- related parties	Y	\$ 2,853,100	\$ 2,853,100	\$ 864,489	0.20	Short-term financing	\$ -	Operations	\$ -	None	\$ -	\$ 13,246,383	\$ 13,246,383	None
5	Realtek Singapore Private Limited	RayMX Microelectronics Corp.	Other receivables- related parties	Y	57,062	57,062	-	-	Short-term financing	-	Operations	-	None	-	13,246,383	13,246,383	None
5	Realtek Singapore Private Limited	Realsil Microelectronics Corp.	Other receivables- related parties	Y	855,930	855,930	-	-	Short-term financing	-	Operations	-	None	-	13,246,383	13,246,383	None
6	Realsil Microelectronics Corp.	Suzhou PanKore Integrated Circuit Technology Co. Ltd.	Other receivables- related parties	Y	348,120	348,120	-	-	Short-term financing	-	Operations	-	None	-	13,246,383	13,246,383	None
6	Realsil Microelectronics Corp.	RayMX Microelectronics Corp.	Other receivables- related parties	Y	348,120	348,120	56,570	4.35	Short-term financing	-	Operations	-	None	-	13,246,383	13,246,383	None
7	Cortina Network systems Shanghai Co., Ltd.	Suzhou PanKore Integrated Circuit Technology Co. Ltd.	Other receivables- related parties	Y	130,545	130,545	-	-	Short-term financing	-	Operations	-	None	-	13,246,383	13,246,383	None

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

- (1) The Company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: The Company's "Procedures for Provision of Loans" are as follows:

- (1) Ceiling on total loans granted by the Company to all parties is 40% of the Company's net assets value as per its most recent financial statements.
- (2) Limit on loans to a single party with business transactions is the business transactions occurred between the creditor and borrower in the current year. The business transaction amount is the higher of purchasing and selling during current year on the year of financing.
- (3) For companies needing for short-term financing, the cumulative lending amount may not exceed 40% of the borrowing company's net assets based on its latest financial statements audited or reviewed by independent auditors.

The amount the Company or its subsidiaries lend to an individual entity may not exceed 10% of the Company's or subsidiary's net assets based on its latest financial statements audited or reviewed by independent auditors.

For the foreign companies which the Company holds 100% of the voting rights directly or indirectly, limit on loans is not restricted as stipulated in the above item (3). However, the ceiling on total loans and limit on loans to a single party may not exceed 40% of the Company's net assets based on its latest financial statements audited or reviewed by independent auditors.

Note 3: Accumulated maximum outstanding balance of loans to others as of the reporting month of the current period.

Note 4: Fill in the actual amount of loans to others used by the borrowing company.

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

Provision of endorsements and guarantees to others  
For the three-month period ended March 31, 2021

Table 2

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed  Company name	Relationship with the endorser/ guarantor (Note 2)	Limited on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ amount as of March 31, 2021 (Note 4)	Outstanding endorsement/ guarantee amount at March 31, 2021 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements /guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
0	Realtek Semiconductor Corporation	Realtek Singapore Private Limited	2	\$ 16,557,978	\$ 3,311,596	\$ 3,311,596	\$ -	\$ -	10%	\$ 16,557,978	Y	N	N	
0	Realtek Semiconductor Corporation	Leading Enterprises Limited	2	16,557,978	6,623,191	6,623,191	-	-	20%	16,557,978	Y	N	N	
0	Realtek Semiconductor Corporation	Suzhou Pankore Integrated Circuit Technology Co. Ltd.	2	16,557,978	331,160	331,160	-	-	1%	16,557,978	Y	N	Y	
0	Realtek Semiconductor Corporation	Realsil Microelectronics Corp.	2	16,557,978	993,479	993,479	-	-	3%	16,557,978	Y	N	Y	
0	Realtek Semiconductor Corporation	RayMX Microelectronics Corp.	2	16,557,978	993,479	993,479	23,203	-	3%	16,557,978	Y	N	Y	
1	Leading Enterprises Limited	Realsil Microelectronics Corp.	2	16,557,978	570,620	570,620	-	-	2%	16,557,978	N	N	Y	
2	Realsil Microelectronics Corp.	RayMX Microelectronics Corp.	2	16,557,978	570,620	570,620	-	-	2%	16,557,978	N	N	Y	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

- (1) The Company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
- (4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.
- (5) Mutual guarantee of the trade as required by the construction contract.
- (6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: Ceiling on total endorsements/guarantees granted by the Company and subsidiaries is 50% of the Company's net asset based on the latest financial statements audited or reviewed by independent accountants, and limit on endorsements/guarantees to a single party is 50% of the Company's net asset based on the latest financial statements audited or reviewed by independent accountants.

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Fill in the amount approved by the Board of Directors or the chairman if the chairman has been authorised by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES  
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)  
March 31, 2021

Table 3

Expressed in thousands of NTD  
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer(Note 2)	General ledger account	As of March 31, 2021				Footnote (Note 4)
				Number of shares	Book value (Note 3)	Ownership (%)	Fair value	
Realtek Semiconductor Corporation	C-media Electronics Inc. - Common stock	Other related parties	Financial assets at fair value through profit or loss	1,623,501	\$ 181,020	2.04%	\$ 181,020	
Realking Investment Co., Ltd.	Compal broadband networks Inc. - Common stock	None	Financial assets at fair value through other comprehensive income	3,575,000	158,730	5.34%	158,730	
Realsun Investment Co., Ltd.	Shieh-Yong Investment Co., Ltd. - Common stock	None	Financial assets at fair value through other comprehensive income	48,736,172	566,007	3.03%	566,007	
Realsun Investment Co., Ltd.	Compal broadband networks Inc. - Common stock	None	Financial assets at fair value through other comprehensive income	3,575,000	158,730	5.34%	158,730	
Leading Enterprises Limited	Fortemedia Inc. - Common stock	None	Financial assets at fair value through other comprehensive income	8,623,301	92,414	6.89%	92,414	
Leading Enterprises Limited	Starix Technology, Inc.- Preferred stock	None	Financial assets at fair value through other comprehensive income	5,000,000	17,119	-	17,119	
Leading Enterprises Limited	Octtasia Investment Holding Inc. - Common stock	None	Financial assets at fair value through other comprehensive income	9,000,000	1,130,052	12.49%	1,130,052	
Amber Universal Inc.	Octtasia Investment Holding Inc. - Common stock	None	Financial assets at fair value through other comprehensive income	4,726,836	593,508	6.56%	593,508	
Hung-wei Venture Capital Co., Ltd.	United Microelectronics Corporation - Common stock	None	Financial assets at fair value through other comprehensive income	336,346	16,885	-	16,885	
Hung-wei Venture Capital Co., Ltd.	C-media Electronics Inc.- Common stock	Other related parties	Financial assets at fair value through profit or loss	2,274,875	253,649	2.86%	253,649	
Hung-wei Venture Capital Co., Ltd.	Greatek Electronic Inc. - Common stock	Other related parties	Financial assets at fair value through other comprehensive income	5,823,602	413,476	1.02%	413,476	
Hung-wei Venture Capital Co., Ltd.	Subtron technology Co., Ltd - Common stock	None	Financial assets at fair value through other comprehensive income	1,093,968	23,520	0.33%	23,520	
Hung-wei Venture Capital Co., Ltd.	Embester Technology Inc. - Common stock	Other related parties	Financial assets at fair value through other comprehensive income	2,800,000	23,052	12.17%	23,052	
Realsil Microelectronics Corp.	Great Wall Money Market Fund	None	Financial assets at fair value through profit or loss	3,120	14	-	14	



REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

March 31, 2021

Expressed in thousands of NTD  
(Except as otherwise indicated)

Table 3

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer(Note 2)	General ledger account	As of March 31, 2021				Footnote (Note 4)
				Number of shares	Book value (Note 3)	Ownership (%)	Fair value	
Realsil Microelectronics Corp.	Guang-Fa Demand Policy Loan Fund	None	Financial assets at fair value through profit or loss	5,987	\$ 26	-	\$ 26	
Realsil Microelectronics Corp.	Guang-Da Monetary Fund	None	Financial assets at fair value through profit or loss	2,633	11	-	11	
Realsil Microelectronics Corp.	Guang-Fa Monetary Fund	None	Financial assets at fair value through profit or loss	5,764	25	-	25	
Realtek Semiconductor (Shen Zhen) Corp.	Ri-Ri-Xin Fund	None	Financial assets at fair value through profit or loss	21,053,790	91,615	-	91,615	
Realtek Semiconductor (Shen Zhen) Corp.	Cash Appreciation Currency Fund	None	Financial assets at fair value through profit or loss	7,655,901	33,315	-	33,315	
Cortina Network Systems Shanghai Co., Ltd.	Step by step Gold Fund	None	Financial assets at fair value through profit or loss	12,100,000	52,653	-	52,653	
Cortina Network Systems Shanghai Co., Ltd.	Ri-Ri-Xin Fund	None	Financial assets at fair value through profit or loss	15,400,000	67,197	-	67,197	
Bluocean Inc.	CyWeeMotion Group Limited	None	Financial assets at fair value through other comprehensive income	4,800,000	-	6.59%	-	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 'Financial instrument'.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

For the three-month period ended March 31, 2021

Table 4

Expressed in thousands of NTD  
(Except as otherwise indicated)

Purchase/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions			Notes/accounts receivable/payable		Footnote
			Purchase (sales)	Amount	Percentage of total purchase (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Realtek Semiconductor Corporation	G.M.I Technology Inc.	Other related parties	(Sales)	(\$ 2,405,906)	(10%)	Approximately the same with third party transactions	Approximately the same with third party transactions	Approximately the same with third party transactions	\$ 1,976,790	14%	
Realtek Semiconductor Corporation	C-Media Electronics Inc.	Other related parties	(Sales)	( 102,459)	0%	Approximately the same with third party transactions	Approximately the same with third party transactions	Approximately the same with third party transactions	26,932	0%	
Realtek Singapore Private Limited	G.M.I Technology Inc.	Other related parties	(Sales)	( 1,066,058)	(5%)	Approximately the same with third party transactions	Approximately the same with third party transactions	Approximately the same with third party transactions	887,371	6%	
RayMX Microelectronics Corp.	G.M.I Technology Inc.	Other related parties	(Sales)	( 165,946)	0%	Approximately the same with third party transactions	Approximately the same with third party transactions	Approximately the same with third party transactions	107,663	1%	
Realtek Semiconductor Corporation	Greatek Electronics Inc.	Other related parties	Purchase	284,600	1%	Approximately the same with third party transactions	Approximately the same with third party transactions	Approximately the same with third party transactions	( 298,932)	3%	

Table 4

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES  
 Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more  
 March 31, 2021

Table 5

Expressed in thousands of NTD  
 (Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at March 31, 2021	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Realtek Semiconductor Corporation	G.M.I Technology Inc.	Other related parties	\$ 1,976,790	5.16	\$ -	-	\$ 565,066	\$ 19,968
Realtek Singapore Private Limited	G.M.I Technology Inc.	Other related parties	887,371	4.80	-	-	430,759	-
RayMX Microelectronics Corp.	G.M.I Technology Inc.	Other related parties	107,663	6.06	-	-	60,843	-

Table 5

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES  
Significant inter-company transactions during the reporting period  
For the three-month period ended March 31, 2021

Table 6

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction				consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms		
0	Realtek Semiconductor Corporation	RayMX Microelectronics Corp.	1	Other receivables	\$ 46,418	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.06%	
1	Realtek Singapore Private Limited	Realsil Microelectronics Corp.	3	Technical service fees	511,040	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	2.19%	
1	Realtek Singapore Private Limited	Realsil Microelectronics Corp.	3	Other payables	513,558	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.62%	
1	Realtek Singapore Private Limited	Realtek Semiconductor (Shen Zhen) Corp.	3	Technical service fees	100,505	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.43%	
1	Realtek Singapore Private Limited	Cortina Access, Inc.	3	Technical service fees	57,946	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.25%	
1	Realtek Singapore Private Limited	Cortina Access, Inc.	3	Other payables	17,525	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.02%	
1	Realtek Singapore Private Limited	Cortina Network Systems Shanghai Co., Ltd.	3	Technical service fees	34,516	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.15%	
1	Realtek Singapore Private Limited	Cortina Network Systems Shanghai Co., Ltd.	3	Other payables	34,686	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.04%	

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES  
Significant inter-company transactions during the reporting period  
For the three-month period ended March 31, 2021

Table 6

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
1	Realtek Singapore Private Limited	Cortina Systems Taiwan Limited	3	Technical service fees	\$ 40,101	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.17%
1	Realtek Singapore Private Limited	Cortina Systems Taiwan Limited	3	Other payables	11,049	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.01%
1	Realtek Singapore Private Limited	Realtek Semiconductor (Japan) Corp.	3	Technical service fees	15,697	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.07%
1	Realtek Singapore Private Limited	RayMX Microelectronics Corp.	3	Other receivables	46,418	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.06%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1) Parent company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Only transactions above NT\$10 million are disclosed. Transactions of related parties are not further disclosed here.

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

Information on investees

For the three-month period ended March 31, 2021

Table 7

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2021			Net profit (loss) of the investee for the three-month period ended March 31, 2021	Investment income (loss) recognised by the Company for the three-month period ended March 31, 2021	Footnote
				Balance as at March 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
Realtek Semiconductor Corporation	Leading Enterprises Limited	British Virgin Islands	Investment holdings	\$ 14,092,317	\$ 14,080,956	34,630	100%	\$ 13,452,661	\$ 9,437	\$ 9,437	Subsidiary
Realtek Semiconductor Corporation	Amber Universal Inc.	British Virgin Islands	Investment holdings	4,491,227	4,487,621	41,432	100%	3,442,414	( 28,823)	( 28,823)	Subsidiary
Realtek Semiconductor Corporation	Realtek Singapore Private Limited	Singapore	ICs manufacturing, design, research, development, sales, and marketing	2,282,480	4,076,101	89,856,425	100%	13,278,873	2,117,325	2,120,157	Subsidiary
Realtek Semiconductor Corporation	Bluocean Inc.	Cayman Islands	Investment holdings	3,139,837	3,137,305	110,050,000	100%	3,370,479	( 163)	( 163)	Subsidiary
Realtek Semiconductor Corporation	Talent Eagle Enterprise Inc.	Cayman Islands	Investment holdings	3,255,387	3,252,763	114,100,000	100%	2,122,084	( 51,783)	( 51,783)	Subsidiary
Realtek Semiconductor Corporation	Realtek Investment Singapore Private Limited	Singapore	Investment holdings	5,706,200	5,701,600	200,000,000	100%	6,297,831	17,667	17,667	Subsidiary
Realtek Semiconductor Corporation	Realsun Investments Co., Ltd.	Taiwan	Investment holdings	280,000	280,000	28,000,000	100%	766,924	13,894	13,894	Subsidiary
Realtek Semiconductor Corporation	Hung-wei Venture Capital Co., Ltd.	Taiwan	Investment holdings	250,000	250,000	25,000,000	100%	807,646	78,839	78,839	Subsidiary
Realtek Semiconductor Corporation	Realking Investments Co., Ltd.	Taiwan	Investment holdings	293,930	293,930	29,392,985	100%	334,452	243	243	Subsidiary
Realtek Semiconductor Corporation	Realsun Technology Corporation	Taiwan	ICs manufacturing, design, research, development, sales, and marketing	5,000	5,000	500,000	100%	5,067	-	-	Subsidiary
Realtek Semiconductor Corporation	Bobitag Inc.	Taiwan	Manufacturing and installation of computer equipment and wholesale, retail and related services of electronic materials and information/software	19,189	19,189	1,918,910	66.67%	19,253	17	11	Subsidiary
Realtek Semiconductor Corporation	Technology Partner V Venture Capital Corporation	Taiwan	Investment holdings	66,657	66,657	-	-	255	-	-	Investments accounted for under equity method
Realtek Semiconductor Corporation	Estinet Technologies Incorporation	Taiwan	Research and development, design, manufacturing, sales and other services of electronic components, information/Software and integrated circuits	110,000	110,000	2,000,000	6.68%	7,975	( 19,621)	( 1,183)	Investments accounted for under equity method

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

Information on investees

For the three-month period ended March 31, 2021

Table 7

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2021			Net profit (loss) of the investee for the three-month period ended March 31, 2021	Investment income (loss) recognised by the Company for the three-month period ended March 31, 2021	Footnote
				Balance as at March 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
Realking Investments Co., Ltd.	Innorich Venture Capital Corp.	Taiwan	Venture capital activities	\$ 200,000	\$ 200,000	20,000,000	37.38%	\$ 147,692	\$ 625	\$ 251	Investments accounted for under equity method
Leading Enterprises Limited	Realtek Semiconductor (Japan) Corp.	Japan	ICs deign,sales, and consultancy	5,153	5,530	400	100%	5,469	3,476	3,476	Sub-Subsidiary
Leading Enterprises Limited	Circon Universal Inc.	Mauritius	Investment holdings	8,559	1,847,318	300,000	100%	7,519	( 149)	( 149)	Sub-Subsidiary
Amber Universal Inc.	Realtek Semiconductor (Hong Kong) Limited	Hong Kong	Information services and technical support	5,505	5,516	-	100%	1,068	( 12)	( 12)	Sub-Subsidiary
Realtek Singapore Private Limited	Empsonic Enterprises Inc.	Mauritius	Investment holdings	806,001	805,351	2,825,000	100%	1,607,826	40,614	40,614	Sub-Subsidiary
Realtek Singapore Private Limited	Cortina Access Inc.	U.S.A	R&D and information services	1,165,377	1,164,438	16,892	100%	857,708	3,578	3,578	Sub-Subsidiary
Realtek Singapore Private Limited	Cortina Systems Taiwan Limited	Taiwan	R&D and technical support	57,062	57,016	21,130,000	100%	50,570	2,013	2,013	Sub-Subsidiary
Realtek Singapore Private Limited	Realtek Viet Nam Co., Ltd.	Vietnam	R&D and technical support	114,124	114,032	4,000,000	100%	80,142	( 6,288)	( 6,288)	Sub-Subsidiary
Talent Eagle Enterprise Inc.	Ubilinx Technology Inc.	U.S.A	R&D and information services	1,597,736	1,482,416	52,000,000	100%	19,498	( 72,241)	( 72,241)	Sub-Subsidiary
Bluocean Inc.	Realtek Semiconductor (Malaysia) Sdn. Bhd.	Malaysia	R&D and information services	71,800	74,144	10,450,000	100%	60,509	( 3,914)	( 3,914)	Sub-Subsidiary

Note : The amount of foreign currencies denominated in New Taiwan dollars in this table, which related to income and expenses were re-translated at the average exchange rate from January 1, 2021 to March 31, 2021, others were re-translated at the exchange rate prevailing at the end of the financial reporting period.

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

Information on investments in Mainland China

For the three-month period ended March 31, 2021

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in Capital	Investment method (Note1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the three-month period ended March 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2021	Net income of investee for the three-month period ended March 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three- month ended March 31, 2021 (Note2)	Book value of investment in Mainland China as of March 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2021	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Cortina Network Systems Shanghai Co., Ltd.	R&D and technical support	\$ 102,712	(2)	\$ 102,712	\$ -	\$ -	\$ 102,712	\$ 1,812	100%	\$ 1,812	\$ 99,464	\$ -	
Realsil Microelectronics Corp.	R&D and technical support	798,868	(2)	798,868	-	-	798,868	40,861	100%	40,861	1,604,067	-	
Realtek Semiconductor (Shen Zhen) Corp.	R&D and technical support	142,655	(2)	142,655	-	-	142,655	( 31,735)	100%	( 31,735)	238,905	-	
RayMX Microelectronics Corp.	ICs manufacturing, design, research, development, sales, and marketing	114,227	(2)	114,227	-	-	114,227	89,816	100%	89,816	175,200	-	
Suzhou PanKore Integrated Circuit Technology Co. Ltd.	ICs manufacturing, design, research, development, sales, and marketing	43,515	(2)	43,515	-	-	43,515	( 24,495)	100%	( 24,495)	1,221	-	
Company name	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2021	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA										
Cortina Network Systems Shanghai Co., Ltd.	\$ 102,712	\$ 102,712	\$ 19,869,574										
Realsil Microelectronics Corp.	798,868	798,868											
Realtek Semiconductor (Shan Zhen) Corp.	142,655	142,655											
RayMX Microelectronics Corp.	114,227	114,227											
Suzhou PanKore Integrated Circuit Technology Co. Ltd.	43,515	43,515											

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (3) Others.

Note 2: In the 'Investment income (loss) recognised by the Company for the three-month period ended March 31, 2021' column was recorded based on the financial statements prepared by the company.

Note 3: The amount of foreign currencies denominated in New Taiwan dollars in this table, which related to income and expenses were re-translated at the average exchange rate from January 1, 2021 to March 31, 2021, others were re-translated at the exchange rate prevailing at the end of the financial reporting period.