

**REALTEK SEMICONDUCTOR CORPORATION
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
SEPTEMBER 30, 2021 AND 2020
(Stock code: 2379)**

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

PWCR21000115

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 September 30, 2021 and 2020, and the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, as well as the consolidated statements of changes in equity and of cash flows for the nine-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\$6,251,356 thousand and NT\$3,522,216 thousand, constituting 6.13% and 4.33% of the consolidated total assets as at September 30, 2021 and 2020, respectively, total liabilities amounted to NT\$1,270,772

thousand and NT\$904,177 thousand, constituting 1.89% and 1.68% of the consolidated total liabilities as at September 30, 2021 and 2020, respectively, and the total comprehensive income (loss) amounted to NT\$131,835 thousand, NT\$87,423 thousand, NT\$510,772 thousand and NT(\$220,913) thousand, constituting 2.55%, 3.76%, 4.16% and (4.06%) of the consolidated total comprehensive income for the three-month and nine-month periods then ended, respectively. Furthermore, the investments accounted for under equity method as at September 30, 2021 and 2020 amounted to NT\$192,976 thousand and NT\$157,172 thousand, respectively, and the related investment loss were NT\$1,921 thousand, NT\$8,129 thousand, NT\$10,514 thousand and NT\$29,604 thousand for the three-month and nine-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 September 30, 2021 and 2020, and of its consolidated financial performance for the three-month and nine-month periods then ended and its consolidated cash flows for the nine-month periods then ended 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.

Cheng, Ya-Huei

Lin, Yu-Kuan

For and on behalf PricewaterhouseCoopers, Taiwan

October 29, 2021

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 independent auditors’ review report 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
SEPTEMBER 30, 2021, DECEMBER 31, 2020 AND SEPTEMBER 30, 2020
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as at September 30, 2021 and 2020 are reviewed, not audited)

Assets	Notes	September 30, 2021		December 31, 2020		September 30, 2020		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 12,357,936	12	\$ 7,296,360	9	\$ 5,428,155	7
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		589,947	1	1,080,657	1	418,983	1
1136	Financial assets at amortised	6(4)						
	cost - current		41,899,597	41	35,330,346	45	40,815,495	50
1170	Accounts receivable, net	6(5)	13,403,283	13	10,840,669	14	12,359,165	15
1180	Accounts receivable, net -	6(5) and 7						
	related parties		3,229,391	3	2,812,399	4	2,646,010	3
1200	Other receivables		264,539	-	301,431	1	364,277	-
130X	Inventories, net	6(6)	15,515,247	15	8,622,977	11	7,965,548	10
1410	Prepayments		549,537	1	527,074	1	336,956	-
11XX	Total current assets		<u>87,809,477</u>	<u>86</u>	<u>66,811,913</u>	<u>86</u>	<u>70,334,589</u>	<u>86</u>
Non-current assets								
1517	Financial assets at fair value	6(3)						
	through other comprehensive							
	income - non-current		3,525,581	3	2,619,331	3	2,347,603	3
1535	Financial assets at amortised	6(4) and 8						
	cost - non-current		79,879	-	79,657	-	79,485	-
1550	Investments accounted for	6(7)						
	under equity method		192,976	-	156,854	-	157,172	-
1600	Property, plant and equipment	6(8)	5,594,934	6	4,448,532	6	4,359,424	6
1755	Right-of-use assets	6(9)	1,580,531	2	1,647,421	2	1,671,680	2
1760	Investment property	6(10)	42,323	-	45,690	-	45,774	-
1780	Intangible assets	6(11)	2,265,012	2	2,067,324	3	2,188,289	3
1840	Deferred income tax assets		162,134	-	169,876	-	141,389	-
1900	Other non-current assets		732,701	1	49,319	-	50,946	-
15XX	Total non-current assets		<u>14,176,071</u>	<u>14</u>	<u>11,284,004</u>	<u>14</u>	<u>11,041,762</u>	<u>14</u>
1XXX	Total assets		<u>\$ 101,985,548</u>	<u>100</u>	<u>\$ 78,095,917</u>	<u>100</u>	<u>\$ 81,376,351</u>	<u>100</u>

(Continued)

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2021, DECEMBER 31, 2020 AND SEPTEMBER 30, 2020
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as at September 30, 2021 and 2020 are reviewed, not audited)

Liabilities and Equity	Notes	September 30, 2021		December 31, 2020		September 30, 2020		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current liabilities								
2100	Short-term borrowings	6(12)	\$ 12,907,940	13	\$ 11,456,690	15	\$ 13,550,080	17
2130	Contract liabilities - current	6(20)	215,694	-	336,254	-	317,285	-
2150	Notes payable		3,276	-	28,653	-	29,203	-
2170	Accounts payable		12,413,129	12	10,620,054	14	9,684,550	12
2180	Accounts payable - related parties	7	364,789	1	340,232	-	349,181	-
2200	Other payables	6(13)	30,511,759	30	14,665,453	19	19,502,707	24
2220	Other payables - related parties	7	103,905	-	94,808	-	85,885	-
2230	Current income tax liabilities		1,259,148	1	1,084,362	1	898,558	1
2280	Lease liabilities - current		77,434	-	100,900	-	91,054	-
2300	Other current liabilities	6(20)	7,109,448	7	7,401,488	10	6,889,319	9
21XX	Total current liabilities		<u>64,966,522</u>	<u>64</u>	<u>46,128,894</u>	<u>59</u>	<u>51,397,822</u>	<u>63</u>
Non-current liabilities								
2550	Provisions - non-current	6(15)	995,764	1	1,018,706	1	1,040,789	1
2570	Deferred income tax liabilities		94,779	-	102,872	-	75,363	-
2580	Lease liabilities - non-current		1,243,707	1	1,276,357	2	1,305,378	2
2600	Other non-current liabilities		97,080	-	100,342	-	72,036	-
25XX	Total non-current liabilities		<u>2,431,330</u>	<u>2</u>	<u>2,498,277</u>	<u>3</u>	<u>2,493,566</u>	<u>3</u>
2XXX	Total liabilities		<u>67,397,852</u>	<u>66</u>	<u>48,627,171</u>	<u>62</u>	<u>53,891,388</u>	<u>66</u>
Equity								
Share capital								
3110	Common shares	6(16)	5,106,849	5	5,106,849	7	5,106,849	6
Capital surplus								
3200	Capital surplus	6(17)	1,100,864	1	2,122,008	3	2,120,746	3
Retained earnings								
3310	Legal reserve	6(18)	5,577,083	6	5,577,083	7	5,577,083	7
3320	Special reserve		1,556,049	2	217,036	-	217,036	-
3350	Undistributed earnings		22,772,213	22	17,992,154	23	15,396,174	19
Other equity								
3400	Other equity interest	6(19)	(1,535,026)	(2)	(1,556,049)	(2)	(942,574)	(1)
31XX	Equity attributable to holders of the parent company		<u>34,578,032</u>	<u>34</u>	<u>29,459,081</u>	<u>38</u>	<u>27,475,314</u>	<u>34</u>
36XX	Non-controlling interest		9,664	-	9,665	-	9,649	-
3XXX	Total equity		<u>34,587,696</u>	<u>34</u>	<u>29,468,746</u>	<u>38</u>	<u>27,484,963</u>	<u>34</u>
Significant contingent liabilities and unrecognized contract commitments								
3X2X	Total liabilities and equity		<u>\$ 101,985,548</u>	<u>100</u>	<u>\$ 78,095,917</u>	<u>100</u>	<u>\$ 81,376,351</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
THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 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-month periods ended September 30				Nine-month periods ended September 30				
		2021		2020		2021		2020		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(20) and 7	\$ 28,954,850	100	\$ 22,408,776	100	\$ 78,134,679	100	\$ 55,674,973	100
5000	Operating costs	6(6) and 7	(13,715,678)	(47)	(13,142,697)	(58)	(39,417,341)	(51)	(31,924,978)	(57)
5950	Gross profit		<u>15,239,172</u>	<u>53</u>	<u>9,266,079</u>	<u>42</u>	<u>38,717,338</u>	<u>49</u>	<u>23,749,995</u>	<u>43</u>
	Operating expenses	6(25)(26) and 7								
6100	Selling expenses		(1,160,994)	(4)	(920,756)	(4)	(3,305,249)	(4)	(2,433,613)	(4)
6200	General and administrative expenses		(1,018,000)	(3)	(547,320)	(3)	(2,493,861)	(3)	(1,468,431)	(3)
6300	Research and development expenses		(7,702,477)	(27)	(5,212,311)	(23)	(20,264,179)	(26)	(13,827,939)	(25)
6450	Expected credit losses	12(2)	(4,558)	-	(15,774)	-	(7,168)	-	(31,971)	-
6000	Total operating expenses		(9,886,029)	(34)	(6,696,161)	(30)	(26,070,457)	(33)	(17,761,954)	(32)
6900	Operating income		<u>5,353,143</u>	<u>19</u>	<u>2,569,918</u>	<u>12</u>	<u>12,646,881</u>	<u>16</u>	<u>5,988,041</u>	<u>11</u>
	Non-operating income and expenses									
7100	Interest income	6(21)	69,555	-	159,156	1	248,578	-	708,519	1
7010	Other income	6(22)	72,132	-	79,446	-	141,367	-	126,239	-
7020	Other gains and losses	6(23)	(377,797)	(1)	(97,024)	(1)	(192,542)	-	(107,197)	-
7050	Finance costs	6(24)	(22,752)	-	(33,518)	-	(73,537)	-	(120,653)	-
7060	Share of loss of associates and joint ventures accounted for under equity method	6(7)	(1,921)	-	(8,129)	-	(10,514)	-	(29,604)	-
7000	Total non-operating income and expenses		(260,783)	(1)	99,931	-	113,352	-	577,304	1
7900	Profit before income tax, net		<u>5,092,360</u>	<u>18</u>	<u>2,669,849</u>	<u>12</u>	<u>12,760,233</u>	<u>16</u>	<u>6,565,345</u>	<u>12</u>
7950	Income tax expense	6(27)	(204,490)	(1)	(160,510)	(1)	(512,899)	-	(397,067)	(1)
8200	Net income for the period		<u>\$ 4,887,870</u>	<u>17</u>	<u>\$ 2,509,339</u>	<u>11</u>	<u>\$ 12,247,334</u>	<u>16</u>	<u>\$ 6,168,278</u>	<u>11</u>

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REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 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-month periods ended September 30				Nine-month periods ended September 30			
		2021		2020		2021		2020	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
Other comprehensive income, net	6(19)								
Components of other comprehensive income (loss) that will not be reclassified to profit or loss									
8316 Unrealised income from investments in equity instruments measured at fair value through other comprehensive income		\$ 294,062	1	\$ 467,658	2	\$ 949,424	1	\$ 525,515	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 that will not be reclassified to profit or loss		<u>294,062</u>	<u>1</u>	<u>467,658</u>	<u>2</u>	<u>949,424</u>	<u>1</u>	<u>535,394</u>	<u>1</u>
Components of other comprehensive income (loss) that will be reclassified to profit or loss									
8361 Financial statements translation differences of foreign operations		(6,361)	-	(654,176)	(3)	(928,401)	(1)	(1,260,932)	(2)
8360 Total components of other comprehensive loss that will be reclassified to profit or loss		<u>(6,361)</u>	<u>-</u>	<u>(654,176)</u>	<u>(3)</u>	<u>(928,401)</u>	<u>(1)</u>	<u>(1,260,932)</u>	<u>(2)</u>
8300 Other comprehensive income (loss), net		<u>\$ 287,701</u>	<u>1</u>	<u>(\$ 186,518)</u>	<u>(1)</u>	<u>\$ 21,023</u>	<u>-</u>	<u>(\$ 725,538)</u>	<u>(1)</u>
8500 Total comprehensive income for the period		<u>\$ 5,175,571</u>	<u>18</u>	<u>\$ 2,322,821</u>	<u>10</u>	<u>\$ 12,268,357</u>	<u>16</u>	<u>\$ 5,442,740</u>	<u>10</u>
Net income attributable to:									
8610 Equity holders of the parent company		\$ 4,887,852	17	\$ 2,509,330	11	\$ 12,247,291	16	\$ 6,168,245	11
8620 Non-controlling interest		18	-	9	-	43	-	33	-
Net income for the period		<u>\$ 4,887,870</u>	<u>17</u>	<u>\$ 2,509,339</u>	<u>11</u>	<u>\$ 12,247,334</u>	<u>16</u>	<u>\$ 6,168,278</u>	<u>11</u>
Comprehensive income attributable to:									
8710 Equity holders of the parent company		\$ 5,175,553	18	\$ 2,322,812	10	\$ 12,268,314	16	\$ 5,442,707	10
8720 Non-controlling interest		18	-	9	-	43	-	33	-
Total comprehensive income for the period		<u>\$ 5,175,571</u>	<u>18</u>	<u>\$ 2,322,821</u>	<u>10</u>	<u>\$ 12,268,357</u>	<u>16</u>	<u>\$ 5,442,740</u>	<u>10</u>
Earnings per share (in dollars)									
9750 Basic earnings per share	6(28)	<u>\$ 9.57</u>		<u>\$ 4.91</u>		<u>\$ 23.98</u>		<u>\$ 12.10</u>	
9850 Diluted earnings per share	6(28)	<u>\$ 9.52</u>		<u>\$ 4.89</u>		<u>\$ 23.57</u>		<u>\$ 11.89</u>	

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 NINE-MONTH PERIODS ENDED SEPTEMBER 30, 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		
Nine-month period ended September 30, 2020											
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		-	-	-	-	6,168,245	-	-	6,168,245	33	6,168,278
Other comprehensive income (loss) for the period	6(19)	-	-	-	-	-	(1,260,932)	535,394	(725,538)	-	(725,538)
Total comprehensive income (loss)		-	-	-	-	6,168,245	(1,260,932)	535,394	5,442,707	33	5,442,740
Distribution of 2019 earnings											
Legal reserve	6(18)	-	-	674,907	-	(674,907)	-	-	-	-	-
Special reserve	6(18)	-	-	-	217,036	(217,036)	-	-	-	-	-
Cash dividends	6(18)	-	-	-	-	(4,596,164)	-	-	(4,596,164)	-	(4,596,164)
Employees' compensation transferred to common shares	6(16)(17)	25,894	393,591	-	-	-	-	-	419,485	-	419,485
Cash from capital surplus	6(17)	-	(1,021,370)	-	-	-	-	-	(1,021,370)	-	(1,021,370)
Changes in non-controlling interest											
Changes in equity of associates accounted for under equity method	6(17)	-	11,706	-	-	-	-	-	11,706	-	11,706
Cash dividends returned	6(17)	-	(35)	-	-	-	-	-	(35)	-	(35)
Balance at September 30, 2020		\$ 5,106,849	\$ 2,120,746	\$ 5,577,083	\$ 217,036	\$ 15,396,174	(\$ 2,023,075)	\$ 1,080,501	\$ 27,475,314	\$ 9,649	\$ 27,484,963
Nine-month period ended September 30, 2021											
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		-	-	-	-	12,247,291	-	-	12,247,291	43	12,247,334
Other comprehensive income (loss) for the period	6(19)	-	-	-	-	-	(928,401)	949,424	21,023	-	21,023
Total comprehensive income (loss)		-	-	-	-	12,247,291	(928,401)	949,424	12,268,314	43	12,268,357
Distribution of 2020 earnings											
Special reserve	6(18)	-	-	-	1,339,013	(1,339,013)	-	-	-	-	-
Cash dividends	6(18)	-	-	-	-	(6,128,219)	-	-	(6,128,219)	-	(6,128,219)
Cash from capital surplus	6(17)	-	(1,021,370)	-	-	-	-	-	(1,021,370)	-	(1,021,370)
Changes in non-controlling interest											
Changes in equity of associates accounted for under equity method	6(17)	-	226	-	-	-	-	-	226	-	226
Balance at September 30, 2021		\$ 5,106,849	\$ 1,100,864	\$ 5,577,083	\$ 1,556,049	\$ 22,772,213	(\$ 3,869,359)	\$ 2,334,333	\$ 34,578,032	\$ 9,664	\$ 34,587,696

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

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)
(The statements of cash flows are reviewed, not audited)

	Notes	Nine-month periods ended September 30	
		2021	2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 12,760,233	\$ 6,565,345
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(25)	723,153	616,190
Amortization	6(11)(25)	940,652	838,142
Expected credit losses	12(2)	7,168	31,971
Interest expense	6(24)	73,537	120,653
Interest income	6(21)	(248,578)	(708,519)
Dividend income	6(22)	(36,563)	(24,877)
Gain on financial assets at fair value through profit or loss	6(2)(23)	(36,853)	(92,591)
Share of loss of associates and joint ventures accounted for under equity method	6(7)	10,514	29,604
(Gain) loss on disposal of property, plant and equipment	6(23)	(74)	126
Gain on disposal of investments	6(23)	(26,065)	(466)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss - current		511,302	(252,380)
Accounts receivable, net		(2,569,531)	(4,133,790)
Accounts receivable, net - related parties		(417,243)	(452,628)
Other receivables		(143,894)	(79,295)
Inventories		(6,892,270)	(574,013)
Prepayments		(22,463)	(18,272)
Changes in operating liabilities			
Contract liabilities - current		(120,560)	212,311
Notes payable		(25,377)	25,927
Accounts payable		1,793,075	2,242,826
Accounts payable - related parties		24,557	19,667
Other payables		8,441,774	3,163,720
Other payables - related parties		9,097	(1,407)
Other current liabilities		(292,040)	1,511,241
Accrued pension obligations		(3,475)	(2,845)

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REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)
(The statements of cash flows are reviewed, not audited)

	Notes	Nine-month periods ended September 30	
		2021	2020
Cash inflow generated from operations		\$ 14,460,076	\$ 9,036,640
Receipt of interest		429,364	1,192,236
Dividends received		36,563	24,877
Interest paid		(71,251)	(126,196)
Income tax paid		(334,437)	(325,984)
Net cash flows from operating activities		<u>14,520,315</u>	<u>9,801,573</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from disposal of financial assets at fair value through profit or loss - current		42,472	-
Acquisition of financial assets at amortised cost		(46,334,639)	(42,274,169)
Proceeds from disposal of financial assets at amortised cost		38,930,098	39,678,590
Acquisition of investments accounted for under equity method		(45,000)	-
Proceeds from disposal of investments accounted for under equity method		110	466
Proceeds from capital reduction of investee accounted for under equity method	6(7)	-	20,684
Acquisition of property, plant and equipment	6(29)	(1,712,547)	(1,350,374)
Proceeds from disposal of property, plant and equipment		200	-
Acquisition of intangible assets	6(29)	(960,001)	(778,772)
Increase in refundable deposits		(684,473)	(19,073)
Decrease in other non-current assets		1,091	29,773
Net cash flows used in investing activities		<u>(10,762,689)</u>	<u>(4,692,875)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings		102,053,010	165,554,217
Decrease in short-term borrowings		(100,601,760)	(170,958,419)
Repayment of principal portion of lease liabilities		(71,758)	(66,952)
Increase(decrease) in guarantee deposits		213	(2,199)
Net cash flows from (used in) financing activities		<u>1,379,705</u>	<u>(5,473,353)</u>
Effect of exchange rate		(75,755)	64,899
Net increase (decrease) in cash and cash equivalents		5,061,576	(299,756)
Cash and cash equivalents at beginning of period		7,296,360	5,727,911
Cash and cash equivalents at end of period		<u>\$ 12,357,936</u>	<u>\$ 5,428,155</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 NINE-MONTHS PERIODS ENDED SEPTEMBER 30, 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 October 29, 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:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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

New standards, interpretations and amendments endorsed by the FSC effective from 2022 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 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.

(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 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

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 or loss.
 - (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
			September 30, 2021	December 31, 2020	September 30, 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 1
Realtek Semiconductor Corporation	Bluocean Inc.	Investment holdings	100%	100%	100%	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2021	December 31, 2020	September 30, 2020	
Realtek Semiconductor Corporation	Talent Eagle Enterprise Inc.	Investment holdings	100%	100%	100%	
Realtek Semiconductor Corporation	Realtek Investment Singapore Private Limited	"	100%	100%	100%	
Realtek Semiconductor Corporation	Realsun Investment Co., Ltd.	"	100%	100%	100%	Note 2
Realtek Semiconductor Corporation	Hung-wei Venture Capital Co., Ltd.	"	100%	100%	100%	Note 2
Realtek Semiconductor Corporation	Realking Investments Co., Ltd.	"	100%	100%	100%	Note 2
Realtek Semiconductor Corporation	Realsun Technology Corporation	ICs manufacturing, design, research, development, sales, and marketing	100%	100%	100%	Note 2
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 2
Leading Enterprises Limited	Realtek Semiconductor (Japan) Corp.	ICs design, sales and consultancy	100%	100%	100%	Note 2

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2021	December 31, 2020	September 30, 2020	
Leading Enterprises Limited	Circon Universal Inc.	Investment holdings	100%	100%	100%	Note 2
Leading Enterprises Limited	Realtek Singapore Private Limited	ICs manufacturing, design, research, development, sales, and marketing	-	-	11%	Note 1
Amber Universal Inc.	Realtek Semiconductor (Hong Kong) Limited	Information services and technical support	100%	100%	100%	Note 2
Amber Universal Inc.	Realtek Semiconductor (Shen Zhen) Corp.	R&D and technical support	100%	100%	100%	Note 2
Empsonic Enterprises Inc.	Realsil Microelectronics Corp.	"	100%	100%	100%	Note 2
Talent Eagle Enterprise Inc.	Ubilinx Technology Inc.	R&D and information services	100%	100%	100%	Note 2
Realtek Singapore Private Limited	Cortina Access Inc.	"	100%	100%	100%	Note 2
Realtek Singapore Private Limited	Cortina Systems Taiwan Limited	R&D and technical support	100%	100%	100%	Note 2
Realtek Singapore Private Limited	Cortina Network Systems Shanghai Co., Ltd.	"	100%	100%	100%	Note 2
Realtek Singapore Private Limited	Empsonic Enterprises Inc.	Investment holdings	100%	100%	100%	Note 2

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2021	December 31, 2020	September 30, 2020	
Realtek Singapore Private Limited	Realtek Viet Nam Co., Ltd.	R&D and technical support	100%	100%	100%	Note 2
Realtek Singapore Private Limited	RayMX Microelectronics Corp.	ICs manufacturing, design, research, development, sales, and marketing	19%	19%	19%	Note 2
Realsil Microelectronics Corp.	RayMX Microelectronics Corp.	ICs manufacturing, design, research, development, sales, and marketing	81%	81%	81%	Note 2
Realsil Microelectronics Corp.	Suzhou PanKore Integrated Circuit Technology Co. Ltd.	"	80%	80%	80%	Note 2
Realtek Semiconductor (Shen Zhen) Corp.	Suzhou PanKore Integrated Circuit Technology Co.	"	20%	20%	20%	Note 2
Bluocean Inc.	Realtek Semiconductor (Malaysia) Sdn. Bhd.	R&D and technical support	100%	100%	100%	Note 2

Note 1: In the fourth 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 2: The financial statements of the entity as at and for the nine-month periods ended September 30, 2021 and 2020 were not reviewed by 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 September 30, 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>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Cash on hand and revolving funds	\$ 998	\$ 1,011	\$ 902
Checking accounts and demand deposits	10,982,754	7,210,606	5,111,442
Time deposits	1,374,184	84,743	315,811
	<u>\$ 12,357,936</u>	<u>\$ 7,296,360</u>	<u>\$ 5,428,155</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>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks	\$ 309,380	\$ 298,615	\$ 160,808
Beneficiary certificates	280,567	782,042	258,175
	<u>\$ 589,947</u>	<u>\$ 1,080,657</u>	<u>\$ 418,983</u>

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

	For the three-month period ended <u>September 30, 2021</u>	For the three-month period ended <u>September 30, 2020</u>
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	(\$ 212,334)	\$ 48,340
Beneficiary certificates	<u>2,870</u>	<u>182</u>
	<u>(\$ 209,464)</u>	<u>\$ 48,522</u>
	For the nine-month period ended <u>September 30, 2021</u>	For the nine-month period ended <u>September 30, 2020</u>
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	\$ 27,027	\$ 91,807
Beneficiary certificates	<u>9,826</u>	<u>784</u>
	<u>\$ 36,853</u>	<u>\$ 92,591</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>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Non-current items:			
Equity instruments			
Listed stocks	\$ 692,907	\$ 571,496	\$ 480,011
Emerging stocks	34,679	16,355	12,964
Unlisted stocks	<u>2,797,995</u>	<u>2,031,480</u>	<u>1,854,628</u>
	<u>\$ 3,525,581</u>	<u>\$ 2,619,331</u>	<u>\$ 2,347,603</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 \$3,525,581, \$2,619,331 and \$2,347,603 on September 30, 2021, December 31, 2020 and September 30, 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:

	<u>For the three-month period ended September 30, 2021</u>	<u>For the three-month period ended September 30, 2020</u>
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	\$ 294,062	\$ 467,658
	<u>For the nine-month period ended September 30, 2021</u>	<u>For the nine-month period ended September 30, 2020</u>
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	\$ 949,424	\$ 525,515

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

(4) Financial assets at amortised cost

<u>Items</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Current items:			
Time deposits	\$ 41,899,597	\$ 35,330,346	\$ 40,815,495
Non-current items:			
Time deposits	\$ 79,879	\$ 79,657	\$ 79,485

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

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Accounts receivable	\$ 13,487,268	\$ 10,917,737	\$ 12,455,011
Accounts receivable - related parties	3,247,934	2,830,691	2,661,742
Less: Allowance for bad debts	(102,528)	(95,360)	(111,578)
	<u>\$ 16,632,674</u>	<u>\$ 13,653,068</u>	<u>\$ 15,005,175</u>

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

	September 30, 2021	December 31, 2020	September 30, 2020
Not past due	\$ 16,396,032	\$ 13,471,549	\$ 14,703,751
Up to 30 days	338,709	269,996	262,659
31 to 90 days	-	6,449	149,925
Over 90 days	461	434	418
	<u>\$ 16,735,202</u>	<u>\$ 13,748,428</u>	<u>\$ 15,116,753</u>

The above aging analysis is based on past due date.

B. As at September 30, 2021, December 31, 2020 and September 30, 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

	September 30, 2021		
	Cost	Allowance for obsolescence and market value decline	Book value
Raw materials	\$ 896,697	(\$ 7,983)	\$ 888,714
Work in process	9,881,150	(488,108)	9,393,042
Finished goods	5,651,229	(417,738)	5,233,491
	<u>\$ 16,429,076</u>	<u>(\$ 913,829)</u>	<u>\$ 15,515,247</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>
	September 30, 2020		
	Cost	Allowance for obsolescence and market value decline	Book value
Raw materials	\$ 894,675	(\$ 31,356)	\$ 863,319
Work in process	6,144,004	(646,893)	5,497,111
Finished goods	2,382,325	(777,207)	1,605,118
	<u>\$ 9,421,004</u>	<u>(\$ 1,455,456)</u>	<u>\$ 7,965,548</u>

Operating costs incurred on inventories for the three-month and nine-month periods ended September 30, 2021 and 2020 were as follows:

	For the three-month period ended September 30, 2021	For the three-month period ended September 30, 2020
Cost of inventories sold and others	\$ 13,765,891	\$ 12,953,264
(Gain on reversal of) loss on decline in market value, obsolete and slow-moving Inventory	(186,944)	164,683
Loss on scrap inventory	136,731	24,750
	<u>\$ 13,715,678</u>	<u>\$ 13,142,697</u>
	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Cost of inventories sold and others	\$ 39,368,209	\$ 31,257,966
(Gain on reversal of) loss on decline in market value, obsolete and slow-moving Inventory	(232,494)	621,453
Loss on scrap inventory	281,626	45,559
	<u>\$ 39,417,341</u>	<u>\$ 31,924,978</u>

(7) Investments accounted for under equity method

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Technology Partner V Venture Capital Corporation	\$ -	\$ 255	\$ 255
Estinet Technologies Incorporation	6,142	9,158	9,245
Innorich Venture Capital Corp.	141,787	147,441	147,672
Starmems Semiconductor Corp.	45,047	-	-
	<u>\$ 192,976</u>	<u>\$ 156,854</u>	<u>\$ 157,172</u>

- A. The loss on investments accounted for under equity method amounted to \$1,921, \$8,129, \$10,514 and \$29,604 for the three-month and nine-month periods ended September 30, 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 the process of liquidation was completed as at July 20, 2021.
- C. Starmems Semiconductor Corp. was incorporated in April 2021. The Group's investment in the investee was amounted to \$45,000.

(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	-	(1,413,842)	(3,429,011)	(2,195,086)	(207,520)	(680,405)	(7,925,864)
	<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	-	14,108	259,260	428,218	149,103	930,791	1,781,480
Disposals	-	-	-	(2)	(124)	-	(126)
Reclassifications	102,090	42,767	-	-	-	(144,857)	-
Depreciation	-	(83,407)	(85,653)	(356,601)	(34,692)	(71,193)	(631,546)
Net exchange difference	-	(1,178)	(1,899)	(162)	(294)	127	(3,406)
Closing net book amount	<u>\$ 489,370</u>	<u>\$ 1,973,072</u>	<u>\$ 580,765</u>	<u>\$ 1,166,674</u>	<u>\$ 239,586</u>	<u>\$ 1,145,467</u>	<u>\$ 5,594,934</u>
<u>At September 30, 2021</u>							
Cost	\$ 489,370	\$ 3,464,075	\$ 4,095,313	\$ 3,711,431	\$ 480,619	\$ 1,897,312	\$ 14,138,120
Accumulated depreciation and impairment	-	(1,491,003)	(3,514,548)	(2,544,757)	(241,033)	(751,845)	(8,543,186)
	<u>\$ 489,370</u>	<u>\$ 1,973,072</u>	<u>\$ 580,765</u>	<u>\$ 1,166,674</u>	<u>\$ 239,586</u>	<u>\$ 1,145,467</u>	<u>\$ 5,594,934</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	387,280	158,076	97,457	600,732	35,705	170,926	1,450,176
Disposals	-	(2)	-	-	(123)	(1)	(126)
Reclassifications	-	-	-	1,712	-	(1,712)	-
Depreciation	-	(80,966)	(68,168)	(302,951)	(23,734)	(58,000)	(533,819)
Net exchange difference	-	(922)	1,851	(2,011)	(1,204)	(683)	(2,969)
Closing net book amount	<u>\$ 387,280</u>	<u>\$ 1,992,993</u>	<u>\$ 400,836</u>	<u>\$ 1,111,147</u>	<u>\$ 114,645</u>	<u>\$ 352,523</u>	<u>\$ 4,359,424</u>
<u>At September 30, 2020</u>							
Cost	\$ 387,280	\$ 3,373,683	\$ 3,822,259	\$ 3,195,584	\$ 313,732	\$ 1,011,115	\$ 12,103,653
Accumulated depreciation and impairment	-	(1,380,690)	(3,421,423)	(2,084,437)	(199,087)	(658,592)	(7,744,229)
	<u>\$ 387,280</u>	<u>\$ 1,992,993</u>	<u>\$ 400,836</u>	<u>\$ 1,111,147</u>	<u>\$ 114,645</u>	<u>\$ 352,523</u>	<u>\$ 4,359,424</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:

	Carrying amount		
	September 30, 2021	December 31, 2020	September 30, 2020
Land	\$ 1,377,501	\$ 1,398,253	\$ 1,404,707
Buildings	200,638	249,168	266,973
Transportation equipment	2,392	-	-
	<u>\$ 1,580,531</u>	<u>\$ 1,647,421</u>	<u>\$ 1,671,680</u>

	Depreciation	
	For the three-month period ended September 30, 2021	For the three-month period ended September 30, 2020
Land	\$ 6,842	\$ 6,842
Buildings	27,710	20,266
Transportation equipment	449	-
	<u>\$ 35,001</u>	<u>\$ 27,108</u>

	Depreciation	
	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Land	\$ 20,531	\$ 19,984
Buildings	66,988	59,544
Transportation equipment	1,196	-
	<u>\$ 88,715</u>	<u>\$ 79,528</u>

C. For the three-month and nine-month periods ended September 30, 2021 and 2020, the additions to right-of-use assets were \$19,647, \$4,183, \$23,235 and \$347,619, respectively.

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

	For the three-month period ended September 30, 2021	For the three-month period ended September 30, 2020
	<u>Items affecting profit or loss</u>	
Interest expense on lease liabilities	<u>\$ 5,529</u>	<u>\$ 7,599</u>

	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
	<u>Items affecting profit or loss</u>	
Interest expense on lease liabilities	<u>\$ 19,649</u>	<u>\$ 21,430</u>

E. For the three-month and nine-month periods ended September 30, 2021 and 2020, the Group's total cash outflow for leases were \$31,053, \$31,275, \$91,407 and \$88,382, respectively.

(10) Investment property

	Buildings	
	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	(2,892)	(2,843)
Net exchange difference	(475)	(519)
Closing net book amount	<u>\$ 42,323</u>	<u>\$ 45,774</u>
<u>At September 30</u>		
Cost	\$ 80,615	\$ 79,955
Accumulated depreciation and impairment	(38,292)	(34,181)
	<u>\$ 42,323</u>	<u>\$ 45,774</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 September 30, 2021	For the three-month period ended September 30, 2020
Rental income from the lease of the investment property	<u>\$ 552</u>	<u>\$ 280</u>
Operating expenses arising from the investment property that generated rental income during the period	<u>\$ 957</u>	<u>\$ 946</u>
	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Rental income from the lease of the investment property	<u>\$ 1,671</u>	<u>\$ 841</u>
Operating expenses arising from the investment property that generated rental income during the period	<u>\$ 2,892</u>	<u>\$ 2,843</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 September 30, 2021, December 31, 2020 and September 30, 2020, the fair value was \$130,411, \$128,794 and \$128,220, respectively.

(11) Intangible assets

	<u>Computer software</u>	<u>Intellectual property</u>	<u>Goodwill</u>	<u>Others</u>	<u>Total</u>
<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	337,027	793,333	-	13,320	1,143,680
Amortisation	(549,612)	(375,565)	-	(15,475)	(940,652)
Net exchange difference	(119)	(4,273)	-	(948)	(5,340)
Closing net book amount	<u>\$ 887,565</u>	<u>\$ 1,332,183</u>	<u>\$ -</u>	<u>\$ 45,264</u>	<u>\$ 2,265,012</u>
<u>At September 30, 2021</u>					
Cost	\$ 5,424,746	\$ 5,691,665	\$ 639,561	\$ 282,356	\$ 12,038,328
Accumulated amortisation and impairment	(4,537,181)	(4,359,482)	(639,561)	(237,092)	(9,773,316)
	<u>\$ 887,565</u>	<u>\$ 1,332,183</u>	<u>\$ -</u>	<u>\$ 45,264</u>	<u>\$ 2,265,012</u>
	<u>Computer software</u>	<u>Intellectual property</u>	<u>Goodwill</u>	<u>Others</u>	<u>Total</u>
<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	743,517	335,647	-	-	1,079,164
Reclassifications	538	-	-	(570)	(32)
Amortisation	(495,840)	(320,287)	-	(22,015)	(838,142)
Net exchange difference	(41)	1,172	(4,787)	(2,005)	(5,661)
Closing net book amount	<u>\$ 1,024,394</u>	<u>\$ 966,925</u>	<u>\$ 142,230</u>	<u>\$ 54,740</u>	<u>\$ 2,188,289</u>
<u>At September 30, 2020</u>					
Cost	\$ 4,825,132	\$ 4,834,646	\$ 640,937	\$ 281,145	\$ 10,581,860
Accumulated amortisation and impairment	(3,800,738)	(3,867,721)	(498,707)	(226,405)	(8,393,571)
	<u>\$ 1,024,394</u>	<u>\$ 966,925</u>	<u>\$ 142,230</u>	<u>\$ 54,740</u>	<u>\$ 2,188,289</u>

Details of amortisation on intangible assets are as follows:

	For the three-month period ended September 30, 2021	For the three-month period ended September 30, 2020
Operating costs	\$ 273	\$ 1,018
Operating expenses	349,234	287,895
	<u>\$ 349,507</u>	<u>\$ 288,913</u>
	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Operating costs	\$ 1,030	\$ 5,422
Operating expenses	939,622	832,720
	<u>\$ 940,652</u>	<u>\$ 838,142</u>

(12) Short-term borrowings

Type of borrowings	September 30, 2021	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	\$ 12,907,940	0.43%~0.55%	None
Type of borrowings	December 31, 2020	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	\$ 11,456,690	0.57%~0.60%	None
Type of borrowings	September 30, 2020	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	\$ 13,550,080	0.48%~0.69%	None

Interest expense recognized in profit or loss amounted to \$17,223, \$25,919, \$53,888 and \$99,223 for the three-month and nine-month periods ended September 30, 2021 and 2020, respectively.

(13) Other payables

	September 30, 2021	December 31, 2020	September 30, 2020
Accrued salaries and bonus	\$ 9,639,175	\$ 5,286,534	\$ 5,109,201
Payable for dividends and cash from capital surplus	7,149,589	-	5,617,534
Payable for employees' compensation	9,739,759	6,145,470	5,368,937
Other accrued expenses	2,225,148	1,850,766	1,876,600
Payables on equipment	127,892	58,959	213,152
Payables on software and intellectual property	1,336,270	1,152,591	1,025,737
Others	293,926	171,133	291,546
	<u>\$ 30,511,759</u>	<u>\$ 14,665,453</u>	<u>\$ 19,502,707</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 and nine-month periods ended September 30, 2021 and 2020 were \$343, \$553, \$1,029 and \$1,657, 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 and nine-month periods ended September 30, 2021 and 2020 were \$83,935,

\$73,444, \$244,443 and \$213,493, respectively.

(15) Provision

	2021	2020
At January 1	\$ 1,018,706	\$ 1,075,809
Effect of exchange rate	(22,942)	(35,020)
At September 30	\$ 995,764	\$ 1,040,789

As at September 30, 2021, provisions were estimated for potential infringement litigations.

(16) Share capital

A. As at September 30, 2021, the Company's authority capital was \$8,900,000, consisting of 890 million shares of common 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.

Movements in the number (thousands of shares) of the Company's common shares outstanding are as follow:

	2021	2020
At January 1	510,684	508,095
Employees' compensation transferred to common shares	-	2,589
At September 30	510,684	510,684

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 Competent 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 September 30, 2021, the outstanding GDRs were 440 thousand units, or 1,760 thousand shares of common stock, representing 0.34% 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 capitalized 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	\$ 2,060,376	\$	61,035	\$ 597	\$ 2,122,008
Cash from capital surplus	(1,021,370)		-	-	(1,021,370)
Changes in equity of associates accounted for under equity method	-		226	-	226
At September 30	<u>\$ 1,039,006</u>	<u>\$</u>	<u>61,261</u>	<u>\$ 597</u>	<u>\$ 1,100,864</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
Employees' compensation transferred to common stock	393,591		-	-	393,591
Cash from capital surplus	(1,021,370)		-	-	(1,021,370)
Change in associates accounted for under equity method	-		11,706	-	11,706
Cash dividends returned	-		-	(35)	(35)
At September 30	<u>\$ 2,060,376</u>	<u>\$</u>	<u>59,978</u>	<u>\$ 392</u>	<u>\$ 2,120,746</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 at least 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 and 2019 earnings had been resolved at the shareholders' meeting on August 9, 2021 and June 15, 2020, respectively. Details are summarized 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 and April 24, 2020, the Board of Directors of the Company resolved to distribute cash dividends from capital surplus to shareholders in the amount of \$1,021,370 (two dollars per share) and \$1,021,370 (two dollars per share), respectively.

(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	949,424	-	949,424
Currency translation differences:			
–Group	-	(928,401)	(928,401)
At September 30	<u>\$ 2,334,333</u>	<u>(\$ 3,869,359)</u>	<u>(\$ 1,535,026)</u>

	2020		
	Unrealised gains on valuation	Currency translation difference	Total
At January 1	\$ 545,107	(\$ 762,143)	(\$ 217,036)
Revaluation:			
–Group	525,515	-	525,515
–Associates	9,879	-	9,879
Currency translation differences:			
–Group	-	(1,260,932)	(1,260,932)
At September 30	<u>\$ 1,080,501</u>	<u>(\$ 2,023,075)</u>	<u>(\$ 942,574)</u>

(20) Operating revenue

	For the three-month period ended September 30, 2021	For the three-month period ended September 30, 2020
Revenue from contracts with customers	<u>\$ 28,954,850</u>	<u>\$ 22,408,776</u>
	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Revenue from contracts with customers	<u>\$ 78,134,679</u>	<u>\$ 55,674,973</u>

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:

<u>For the three-month period ended September 30, 2021</u>	Integrated circuit products	Others	Total
Revenue from external customer contracts	<u>\$ 28,928,898</u>	<u>\$ 25,952</u>	<u>\$ 28,954,850</u>
Timing of revenue recognition			
At a point in time	<u>\$ 28,928,898</u>	<u>\$ 25,952</u>	<u>\$ 28,954,850</u>

<u>For the nine-month period ended September 30, 2021</u>	<u>Integrated</u> <u>circuit products</u>	<u>Others</u>	<u>Total</u>
Revenue from external customer contracts	\$ 78,044,760	\$ 89,919	\$ 78,134,679
Timing of revenue recognition			
At a point in time	\$ 78,044,760	\$ 89,919	\$ 78,134,679
<u>For the three-month period ended September 30, 2020</u>	<u>Integrated</u> <u>circuit products</u>	<u>Others</u>	<u>Total</u>
Revenue from external customer contracts	\$ 22,324,814	\$ 83,962	\$ 22,408,776
Timing of revenue recognition			
At a point in time	\$ 22,324,814	\$ 83,962	\$ 22,408,776
<u>For the nine-month period ended September 30, 2020</u>	<u>Integrated</u> <u>circuit products</u>	<u>Others</u>	<u>Total</u>
Revenue from external customer contracts	\$ 55,531,740	\$ 143,233	\$ 55,674,973
Timing of revenue recognition			
At a point in time	\$ 55,531,740	\$ 143,233	\$ 55,674,973

B. Contract liabilities

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

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Contract liabilities –			
advance sales receipts	\$ 215,694	\$ 336,254	\$ 317,285

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

	<u>For the three-month</u> <u>period ended</u> <u>September 30, 2021</u>	<u>For the three-month</u> <u>period ended</u> <u>September 30, 2020</u>
Contract liabilities – advance sales receipts	\$ -	\$ -
	<u>For the nine-month</u> <u>period ended</u> <u>September 30, 2021</u>	<u>For the nine-month</u> <u>period ended</u> <u>September 30, 2020</u>
Contract liabilities – advance sales receipts	\$ 264,547	\$ 98,318

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>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Refund liabilities – current	\$ 7,088,004	\$ 7,386,910	\$ 6,867,600

(21) Interest income

	For the three-month period ended September 30, 2021	For the three-month period ended September 30, 2020
Interest income from bank deposits	\$ 69,555	\$ 159,156
	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Interest income from bank deposits	\$ 248,578	\$ 708,519

(22) Other income

	For the three-month period ended September 30, 2021	For the three-month period ended September 30, 2020
Dividend income	\$ 22,689	\$ 24,877
Other income	49,443	54,569
	\$ 72,132	\$ 79,446
	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Dividend income	\$ 36,563	\$ 24,877
Other income	104,804	101,362
	\$ 141,367	\$ 126,239

(23) Other gains and losses

	For the three-month period ended September 30, 2021	For the three-month period ended September 30, 2020
Losses on disposal of property, plant and equipment	(\$ 62)	(\$ 41)
Gains on disposal of investments	26,065	-
Net currency exchange losses	(22,429)	(147,161)
(Losses) gains on financial assets at fair value through profit or loss	(209,464)	48,522
Other (losses) income	(171,907)	1,656
	(\$ 377,797)	(\$ 97,024)

	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Gains (losses) on disposal of property, plant and equipment	\$ 74	(\$ 126)
Gains on disposal of investments	26,065	466
Net currency exchange losses	(79,030)	(201,940)
Gains on financial assets at fair value through profit or loss	36,853	92,591
Other (losses) income	(176,504)	1,812
	<u>(\$ 192,542)</u>	<u>(\$ 107,197)</u>

(24) Finance costs

	For the three-month period ended September 30, 2021	For the three-month period ended September 30, 2020
Interest expense		
Bank borrowings	\$ 17,223	\$ 25,919
Lease liabilities	5,529	7,599
	<u>\$ 22,752</u>	<u>\$ 33,518</u>
	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Interest expense		
Bank borrowings	\$ 53,888	\$ 99,223
Lease liabilities	19,649	21,430
	<u>\$ 73,537</u>	<u>\$ 120,653</u>

(25) Expenses by nature

	For the three-month period ended September 30, 2021	For the three-month period ended September 30, 2020
Employee benefit expenses	\$ 7,563,850	\$ 4,690,550
Depreciation	\$ 253,642	\$ 213,981
Amortisation	\$ 349,507	\$ 288,913
	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Employee benefit expenses	\$ 19,981,171	\$ 12,446,849
Depreciation	\$ 723,153	\$ 616,190
Amortisation	\$ 940,652	\$ 838,142

(26) Employee benefit expenses

	For the three-month period ended September 30, 2021	For the three-month period ended September 30, 2020
Wages and salaries	\$ 7,283,631	\$ 4,448,085
Labor and health insurance fees	150,009	117,581
Pension costs	84,278	73,997
Other personnel expenses	45,932	50,887
Total	<u>\$ 7,563,850</u>	<u>\$ 4,690,550</u>

	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Wages and salaries	\$ 19,116,398	\$ 11,728,608
Labor and health insurance fees	461,327	362,688
Pension costs	245,472	215,150
Other personnel expenses	157,974	140,403
Total	<u>\$ 19,981,171</u>	<u>\$ 12,446,849</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 and nine-month periods ended September 30, 2021 and 2020, employees' compensation was accrued at \$1,437,563, \$735,906, \$3,594,275 and \$1,809,783, respectively; directors' remuneration was accrued at \$0, \$18,408, \$90,000 and \$90,000, 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 September 30, 2021	For the three-month period ended September 30, 2020
Current income tax:		
Current income tax on profit for the period	\$ 204,344	\$ 159,155
Prior year income tax underestimation	-	1,983
Total current income tax	<u>204,344</u>	<u>161,138</u>
Deferred income tax:		
Origination and reversal of temporary differences	146	(628)
Income tax expense	<u>\$ 204,490</u>	<u>\$ 160,510</u>
	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Current income tax:		
Current income tax on profit for the period	\$ 724,929	\$ 458,660
Tax on undistributed earnings	64,850	63,048
Prior year income tax overestimation	(276,529)	(121,055)
Total current income tax	<u>513,250</u>	<u>400,653</u>
Deferred income tax:		
Origination and reversal of temporary differences	(351)	(3,586)
Income tax expense	<u>\$ 512,899</u>	<u>\$ 397,067</u>

B. As at September 30, 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 September 30, 2021</u>		
	<u>Amount after tax</u>	<u>Weighted average number of common shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to common shareholders of the parent company	<u>\$ 4,887,852</u>	<u>510,685</u>	<u>\$ 9.57</u>
<u>Diluted earnings per share</u>			
Profit attributable to common shareholders of the parent company	\$ 4,887,852	510,685	
Assumed conversion of all dilutive potential common shares			
Employees' compensation	<u>-</u>	<u>2,973</u>	
Profit attributable to common shareholders of the parent company plus assumed conversion of all dilutive potential common shares	<u>\$ 4,887,852</u>	<u>513,658</u>	<u>\$ 9.52</u>
<u>For the three-month period ended September 30, 2020</u>			
	<u>Amount after tax</u>	<u>Weighted average number of common shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to common shareholders of the parent company	<u>\$ 2,509,330</u>	<u>510,684</u>	<u>\$ 4.91</u>
<u>Diluted earnings per share</u>			
Profit attributable to common shareholders of the parent company	\$ 2,509,330	510,684	
Assumed conversion of all dilutive potential common shares			
Employees' compensation	<u>-</u>	<u>1,997</u>	
Profit attributable to common shareholders of the parent company plus assumed conversion of all dilutive potential common shares	<u>\$ 2,509,330</u>	<u>512,681</u>	<u>\$ 4.89</u>

(29) Supplemental cash flow information

Investing activities with partial cash payments

	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Purchase of property, plant and equipment	\$ 1,781,480	\$ 1,450,176
Add: Opening balance of payable on equipment	58,959	113,350
Less: Ending balance of payable on equipment	(127,892)	(213,152)
Cash paid during the period	<u>\$ 1,712,547</u>	<u>\$ 1,350,374</u>
	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Purchase of intangible assets	\$ 1,143,680	\$ 1,079,164
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	(1,336,270)	(1,025,737)
Cash paid during the period	<u>\$ 960,001</u>	<u>\$ 778,772</u>
	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Cash dividends declared	\$ 6,128,219	\$ 4,596,164
Cash from capital surplus	1,021,370	1,021,370
Ending balance of other payables (shown in other payables)	(7,149,589)	(5,617,534)
Cash paid during the period	<u>\$ -</u>	<u>\$ -</u>

(30) Changes in liabilities from financing activities

	Short-term borrowings	Guarantee deposits received	Lease liabilities	Payable for dividends(Note)	Liabilities from financing activities-total
At January 1, 2021	\$ 11,456,690	\$ 1,251	\$ 1,377,257	\$ -	\$ 12,835,198
Changes in cash flow from financing activities	1,451,250	213	(71,758)	-	1,379,705
Interest paid	-	-	(19,649)	-	(19,649)
Interest of lease liabilities	-	-	19,649	-	19,649
Impact of changes in foreign exchange	-	-	140	-	140
Changes in other non-cash items	-	-	15,502	7,149,589	7,165,091
At September 30, 2021	<u>\$ 12,907,940</u>	<u>\$ 1,464</u>	<u>\$ 1,321,141</u>	<u>\$ 7,149,589</u>	<u>\$ 21,380,134</u>

	<u>Short-term borrowings</u>	<u>Guarantee deposits received</u>	<u>Lease liabilities</u>	<u>Payable for dividends(Note)</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	(5,404,202)	(2,199)	(66,952)	-	(5,473,353)
Interest paid	-	-	(21,430)	-	(21,430)
Interest of lease liabilities	-	-	21,430	-	21,430
Impact of changes in foreign exchange	(11,760)	-	3,090	-	(8,670)
Changes in other non-cash items	<u>-</u>	<u>-</u>	<u>347,619</u>	<u>5,617,534</u>	<u>5,965,153</u>
At September 30, 2020	<u>\$ 13,550,080</u>	<u>\$ 1,251</u>	<u>\$ 1,396,432</u>	<u>\$ 5,617,534</u>	<u>\$ 20,565,297</u>

Note: The amount includes cash dividends declared and cash from capital surplus.

(Below blank)

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

	<u>For the three-month period ended September 30, 2021</u>	<u>For the three-month period ended September 30, 2020</u>
Sales of goods:		
G.M.I Technology Inc.	\$ 4,427,910	\$ 3,140,146
Others	188,317	114,228
	<u>\$ 4,616,227</u>	<u>\$ 3,254,374</u>
	<u>For the nine-month period ended September 30, 2021</u>	<u>For the nine-month period ended September 30, 2020</u>
Sales of goods:		
G.M.I Technology Inc.	\$ 12,041,531	\$ 8,682,936
Others	497,288	242,346
	<u>\$ 12,538,819</u>	<u>\$ 8,925,282</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 September 30, 2021	For the three-month period ended September 30, 2020
Greatek Electronics Inc.	\$ 334,259	\$ 321,525
Others	1,364	-
	<u>\$ 335,623</u>	<u>\$ 321,525</u>

	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Greatek Electronics Inc.	\$ 1,058,245	\$ 925,392
Others	7,429	-
	<u>\$ 1,065,674</u>	<u>\$ 925,392</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

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Accounts receivable:			
G.M.I Technology Inc.	\$ 3,186,507	\$ 2,753,359	\$ 2,586,316
Other	42,884	59,040	59,694
	<u>\$ 3,229,391</u>	<u>\$ 2,812,399</u>	<u>\$ 2,646,010</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

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Accounts payable:			
Greatek Electronics Inc.	\$ 363,357	\$ 340,187	\$ 349,181
Others	1,432	45	-
	<u>\$ 364,789</u>	<u>\$ 340,232</u>	<u>\$ 349,181</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 nine-month period ended September 30, 2021		For the nine-month period ended September 30, 2020	
	Amount	Ending balance	Amount	Ending balance
Other related parties-				
Sales commissions	\$ 470,379	\$ 103,905	\$ 338,292	\$ 85,885
Cash dividends revenue	\$ -	\$ -	(\$ 14,380)	\$ -
Technical royalty revenue	(\$ 25,909)	\$ -	(\$ 3,573)	\$ -
Other	\$ 327	\$ -	\$ 712	\$ -

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

(4) Key management compensation

	For the three-month period ended September 30, 2021		For the three-month period ended September 30, 2020	
	Salaries and other short-term employee benefits	\$ 16,275	\$ 13,541	
Post-employment benefits	822	676		
Total	\$ 17,097	\$ 14,217		

	For the nine-month period ended September 30, 2021		For the nine-month period ended September 30, 2020	
	Salaries and other short-term employee benefits	\$ 108,156	\$ 82,017	
Post-employment benefits	2,280	2,045		
Total	\$ 110,436	\$ 84,062		

8. PLEDGED ASSETS

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

Pledged asset	Book value			Purposes
	September 30, 2021	December 31, 2020	September 30, 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
"	49,058	48,836	48,907	Guarantee for leasing land and office in science park
	\$ 79,879	\$ 79,657	\$ 79,485	

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 (“ITC”) and United States District Court of Delaware against the Company’s IC products. On July 4, 2021, DivX terminated the investigation against the Company in ITC.
- B. In 2020, KONINKLIJKE PHILIPS N.V. and PHILIPS NORTH AMERICA LLC brought actions for patent infringement in United States International Trade Commission (“ITC”) and United States District Court of Delaware against the Company’s IC products. On October 21, 2021, the Administrative Law Judge of ITC issued his initial determination finding non-infringement for the accused Company’s IC products and non-existence of the required domestic industry.

(2) Commitments

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

There have been no significant changes as at September 30, 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>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 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	<u>\$ 589,947</u>	<u>\$ 1,080,657</u>	<u>\$ 418,983</u>
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	<u>\$ 3,525,581</u>	<u>\$ 2,619,331</u>	<u>\$ 2,347,603</u>
<u>Financial assets at amortised cost/</u>			
<u>Receivables</u>			
Cash and cash equivalents	\$ 12,357,936	\$ 7,296,360	\$ 5,428,155
Financial assets at amortised cost	41,979,476	35,410,003	40,894,980
Accounts receivable (including related parties)	16,632,674	13,653,068	15,005,175
Other receivables	264,539	301,431	364,277
Refundable deposits	734,600	50,127	51,457
	<u>\$ 71,969,225</u>	<u>\$ 56,710,989</u>	<u>\$ 61,744,044</u>
<u>Financial liabilities</u>			
<u>Financial liabilities at amortised cost</u>			
Short-term borrowings	\$ 12,907,940	\$ 11,456,690	\$ 13,550,080
Notes payable	3,276	28,653	29,203
Accounts payable (including related parties)	12,777,918	10,960,286	10,033,731
Other payables (including related parties)	30,615,664	14,760,261	19,588,592
Guarantee deposits	1,464	1,251	1,251
Other financial liabilities	<u>7,088,004</u>	<u>7,386,910</u>	<u>6,867,600</u>
	<u>\$ 63,394,266</u>	<u>\$ 44,594,051</u>	<u>\$ 50,070,457</u>
Lease liabilities	<u>\$ 1,321,141</u>	<u>\$ 1,377,257</u>	<u>\$ 1,396,432</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 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:

	September 30, 2021		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 384,444	27.866	\$ 10,712,917
<u>Non-monetary items</u>			
USD:NTD	1,748,077	27.866	48,711,914
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	494,171	27.866	13,770,569

December 31, 2020			
	Foreign currency amount <u>(In thousands)</u>	<u>Exchange rate</u>	Book value (NTD)
(Foreign currency: functional currency)			
<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
September 30, 2020			
	Foreign currency amount <u>(In thousands)</u>	<u>Exchange rate</u>	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 382,056	29.126	\$ 11,127,763
<u>Non-monetary items</u>			
USD:NTD	1,368,632	29.126	39,862,776
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	417,608	29.126	12,147,523

Total exchange gain (loss), including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the three-month and nine-month periods ended September 30, 2021 and 2020, amounted to (\$22,429), (\$147,161), (\$79,030) and (\$201,940), respectively.

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

<u>For the nine-month period ended September 30, 2021</u>			
<u>Sensitivity analysis</u>			
<u>Degree of variation</u>	<u>Effect on profit or loss</u>	<u>Effect on other comprehensive income</u>	
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 107,129	\$ -
<u>Non-monetary items</u>			
USD:NTD	1%	-	487,119
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	(137,706)	-
<u>For the nine-month period ended September 30, 2020</u>			
<u>Sensitivity analysis</u>			
<u>Degree of variation</u>	<u>Effect on profit or loss</u>	<u>Effect on other comprehensive income</u>	
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 111,278	\$ -
<u>Non-monetary items</u>			
USD:NTD	1%	-	398,628
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	(121,475)	-

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 nine-month periods ended September 30, 2021 and 2020 would have increased/decreased by \$58,995 and \$41,898, 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 \$352,558 and \$234,760, 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 amortized 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 September 30, 2021, December 31, 2020 and September 30, 2020, the provision matrix are as follows:

	<u>Not past due</u>	<u>1~90 days past due</u>	<u>Over 90 days past due</u>	<u>Total</u>
<u>At September 30, 2021</u>				
Expected loss rate	0%~1%	0%~1%	100%	
Total book value	<u>\$ 16,396,032</u>	<u>\$ 338,709</u>	<u>\$ 461</u>	<u>\$ 16,735,202</u>
Loss allowance	<u>\$ 98,680</u>	<u>\$ 3,387</u>	<u>\$ 461</u>	<u>\$ 102,528</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 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 September 30, 2020</u>				
Expected loss rate	0%~1%	0%~1%	100%	
Total book value	<u>\$ 14,703,751</u>	<u>\$ 412,584</u>	<u>\$ 418</u>	<u>\$ 15,116,753</u>
Loss allowance	<u>\$ 107,034</u>	<u>\$ 4,126</u>	<u>\$ 418</u>	<u>\$ 111,578</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	7,168
At September 30	<u>\$ 102,528</u>
	<u>2020</u>
	<u>Loss allowance for accounts receivable</u>
At January 1	\$ 79,607
Provision for impairment loss	31,971
At September 30	<u>\$ 111,578</u>

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

September 30, 2021				
Lifetime				
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost	<u>\$ 41,979,476</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,979,476</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>
September 30, 2020				
Lifetime				
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost	<u>\$ 40,894,980</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,894,980</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:

September 30, 2021	Less than 1 year	Between 1 and 5 years	Over 5 years
Short-term borrowings	\$ 12,907,940	\$ -	\$ -
Notes payable	3,276	-	-
Accounts payable (including related parties)	12,777,918	-	-
Other payables (including related parties)	30,615,664	-	-
Lease liabilities	109,075	319,346	1,353,507
Guarantee deposits received	-	-	1,464
Other financial liabilities	7,088,004	-	-

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:

September 30, 2020	Less than 1 year	Between 1 and 5 years	Over 5 years
Short-term borrowings	\$ 13,550,080	\$ -	\$ -
Notes payable	29,203	-	-
Accounts payable (including related parties)	10,033,731	-	-
Other payables (including related parties)	19,588,592	-	-
Lease liabilities	119,886	357,772	1,407,937
Guarantee deposits received	-	-	1,251
Other financial liabilities	6,867,600	-	-

- 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:

September 30, 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	\$ 589,947	\$ -	\$ -	\$ 589,947
Financial assets at fair value through other comprehensive income				
Equity securities	<u>727,586</u>	<u>-</u>	<u>2,797,995</u>	<u>3,525,581</u>
Total	<u>\$ 1,317,533</u>	<u>\$ -</u>	<u>\$ 2,797,995</u>	<u>\$ 4,115,528</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>

September 30, 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	\$ 418,983	\$ -	\$ -	\$ 418,983
Financial assets at fair value through other comprehensive income				
Equity securities	<u>492,975</u>	<u>-</u>	<u>1,854,628</u>	<u>2,347,603</u>
Total	<u>\$ 911,958</u>	<u>\$ -</u>	<u>\$ 1,854,628</u>	<u>\$ 2,766,586</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 nine-month periods ended September 30, 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 nine-month periods ended September 30, 2021 and 2020:

	<u>2021</u>		<u>2020</u>	
	<u>Non-derivative equity instrument</u>		<u>Non-derivative equity instrument</u>	
At January 1	\$	2,031,480	\$	1,353,863
Gains recognized in other comprehensive income		766,515		500,765
At September 30	\$	<u>2,797,995</u>	\$	<u>1,854,628</u>

F. For the nine-month periods ended September 30, 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:

	<u>Fair value at September 30, 2021</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non- derivative equity instrument:					
Unlisted shares	\$ 106,980	Market comparable companies	Price to book ratio multiple	4.54	The higher the multiple, the higher the fair value
//	26,019	Net asset value	Not applicable	-	Not applicable
Private equity fund investment	2,664,996	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 September 30, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity					
Unlisted shares	\$ 111,817	Market comparable companies	Price to book ratio multiple	3.17	The higher the multiple, the higher the fair value
"	22,282	Net asset value	Not applicable	-	Not applicable
Private equity fund investment	1,720,529	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:

	September 30, 2021					
			Recognized in profit or loss		Recognized in other comprehensive income	
	Input	Change	Favourable Change	Unfavourable change	Favourable Change	Unfavourable change
Financial assets						
Equity instrument	Price to book ratio multiple	± 1%	\$ -	\$ -	\$ 1,819	(\$ 1,819)

		December 31, 2020					
				Recognized in profit or loss		Recognized in other comprehensive income	
		Favourable	Unfavourable	Favourable	Unfavourable		
		Change	change	Change	change		
		Input	Change				
Financial assets							
Equity instrument	Price to book ratio multiple	± 1%	\$ -	\$ -	\$ 1,760	(\$ 1,760)	
		September 30, 2020					
				Recognized in profit or loss		Recognized in other comprehensive income	
		Favourable	Unfavourable	Favourable	Unfavourable		
		Change	change	Change	change		
		Input	Change				
Financial assets							
Equity instrument	Price to book ratio multiple	± 1%	\$ -	\$ -	\$ 1,408	(\$ 1,408)	

(4) Effects on the Group's operation arising from the COVID-19 pandemic

As a result of the COVID-19 outbreak, the government implemented prevention measures against the COVID-19 pandemic starting from May 2021. Under these measures, residents were restricted to leave their homes and unessential establishments were closed, The Company had adjusted its employees' working patterns accordingly, and the prevention measures continued to be implemented in accordance with the relevant regulations of the government. As at September 30, 2021, there were no significant effects to the Group's operating activities and financial statements arising from the pandemic under the Group's assessment.

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 September 30, 2021, the Company had no shareholders who hold over 5% (including 5%) of the Company's shares.

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 nine-month period ended September 30, 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 nine- month period ended September 30, 2021 (Note 3)	Balance at September 30, 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	\$ 55,732	\$ 55,732	\$ -	-	Short-term financing	\$ -	Operations	-	None	-	\$ 3,457,803	\$ 13,831,213	None
0	Realtek Semiconductor Corporation	Realtek Singapore Private Limited	Other receivables-related parties	Y	835,980	835,980	-	-	Short-term financing	-	Operations	-	None	-	3,457,803	13,831,213	None
0	Realtek Semiconductor Corporation	Amber Universal Inc.	Other receivables-related parties	Y	1,671,960	1,671,960	1,633,914	0.48	Short-term financing	-	Operations	-	None	-	3,457,803	13,831,213	None
0	Realtek Semiconductor Corporation	Bluocean Inc.	Other receivables-related parties	Y	1,671,960	1,671,960	1,671,960	0.48	Short-term financing	-	Operations	-	None	-	3,457,803	13,831,213	None
0	Realtek Semiconductor Corporation	Talent Eagle Enterprise Inc.	Other receivables-related parties	Y	1,671,960	1,671,960	1,671,960	0.48	Short-term financing	-	Operations	-	None	-	3,457,803	13,831,213	None
0	Realtek Semiconductor Corporation	Leading Enterprises Limited	Other receivables-related parties	Y	1,671,960	1,671,960	1,671,960	0.48	Short-term financing	-	Operations	-	None	-	3,457,803	13,831,213	None
1	Leading Enterprises Limited	Bluocean Inc.	Other receivables-related parties	Y	1,671,960	1,671,960	-	-	Short-term financing	-	Operations	-	None	-	13,831,213	13,831,213	None
1	Leading Enterprises Limited	Talent Eagle Enterprise Inc.	Other receivables-related parties	Y	5,573,200	5,573,200	55,732	0.48	Short-term financing	-	Operations	-	None	-	13,831,213	13,831,213	None

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

Loans to others

For the nine-month period ended September 30, 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 nine- month period ended September 30, 2021 (Note 3)	Balance at September 30, 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			
2	Amber Universal Inc.	Bluocean Inc.	Other receivables- related parties	Y	\$ 1,393,300	\$ 1,393,300	\$ -	-	Short-term financing	\$ -	Operations	-	None	-	\$ 13,831,213	\$ 13,831,213	None
2	Amber Universal Inc.	Talent Eagle Enterprise Inc.	Other receivables- related parties	Y	2,786,600	2,786,600	2,786,600	0.48	Short-term financing	-	Operations	-	None	-	13,831,213	13,831,213	None
3	Cortina Access, Inc.	Leading Enterprises Limited	Other receivables- related parties	Y	835,980	835,980	716,156	0.14	Short-term financing	-	Operations	-	None	-	13,831,213	13,831,213	None
4	Realtek Investment Singapore Private Limited	Realtek Singapore Private Limited	Other receivables- related parties	Y	2,786,600	2,786,600	-	-	Short-term financing	-	Operations	-	None	-	13,831,213	13,831,213	None
5	Realtek Singapore Private Limited	RayMX Microelectronics Corp.	Other receivables- related parties	Y	55,732	55,732	-	-	Short-term financing	-	Operations	-	None	-	13,831,213	13,831,213	None
5	Realtek Singapore Private Limited	Realsil Microelectronics Corp.	Other receivables- related parties	Y	835,980	835,980	-	-	Short-term financing	-	Operations	-	None	-	13,831,213	13,831,213	None
5	Realtek Singapore Private Limited	Realtek Investment Singapore Private Limited	Other receivables- related parties	Y	2,786,600	2,786,600	2,786,600	0.48	Short-term financing	-	Operations	-	None	-	13,831,213	13,831,213	None
6	Realsil Microelectronics Corp.	Suzhou PanKore Integrated Circuit Technology Co. Ltd.	Other receivables- related parties	Y	344,952	344,952	66,403	4.35	Short-term financing	-	Operations	-	None	-	13,831,213	13,831,213	None
6	Realsil Microelectronics Corp.	RayMX Microelectronics Corp.	Other receivables- related parties	Y	344,952	344,952	56,055	4.35	Short-term financing	-	Operations	-	None	-	13,831,213	13,831,213	None

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

Loans to others

For the nine-month period ended September 30, 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 nine- month period ended September 30, 2021 (Note 3)	Balance at September 30, 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			
7	Cortina Network systems Shanghai Co., Ltd.	Suzhou PanKore Integrated Circuit Technology Co. Ltd.	Other receivables- related parties	Y	\$ 129,357	\$ 129,357	\$ -	-	Short-term financing	\$ -	Operations	-	None	-	\$ 13,831,213	\$ 13,831,213	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 nine-month period ended September 30, 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 September 30, 2021 (Note 4)	Outstanding endorsement/ guarantee amount at September 30, 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	\$ 17,289,016	\$ 3,457,803	\$ 3,457,803	\$ -	\$ -	10%	\$ 17,289,016	Y	N	N	
0	Realtek Semiconductor Corporation	Leading Enterprises Limited	2	17,289,016	6,915,606	6,915,606	-	-	20%	17,289,016	Y	N	N	
0	Realtek Semiconductor Corporation	Suzhou Pankore Integrated Circuit Technology Co. Ltd.	2	17,289,016	345,780	345,780	-	-	1%	17,289,016	Y	N	Y	
0	Realtek Semiconductor Corporation	Realsil Microelectronics Corp.	2	17,289,016	1,037,341	1,037,341	-	-	3%	17,289,016	Y	N	Y	
0	Realtek Semiconductor Corporation	RayMX Microelectronics Corp.	2	17,289,016	1,037,341	1,037,341	20,332	-	3%	17,289,016	Y	N	Y	
1	Leading Enterprises Limited	Realsil Microelectronics Corp.	2	17,289,016	557,320	557,320	-	-	2%	17,289,016	N	N	Y	
2	Realsil Microelectronics Corp.	RayMX Microelectronics Corp.	2	17,289,016	555,320	557,320	-	-	2%	17,289,016	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)
September 30, 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 September 30, 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	1,278,501	\$ 108,508	1.60%	\$ 108,508	
Realking Investment Co., Ltd.	Compal broadband networks Inc. - Common stock	None	Financial assets at fair value through other comprehensive income	3,575,000	98,670	5.34%	98,670	
Realsun Investment Co., Ltd.	Shieh-Yong Investment Co., Ltd. - Common stock	None	Financial assets at fair value through other comprehensive income	43,736,172	702,191	3.03%	702,191	
Realsun Investment Co., Ltd.	Compal broadband networks Inc. - Common stock	Other related parties	Financial assets at fair value through other comprehensive income	3,575,000	98,670	5.34%	98,670	
Leading Enterprises Limited	Fortemedia Inc. - Common stock	None	Financial assets at fair value through other comprehensive income	8,623,301	90,260	6.89%	90,260	
Leading Enterprises Limited	Starix Technology, Inc.- Preferred stock	None	Financial assets at fair value through other comprehensive income	5,000,000	16,720	-	16,720	
Leading Enterprises Limited	Octtasia Investment Holding Inc. - Common stock	None	Financial assets at fair value through other comprehensive income	9,000,000	1,286,913	12.49%	1,286,913	
Amber Universal Inc.	Octtasia Investment Holding Inc. - Common stock	None	Financial assets at fair value through other comprehensive income	4,726,836	675,892	6.56%	675,892	
Hung-wei Venture Capital Co., Ltd.	United Microelectronics Corporation - Common stock	None	Financial assets at fair value through other comprehensive income	336,346	21,526	-	21,526	
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	200,872	2.85%	200,872	
Hung-wei Venture Capital Co., Ltd.	Greatek Electroninc Inc. - Common stock	Other related parties	Financial assets at fair value through other comprehensive income	5,823,602	474,041	1.02%	474,041	

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

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

September 30, 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 September 30, 2021				Footnote (Note 4)
				Number of shares	Book value (Note 3)	Ownership (%)	Fair value	
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	\$ 34,679	0.37%	\$ 34,679	
Hung-wei Venture Capital Co., Ltd.	Embestor Technology Inc. - Common stock	Other related parties	Financial assets at fair value through other comprehensive income	2,800,000	26,019	10.77%	26,019	
Realtek Semiconductor (Shen Zhen) Corp.	Ri-Ri-Xin Fund	None	Financial assets at fair value through profit or loss	23,052,522	99,400	-	99,400	
Realtek Semiconductor (Shen Zhen) Corp.	Zhao Zhao Jin Fund	None	Financial assets at fair value through profit or loss	3,001,569	12,943	-	12,943	
Realtek Semiconductor (Shen Zhen) Corp.	Cash Appreciation Currency Fund	None	Financial assets at fair value through profit or loss	7,774,648	33,523	-	33,523	
Cortina Network Systems Shanghai Co., Ltd.	Zhou Zhou Fa Fund	None	Financial assets at fair value through profit or loss	4,657,932	26,809	-	26,809	
Cortina Network Systems Shanghai Co., Ltd.	Step by step Gold Fund	None	Financial assets at fair value through profit or loss	16,100,000	69,421	-	69,421	
Cortina Network Systems Shanghai Co., Ltd.	Ri-Ri-Xin Fund	None	Financial assets at fair value through profit or loss	8,900,000	38,471	-	38,471	
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 nine-month period ended September 30, 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)	(\$ 7,384,426)	(9%)	Approximately the same with third party transactions	Approximately the same with third party transactions	Approximately the same with third party transactions	\$ 1,792,853	11%	
Realtek Semiconductor Corporation	Actions Semiconductor Co., Ltd.	Other related parties	(Sales)	(155,587)	0%	Approximately the same with third party transactions	Approximately the same with third party transactions	Approximately the same with third party transactions	9,047	0%	
Realtek Semiconductor Corporation	C-Media Electronics Inc.	Other related parties	(Sales)	(323,990)	0%	Approximately the same with third party transactions	Approximately the same with third party transactions	Approximately the same with third party transactions	33,837	0%	
Realtek Singapore Private Limited	G.M.I Technology Inc.	Other related parties	(Sales)	(4,123,746)	(5%)	Approximately the same with third party transactions	Approximately the same with third party transactions	Approximately the same with third party transactions	1,313,495	8%	
RayMX Microelectronics Corp.	G.M.I Technology Inc.	Other related parties	(Sales)	(492,413)	0%	Approximately the same with third party transactions	Approximately the same with third party transactions	Approximately the same with third party transactions	80,159	0%	
Realtek Semiconductor Corporation	Greatek Electronics Inc.	Other related parties	Purchase	799,298	2%	Approximately the same with third party transactions	Approximately the same with third party transactions	Approximately the same with third party transactions	(271,824)	3%	
Realtek Singapore Private Limited	Greatek Electronics Inc.	Other related parties	Purchase	219,124	0%	Approximately the same with third party transactions	Approximately the same with third party transactions	Approximately the same with third party transactions	(91,533)	1%	

Table 4

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
 Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
 September 30, 2021

Table 5

Expressed in thousands of NTD
 (Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 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	\$ 1,792,853	5.56	\$ -	-	\$ 671,148	(\$ 18,110)
Realtek Singapore Private Limited	G.M.I Technology Inc.	Other related parties	1,313,495	4.99	-	-	603,936	-
RayMX Microelectronics Corp.	G.M.I Technology Inc.	Other related parties	80,159	6.86	-	-	39,591	-

Table 5

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
Significant inter-company transactions during the reporting period
For the nine-month period ended September 30, 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	\$ 45,336	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.04%	
1	Realtek Singapore Private Limited	Realsil Microelectronics Corp.	3	Technical service fees	1,600,174	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	2.05%	
1	Realtek Singapore Private Limited	Realsil Microelectronics Corp.	3	Other prepayments	457,002	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.45%	
1	Realtek Singapore Private Limited	Realtek Semiconductor (Shen Zhen) Corp.	3	Technical service fees	347,827	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.45%	
1	Realtek Singapore Private Limited	Cortina Access, Inc.	3	Technical service fees	158,571	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.20%	
1	Realtek Singapore Private Limited	Cortina Access, Inc.	3	Other payables	16,576	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	98,965	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.13%	
1	Realtek Singapore Private Limited	Cortina Network Systems Shanghai Co., Ltd.	3	Other payables	34,050	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.03%	

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
Significant inter-company transactions during the reporting period
For the nine-month period ended September 30, 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	\$ 110,742	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.14%
1	Realtek Singapore Private Limited	Cortina Systems Taiwan Limited	3	Other payables	11,368	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	45,891	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	Ublinx Technology Inc.	3	Prepayments	167,196	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.16%
1	Realtek Singapore Private Limited	RayMX Microelectronics Corp.	3	Other receivables	45,336	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.04%

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 nine-month period ended September 30, 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 September 30, 2021			Net profit (loss) of the investee for the nine-month period ended September 30, 2021	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2021	Footnote
				Balance as at September 30, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
Realtek Semiconductor Corporation	Leading Enterprises Limited	British Virgin Islands	Investment holdings	\$ 13,763,853	\$ 14,080,956	34,630	100%	\$ 13,340,563	\$ 27,899	\$ 27,899	Subsidiary
Realtek Semiconductor Corporation	Amber Universal Inc.	British Virgin Islands	Investment holdings	4,386,535	4,487,621	41,432	100%	3,467,833	(22,853)	(22,853)	Subsidiary
Realtek Semiconductor Corporation	Realtek Singapore Private Limited	Singapore	ICs manufacturing, design, research, development, sales, and marketing	3,953,770	4,076,101	89,856,425	100%	20,567,069	9,693,761	9,700,665	Subsidiary
Realtek Semiconductor Corporation	Bluocean Inc.	Cayman Islands	Investment holdings	3,066,653	3,137,305	110,050,000	100%	3,286,928	(4,676)	(4,676)	Subsidiary
Realtek Semiconductor Corporation	Talent Eagle Enterprise Inc.	Cayman Islands	Investment holdings	3,179,511	3,252,763	114,100,000	100%	1,875,731	(239,312)	(239,312)	Subsidiary
Realtek Semiconductor Corporation	Realtek Investment Singapore Private Limited	Singapore	Investment holdings	5,573,200	5,701,600	200,000,000	100%	6,170,483	37,185	37,185	Subsidiary
Realtek Semiconductor Corporation	Realsun Investments Co., Ltd.	Taiwan	Investment holdings	280,000	280,000	28,000,000	100%	843,117	13,963	13,963	Subsidiary
Realtek Semiconductor Corporation	Hung-wei Venture Capital Co., Ltd.	Taiwan	Investment holdings	250,000	250,000	25,000,000	100%	744,142	52,893	52,893	Subsidiary
Realtek Semiconductor Corporation	Realking Investments Co., Ltd.	Taiwan	Investment holdings	293,930	293,930	29,392,985	100%	268,557	(5,591)	(5,591)	Subsidiary
Realtek Semiconductor Corporation	Realsun Technology Corporation	Taiwan	ICs manufacturing, design, research, development, sales, and marketing	5,000	5,000	500,000	100%	5,107	41	41	Subsidiary
Realtek Semiconductor Corporation	Bobitag Inc.	Taiwan	Manufacturing and installation of computer equipment and wholesales, retail and related services of electronic materials and information/software	19,189	19,189	1,918,910	66.67%	19,328	129	86	Subsidiary

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

Information on investees

For the nine-month period ended September 30, 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 September 30, 2021			Net profit (loss) of the investee for the nine-month period ended September 30, 2021	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2021	Footnote
				Balance as at September 30, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
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	6.89%	\$ 6,142	(\$ 49,011)	(\$ 4,907)	Investments accounted for under equity method
Realking Investments Co., Ltd.	Innorich Venture Capital Corp.	Taiwan	Venture capital activities	200,000	200,000	20,000,000	37.38%	141,787	(15,172)	(5,655)	Investments accounted for under equity method
Realking Investments Co., Ltd.	Starmems Semiconductor Corp.	Taiwan	Research, development, design, manufacturing, sales, and related services of electronic parts and components, electronic materials and computer software	10,000	-	1,000,000	10%	10,011	106	11	Investments accounted for under equity method
Realsun Investments Co., Ltd.	Starmems Semiconductor Corp.	Taiwan	Research, development, design, manufacturing, sales, and related services of electronic parts and components, electronic materials and computer software	23,000	-	2,300,000	23%	23,023	106	24	Investments accounted for under equity method
Hung-wei Venture Capital Co., Ltd.	Starmems Semiconductor Corp.	Taiwan	Research, development, design, manufacturing, sales, and related services of electronic parts and components, electronic materials and computer software	12,000	-	1,200,000	12%	12,013	106	13	Investments accounted for under equity method
Leading Enterprises Limited	Realtek Semiconductor (Japan) Corp.	Japan	ICs deign, sales, and consultancy	4,982	5,530	400	100%	8,427	6,616	6,616	Sub-Subsidiary
Leading Enterprises Limited	Circon Universal Inc.	Mauritius	Investment holdings	8,360	1,847,318	300,000	100%	7,182	(310)	(310)	Sub-Subsidiary
Amber Universal Inc.	Realtek Semiconductor (Hong Kong) Limited	Hong Kong	Information services and technical support	5,367	5,516	-	100%	1,042	(12)	(12)	Sub-Subsidiary
Realtek Singapore Private Limited	Empsonic Enterprises Inc.	Mauritius	Investment holdings	787,215	805,351	2,825,000	100%	1,842,041	290,652	290,652	Sub-Subsidiary
Realtek Singapore Private Limited	Cortina Access Inc.	U.S.A	R&D and information services	1,138,215	1,164,438	16,892	100%	846,924	23,131	23,131	Sub-Subsidiary
Realtek Singapore Private Limited	Cortina Systems Taiwan Limited	Taiwan	R&D and technical support	55,732	57,016	21,130,000	100%	52,743	3,516	3,516	Sub-Subsidiary

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

Information on investees

For the nine-month period ended September 30, 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 September 30, 2021			Net profit (loss) of the investee for the nine-month period ended September 30, 2021	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2021	Footnote
				Balance as at September 30, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
Realtek Singapore Private Limited	Realtek Viet Nam Co., Ltd.	Vietnam	R&D and technical support	\$ 111,464	\$ 114,032	4,000,000	100%	\$ 75,879	(\$ 10,575)	(\$ 10,575)	Sub-Subsidiary
Talent Eagle Enterprise Inc.	Ubilinx Technology Inc.	U.S.A	R&D and information services	1,671,960	1,482,416	60,000,000	100%	(66,756)	(270,163)	(270,163)	Sub-Subsidiary
Bluocean Inc.	Realtek Semiconductor (Malaysia) Sdn. Bhd.	Malaysia	R&D and information services	69,532	74,144	10,450,000	100%	49,218	(11,900)	(11,900)	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 September 30, 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 nine-month period ended September 30, 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 nine-month period ended September 30, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2021	Net income of investee for the nine-month period ended September 30, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine-month ended September 30, 2021 (Note2)	Book value of investment in Mainland China as of September 30, 2021	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2021	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Cortina Network Systems Shanghai Co., Ltd.	R&D and technical support	\$ 100,318	(2)	\$ 100,318	\$ -	\$ -	\$ 100,318	\$ 6,974	100%	\$ 6,974	\$ 104,617	\$ -	
Realsil Microelectronics Corp.	R&D and technical support	780,248	(2)	780,248	-	-	780,248	291,155	100%	291,155	1,838,535	-	
Realtek Semiconductor (Shen Zhen) Corp.	R&D and technical support	139,330	(2)	139,330	-	-	139,330	(26,634)	100%	(26,634)	241,511	-	
RayMX Microelectronics Corp.	ICs manufacturing, design, research, development, sales, and marketing	113,187	(2)	113,187	-	-	113,187	338,602	100%	338,602	421,618	-	
Suzhou PanKore Integrated Circuit Technology Co. Ltd.	ICs manufacturing, design, research, development, sales, and marketing	43,119	(2)	43,119	-	-	43,119	(53,322)	100%	(53,322)	(27,887)	-	
Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 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.	\$ 100,318	\$ 100,318	\$ 20,746,819										
Realsil Microelectronics Corp.	780,248	780,248											
Realtek Semiconductor (Shan Zhen) Corp.	139,330	139,330											
RayMX Microelectronics Corp.	113,187	113,187											
Suzhou PanKore Integrated Circuit Technology Co. Ltd.	43,119	43,119											

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 nine-month period ended September 30, 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 September 30, 2021, others were re-translated at the exchange rate prevailing at the end of the financial reporting period.