

**Silicon Optronics, Inc. and Subsidiaries**

**Consolidated Financial Statements  
For the Three Months Ended  
March 31, 2021 and 2020  
Independent Auditors' Report**

SILICON OPTRONICS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	March 31, 2021		December 31, 2020		March 31, 2020			March 31, 2021		December 31, 2020		March 31, 2020	
	(Reviewed)		(Audited)		(Reviewed)			(Reviewed)		(Audited)		(Reviewed)	
ASSETS	Amount	%	Amount	%	Amount	%	LIABILITIES AND EQUITY	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>							<b>CURRENT LIABILITIES</b>						
Cash and cash equivalents (Notes 6)	\$ 594,445	19	\$ 547,597	18	\$ 412,361	16	Contract liabilities - current (Note 19)	\$ 17,065	-	\$ 15,940	1	\$ 51,275	2
Financial assets at amortized cost - current (Notes 7 and 25)	851,141	28	758,754	25	138,510	6	Accounts payable	128,217	4	120,321	4	101,715	4
Accounts receivable - net (Notes 8)	9,681	-	32,842	1	3,852	-	Accounts payable to related parties (Notes 26)	117,972	4	154,167	5	146,187	6
Inventories (Notes 9)	833,383	27	849,523	29	1,056,236	42	Other current liabilities (Notes 16)	83,789	3	100,836	3	44,072	2
Prepayments and other current assets (Notes 14 and 25)	61,005	2	61,430	2	100,358	4	Current tax liabilities (Notes 4 and 21)	64,304	2	47,664	2	11,663	-
Total current assets	<u>2,349,655</u>	<u>76</u>	<u>2,250,146</u>	<u>75</u>	<u>1,711,317</u>	<u>68</u>	Lease liabilities - current (Notes 12)	<u>7,672</u>	<u>-</u>	<u>7,667</u>	<u>-</u>	<u>7,632</u>	<u>-</u>
							Total current liabilities	<u>419,019</u>	<u>13</u>	<u>446,595</u>	<u>15</u>	<u>362,544</u>	<u>14</u>
<b>NON-CURRENT ASSETS</b>							<b>NON-CURRENT LIABILITIES</b>						
Financial assets at amortized cost - noncurrent(Notes 7, 25 and 27)	2,500	-	4,048	-	2,548	-	Long-term loan (Notes 15)	350,000	12	350,000	12	-	-
Property, plant and equipment (Notes 11 and 27)	504,838	16	513,112	17	537,227	21	Deferred income tax liabilities (Notes 4 and 21)	616	-	208	-	-	-
Right-of-use assets (Notes 12)	15,432	1	17,085	-	22,501	1	Lease liabilities - non-current (Notes 12)	<u>7,529</u>	<u>-</u>	<u>9,473</u>	<u>-</u>	<u>15,095</u>	<u>1</u>
Goodwill	199,228	6	199,228	7	199,228	8	Total non-current liabilities	<u>358,145</u>	<u>12</u>	<u>359,681</u>	<u>12</u>	<u>15,095</u>	<u>1</u>
Intangible assets (Notes 13)	8,256	-	7,784	-	12,583	1	Total liabilities	<u>777,164</u>	<u>25</u>	<u>806,276</u>	<u>27</u>	<u>377,639</u>	<u>15</u>
Deferred tax assets (Notes 4 and 21)	15,525	1	17,454	1	12,904	1							
Other non-current assets (Notes 14 and 17)	<u>5,557</u>	<u>-</u>	<u>3,161</u>	<u>-</u>	<u>3,112</u>	<u>-</u>	<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY(Notes 18 and 23)</b>						
Total non-current assets	<u>751,336</u>	<u>24</u>	<u>761,872</u>	<u>25</u>	<u>790,103</u>	<u>32</u>	Common stock	781,109	25	781,059	26	781,059	31
							Capital surplus	1,131,828	36	1,131,714	37	1,131,714	45
							Retained earnings						
							Legal reserve	65,911	2	65,911	2	50,310	2
							Special reserve	2,365	-	2,365	-	-	-
							Unappropriated earnings	443,970	15	325,938	11	259,916	11
							Other equity						
							Exchange differences on translating the financial statements of foreign operations	( 4,361)	-	( 4,250)	-	( 2,223)	-
							Treasury shares	( 96,995)	( 3)	( 96,995)	( 3)	( 96,995)	( 4)
							Total equity	<u>2,323,827</u>	<u>75</u>	<u>2,205,742</u>	<u>73</u>	<u>2,123,781</u>	<u>85</u>
<b>TOTAL</b>	<u>\$ 3,100,991</u>	<u>100</u>	<u>\$ 3,012,018</u>	<u>100</u>	<u>\$ 2,501,420</u>	<u>100</u>	<b>TOTAL</b>	<u>\$ 3,100,991</u>	<u>100</u>	<u>\$ 3,012,018</u>	<u>100</u>	<u>\$ 2,501,420</u>	<u>100</u>

**SILICON OPTRONICS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)  
(Reviewed, Not Audited)

	Three Months Ended March 31,			
	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 19)	\$ 923,359	100	\$ 599,767	100
OPERATING COSTS (Notes 9, 20 and 26)	<u>687,576</u>	<u>74</u>	<u>474,519</u>	<u>79</u>
GROSS PROFIT	<u>235,783</u>	<u>26</u>	<u>125,248</u>	<u>21</u>
OPERATING EXPENSES (Notes 20 and 26)				
Selling and marketing expenses	5,108	1	5,511	1
General and administrative expenses	14,183	1	11,158	2
Research and development expenses	81,893	9	60,299	10
Other operating costs (Notes 8)	<u>-</u>	<u>-</u>	<u>105</u>	<u>-</u>
Total operating expenses	<u>101,184</u>	<u>11</u>	<u>77,073</u>	<u>13</u>
OPERATING INCOME	<u>134,599</u>	<u>15</u>	<u>48,175</u>	<u>8</u>
NON-OPERATING INCOME AND EXPENSES (Note 20)				
Interest income	1,354	-	1,575	-
Other gains and losses	3,047	-	989	-
Financial costs	<u>( 915)</u>	<u>-</u>	<u>( 59)</u>	<u>-</u>
Total non-operating income and expenses	<u>3,486</u>	<u>-</u>	<u>2,505</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	138,085	15	50,680	8
INCOME TAX EXPENSE (Notes 4 and 21)	<u>( 20,053)</u>	<u>( 2)</u>	<u>( 7,423)</u>	<u>( 1)</u>
NET INCOME	118,032	13	43,257	7
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations (Notes 18)	<u>( 111)</u>	<u>-</u>	<u>142</u>	<u>-</u>
Total comprehensive income For The Period	<u>\$ 117,921</u>	<u>13</u>	<u>\$ 43,399</u>	<u>7</u>
EARNINGS PER SHARE (Note 22)				
Basic	<u>\$ 1.53</u>		<u>\$ 0.56</u>	
Diluted	<u>\$ 1.52</u>		<u>\$ 0.56</u>	

**SILICON OPTRONICS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(In Thousands of New Taiwan Dollars)  
(Reviewed, Not Audited)

	<u>Ordinary Share Capital</u>		Capital Surplus	<u>Retained Earnings</u>			<u>Other Equity Exchange Difference on Translating the Financial Statements of Foreign Operations</u>	Treasury Shares	Total Equity
	<u>Number of Shares (In Thousands)</u>	<u>Amount</u>		<u>Legal Reserve</u>	<u>Special Reserve</u>	<u>Unappropriated Earnings</u>			
BALANCE, JANUARY 1, 2020	78,081	\$ 780,809	\$ 1,131,702	\$ 50,310	\$ -	\$ 216,659	(\$ 2,365)	(\$ 96,995)	\$ 2,080,120
Net income for the three months ended March 31, 2020	-	-	-	-	-	43,257	-	-	43,257
Other comprehensive income(loss)for the three months ended March 31, 2020	-	-	-	-	-	-	142	-	142
Total comprehensive income(loss)for the three months ended March 31, 2020	-	-	-	-	-	43,257	142	-	43,399
Issuance of ordinary shares under employee share options	25	250	12	-	-	-	-	-	262
BALANCE, MARCH 31, 2020	<u>78,106</u>	<u>\$ 781,059</u>	<u>\$ 1,131,714</u>	<u>\$ 50,310</u>	<u>\$ -</u>	<u>\$ 259,916</u>	<u>(\$ 2,223)</u>	<u>(\$ 96,995)</u>	<u>\$ 2,123,781</u>
BALANCE, JANUARY 1, 2021	78,106	\$ 781,059	\$ 1,131,714	\$ 65,911	\$ 2,365	\$ 325,938	(\$ 4,250)	(\$ 96,995)	\$ 2,205,742
Net income for the three months ended March 31, 2021	-	-	-	-	-	118,032	-	-	118,032
Other comprehensive income(loss)for the three months ended March 31, 2021	-	-	-	-	-	-	(111)	-	(111)
Total comprehensive income(loss)for the three months ended March 31, 2021	-	-	-	-	-	118,032	(111)	-	117,921
Issuance of ordinary shares under employee share options	5	50	114	-	-	-	-	-	164
BALANCE, MARCH 31, 2021	<u>78,111</u>	<u>\$ 781,109</u>	<u>\$ 1,131,828</u>	<u>\$ 65,911</u>	<u>\$ 2,365</u>	<u>\$ 443,970</u>	<u>(\$ 4,361)</u>	<u>(\$ 96,995)</u>	<u>\$ 2,323,827</u>

# SILICON OPTRONICS, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Three Months Ended March 31	
	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 138,085	\$ 50,680
Adjustments for:		
Depreciation expense	25,287	15,892
Amortization expense	1,752	1,896
Impairment loss recognized	-	105
Finance costs	915	59
Interest income	( 1,354 )	( 1,575 )
Write downs of inventories	( 9,644 )	( 1,056 )
Net loss (gain) on foreign currency exchange	( 5,804 )	5,052
Changes in operating assets and liabilities		
Accounts receivable	23,510	7,458
Inventories	25,784	( 198,660 )
Prepayments and other current assets	425	3,399
Contract liabilities	1,095	41,112
Accounts payable	6,638	( 25,862 )
Accounts payables to related parties	( 38,044 )	9,318
Accrued expenses and other current liabilities	( 19,229 )	( 14,879 )
Refund liability	4	-
Cash generated from operations	149,420	( 107,061 )
Income tax paid	( 1,076 )	( 668 )
Net cash generated from (used in) operating activities	<u>148,344</u>	<u>( 107,729 )</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at amortized cost	( 91,241 )	( 16 )
Proceeds from financial assets at amortized cost	1,548	-
Payments of property, plant and equipment	( 13,014 )	( 18,436 )
Increase in refundable deposits	( 2,400 )	( 158 )
Payments for intangible assets	( 2,215 )	( 2,337 )
Payments for right-of-use assets	( 502 )	-
Interest received	1,354	1,575
Net cash used in investing activities	<u>( 106,470 )</u>	<u>( 19,372 )</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of the principal portion of lease liabilities	( 1,908 )	( 1,901 )
Exercise of employee share options	164	262
Interest paid	( 915 )	( 59 )
Net cash used in investing activities	<u>( 2,659 )</u>	<u>( 1,698 )</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>		
	<u>7,633</u>	<u>( 546 )</u>
<b>NET INCREASE(DECREASE) IN CASH</b>	<b>46,848</b>	<b>( 129,345 )</b>
<b>CASH AT THE BEGINNING OF PERIOD</b>	<b><u>547,597</u></b>	<b><u>541,706</u></b>
<b>CASH AT THE END OF PERIOD</b>	<b><u>\$ 594,445</u></b>	<b><u>\$ 412,361</u></b>

# SILICON OPTRONICS, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020 (Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise) (Reviewed, Not Audited)

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### 1. GENERAL INFORMATION

Silicon Optronics, Inc. (the “Company”) was incorporated in the Republic of China (“ROC”) on May 24, 2004 and commenced business on May 27, 2004. The Company’s main business activities include the design, development and sales of complementary metal-oxide semiconductors.

The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE) since July 2018.

The consolidated financial statements of the Company and its subsidiary (collectively referred to as the “Group”) are presented in the Company’s functional currency, the New Taiwan dollar.

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on May 06, 2021.

### 3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

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

Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies

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

New IFRSs	Effective Date Announced by IASB (Note 1)
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	Undecided
Amendment to IFRS 16 “Covid-19-Related Rent Concessions beyond 30 June 2021”	April 1, 2021 (Note 8)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendment to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 6)
Amendment to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)

Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

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

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

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

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 8: A lessee should apply the amendment for annual reporting periods beginning on or after April 1, 2021, recognizing the cumulative effect of initial application at the beginning of the annual reporting period.

1) Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

The amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group’s own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group’s own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 “Financial Instruments: Presentation”, the aforementioned terms would not affect the classification of the liability.

## 2) Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of those items is measured in accordance with IAS 2 “Inventories”. Any proceeds from selling those items and the cost of those items are recognized in profit or loss in accordance with applicable standards.

The amendments are applicable only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021. The Group will restate its comparative information when it initially applies the aforementioned amendments.

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

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a. Statement of compliance

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

### b. Basis of preparation

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

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

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

### c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Refer to Notes 10 and 29 for detailed information on subsidiaries (including

the percentages of ownership and main businesses).

d. **Other significant accounting policies**

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2020.

1) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events

2) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

**5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

Except for the following, refer to the statements of critical accounting judgments and key sources of estimation uncertainty to the consolidated financial statements for the year ended December 31, 2020.

**6. CASH AND CASH EQUIVALENTS**

	March 31, 2021	December 31, 2020	March 31, 2020
Cash on hand	\$ 351	\$ 263	\$ 338
Bank deposits	473,276	547,334	54,345
Cash equivalents (investments with original maturities of 3 months or less)			
Time deposits in banks	120,818	-	357,678
	<u>\$ 594,445</u>	<u>\$ 547,597</u>	<u>\$ 412,361</u>

The market interest rate intervals of the time deposits held in banks at the end of the reporting period were as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Time deposits	0.30%~0.41%	-	0.60%~2.1%

**7. FINANCIAL ASSETS AT AMORTIZED COST**

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Current</u>			
Time deposit with original maturities of more than 3 months (a)	\$ 851,141	\$ 758,754	\$ 138,510
<u>Non-current</u>			
Pledged time deposits (a and c)	\$ 2,500	\$ 4,048	\$ 2,548

- a. The interest rates rangess of time deposits with original maturities of more than 3 months were 0.08%-2.40%、0.08%-2.40% and 0.16%-2.80% per annum as of March 31, 2021、December 31, 2020 and March 31, 2020, respectively.
- b. Refer to Note 25 for information relating to their credit risk management and impairment of financial assets at amortized cost.
- c. Refer to Note 27 for information relating to investments in financial assets at amortized cost pledged as security.

## 8.ACCOUNTS RECEIVABLE

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Accounts receivable - unrelated parties</u>			
At amortized cost			
Gross carrying amount	\$ 9,681	\$ 32,842	\$ 3,957
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	( <u>105</u> )
	<u>\$ 9,681</u>	<u>\$ 32,842</u>	<u>\$ 3,852</u>

The average credit period of sales of goods was 30 days. No interest was charged on trade receivables.

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

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default records of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation, whichever occurs earlier. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

### March 31, 2021

	Not Past Due	Past Due Up to 60 Days	Past Due 61 ~90 Days	Past Due 91 ~120 Days	Past Due 121~150 Days	Past Due 151~180 Days	Past Due Over 181 Days	Total
Gross carrying amount	\$ 702	\$ 8,979	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,681
Loss allowance (Lifetime ECL)	-	-	-	-	-	-	-	-
Amortized cost	<u>\$ 702</u>	<u>\$ 8,979</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,681</u>

### December 31, 2020

	Not Past Due	Past Due Up to 60 Days	Past Due 61 ~90 Days	Past Due 91 ~120 Days	Past Due 121~150 Days	Past Due 151~180 Days	Past Due Over 181 Days	Total
Gross carrying amount	\$ 16,224	\$ 16,618	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,842
Loss allowance (Lifetime ECL)	-	-	-	-	-	-	-	-
Amortized cost	<u>\$ 16,224</u>	<u>\$ 16,618</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,842</u>

### March 31, 2020

	Not Past Due	Past Due Up to 60 Days	Past Due 61 ~90 Days	Past Due 91 ~120 Days	Past Due 121~150 Days	Past Due 151~180 Days	Past Due Over 181 Days	Total
Gross carrying amount	\$ 2,905	\$ -	\$ 1,052	\$ -	\$ -	\$ -	\$ -	\$ 3,957
Loss allowance	-	-	( 105 )	-	-	-	-	( 105 )

(Lifetime ECL)								
Amortized cost	\$ 2,905	\$ -	\$ 947	\$ -	\$ -	\$ -	\$ -	\$ 3,852

The movements in the loss allowance of trade receivables were as follows:

	Three Months Ended March 31	
	2021	2020
Balance at January 1	\$ -	\$ -
Add: Net remeasurement of loss allowance	-	105
Balance at March 31	<u>\$ -</u>	<u>\$ 105</u>

## 9. INVENTORIES

	March 31, 2021	December 31, 2020	March 31, 2020
Finished goods	\$ 399,997	\$ 170,650	\$ 347,475
Work in progress	431,147	675,500	708,196
Raw materials	<u>2,239</u>	<u>3,373</u>	<u>565</u>
Balance at March 31	<u>\$ 833,383</u>	<u>\$ 849,523</u>	<u>\$ 1,056,236</u>

The cost of goods sold of March 31, 2021 and 2019, which included inventory write-downs of \$9,644 thousand and \$1,056 thousand, respectively, due to the sale of stagnant inventories write-down of inventories to net realizable value.

## 10. SUBSIDIARIES

Investor	Investee	Main Business	Percentage of Ownership		
			March 31, 2021	December 31, 2020	March 31, 2020
Silicon Optronics, Inc.	NUEVA IMAGING, INC. ("NUEVA")	Research and development and design of high order CMOS Image Sensor products	100%	100%	100%
	Silicon Optronics (Cayman) Co., Ltd. ("Silicon Cayman")	Investment business	100%	100%	100%
Silicon Optronics (Cayman) Co., Ltd.	Silicon Optronics (Shanghai) Co., Ltd.	Design, development and testing of integrated circuits and related electronic products, technical service consultation and transfer of R&D results	100%	100%	100%

Except for US NUEVA which fulfills the definition of a major subsidiary per Article 2 of the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, the remaining entities are non-major subsidiaries Silicon Optronics (Shanghai) Co., Ltd. is an immaterial subsidiary; its financial statements have not been reviewed.

## 11. PROPERTY, PLANT AND EQUIPMENT

	Testing Equipment	R&D Equipment	Molding Equipment	Computer	Office Equipment	Photomasks	Prepayment for Business Facilities	Total
<u>Cost</u>								
Balance at January 1, 2020	\$ 1,464	\$ -	\$ 13,586	\$ 1,137	\$ 1,672	\$ 96,810	\$ 472,972	\$ 587,641
Additions	-	-	751	-	-	19,935	-	20,686
Disposal	-	-	( 749)	-	-	( 3,965)	-	( 4,714)
Effect of exchange rate changes	( 4)	-	-	( 11)	12	-	-	( 3)
Balance at March 31, 2020	<u>\$ 1,460</u>	<u>\$ -</u>	<u>\$ 13,588</u>	<u>\$ 1,126</u>	<u>\$ 1,684</u>	<u>\$ 112,780</u>	<u>\$ 472,972</u>	<u>\$ 603,610</u>
<u>Accumulated depreciation</u>								
Balance at January 1, 2020	\$ 980	\$ -	\$ 6,173	\$ 639	\$ 1,607	\$ 46,642	\$ -	\$ 56,041
Depreciation expense	68	-	957	55	16	12,775	-	13,871
Disposal	-	-	( 749)	-	-	( 3,965)	-	( 4,714)
Effect of exchange rate changes	( 2)	-	-	( 7)	11	-	-	2
Balance at March 31, 2020	<u>\$ 1,046</u>	<u>\$ -</u>	<u>\$ 6,381</u>	<u>\$ 687</u>	<u>\$ 1,634</u>	<u>\$ 55,452</u>	<u>\$ -</u>	<u>\$ 65,200</u>
<u>Accumulated impairment</u>								

Balance at January 1, 2020 and March 31, 2020	\$	\$	\$ 1,183	\$	\$	\$	\$	\$ 1,183
Balance at January 1, 2020	\$ 484	\$	\$ 6,230	\$ 498	\$ 65	\$ 50,168	\$ 472,972	\$ 530,417
Balance at March 31, 2020	\$ 414	\$	\$ 6,024	\$ 439	\$ 50	\$ 57,328	\$ 472,972	\$ 537,227
<b>Cost</b>								
Balance at January 1, 2021	\$ 1,584	\$ 473,084	\$ 12,665	\$ 1,153	\$ 1,665	\$ 108,800	\$ -	\$ 598,951
Additions	74	-	746	-	-	14,069	-	14,889
Disposal	( 306 )	-	( 410 )	-	( 29 )	( 12,583 )	-	( 13,328 )
Effect of exchange rate changes	( 2 )	-	-	( 8 )	2	-	-	( 8 )
Balance at March 31, 2021	\$ 1,350	\$ 473,084	\$ 13,001	\$ 1,145	\$ 1,638	\$ 110,286	\$	\$ 600,504
<b>Accumulated depreciation</b>								
Balance at January 1, 2021	\$ 1,260	\$ 21,026	\$ 4,643	\$ 846	\$ 1,556	\$ 55,325	\$ -	\$ 84,656
Depreciation expense	70	7,885	894	42	9	14,261	-	23,161
Disposal	( 306 )	-	( 410 )	-	( 29 )	( 12,583 )	-	( 13,328 )
Effect of exchange rate changes	( 2 )	-	-	( 6 )	2	-	-	( 6 )
Balance at March 31, 2021	\$ 1,022	\$ 28,911	\$ 5,127	\$ 882	\$ 1,538	\$ 57,003	\$	\$ 94,483
<b>Accumulated impairment</b>								
Balance at January 1, 2021 and March 31, 2021	\$	\$	\$ 1,183	\$	\$	\$	\$	\$ 1,183
Balance at January 1, 2021	\$ 324	\$ 452,058	\$ 6,839	\$ 307	\$ 109	\$ 53,475	\$	\$ 513,112
Balance at March 31, 2021	\$ 328	\$ 444,173	\$ 6,691	\$ 263	\$ 100	\$ 53,283	\$	\$ 504,838

The Group's property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Testing equipment	2-5 years
R&D equipment	15 years
Molding equipment	3 years
Computers	3 years
Office equipment	5 years
Photomasks	2 years

## 12. LEASE ARRANGEMENTS

### a. Right-of-use assets

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Carrying amount</u>			
Buildings	\$ 15,432	\$ 17,085	\$ 22,501
	<u>Three Months Ended March 31</u>		
	2021	2020	
Additions to right-of-use assets	\$ 502	\$ -	
Depreciation charge for right-of-use assets			
Buildings	\$ 2,126	\$ 2,021	

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the years ended March 31, 2021 and 2020.

### b. Lease liabilities

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Carrying amount</u>			
Current	\$ 7,672	\$ 7,667	\$ 7,632
Non-current	\$ 7,529	\$ 9,473	\$ 15,095

The discount rate for lease liabilities was as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Buildings	1%	1%	1%

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

The Group did not have significant new lease contracts in March 31, 2021 and 2020. The Group leases buildings for the use of offices with lease terms of 3-4 years. The Group does not have bargain purchase options to acquire the buildings at the expiry of the lease periods. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	Three Months Ended March 31	
	2021	2020
Expenses relating to short-term leases	\$ <u>126</u>	\$ <u>126</u>
Expenses relating to low-value asset leases	\$ <u>19</u>	\$ <u>15</u>
Total cash outflow for leases	( \$ <u>2,093</u> )	( \$ <u>2,101</u> )

### 13. INTANGIBLE ASSETS

	Patents	Software	Total
<u>Cost</u>			
Balance at January 1, 2020	\$ 14,915	\$ 23,306	\$ 38,221
Additions	-	2,337	2,337
Effect of exchange rate changes	<u>122</u>	<u>162</u>	<u>284</u>
Balance at March 31, 2020	<u>\$ 15,037</u>	<u>\$ 25,805</u>	<u>\$ 40,842</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2020	\$ 6,215	\$ 19,954	\$ 26,169
Amortization expense	749	1,147	1,896
Effect of exchange rate changes	<u>53</u>	<u>141</u>	<u>194</u>
Balance at March 31, 2020	<u>\$ 7,017</u>	<u>\$ 21,242</u>	<u>\$ 28,259</u>
Balance at January 1, 2020	<u>\$ 8,700</u>	<u>\$ 3,352</u>	<u>\$ 12,052</u>
Balance at March 31, 2020	<u>\$ 8,020</u>	<u>\$ 4,563</u>	<u>\$ 12,583</u>
<u>Cost</u>			
Balance at January 1, 2021	\$ 14,169	\$ 25,877	\$ 40,046
Additions	-	2,215	2,215
Effect of exchange rate changes	<u>27</u>	<u>39</u>	<u>66</u>
Balance at March 31, 2021	<u>\$ 14,196</u>	<u>\$ 28,131</u>	<u>\$ 42,327</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2021	\$ 8,738	\$ 23,524	\$ 32,262
Amortization expense	705	1,047	1,752
Effect of exchange rate changes	<u>21</u>	<u>36</u>	<u>57</u>
Balance at March 31, 2021	<u>\$ 9,464</u>	<u>\$ 24,607</u>	<u>\$ 34,071</u>
Balance at January 1, 2021	<u>\$ 5,431</u>	<u>\$ 2,353</u>	<u>\$ 7,784</u>
Balance at March 31, 2021	<u>\$ 4,732</u>	<u>\$ 3,524</u>	<u>\$ 8,256</u>

Except for the recognition of amortization expense, there were no significant additions, disposals and impairment of the Group's other intangible assets for the years ended March 31, 2020 and 2021.

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

Patents	3-7 years
Software	1-3 years

### 14. OTHER ASSETS

March 31, 2021	December 31, 2020	March 31, 2020
<u>12</u>		

<u>Current</u>			
Prepaid income tax	\$ 38,893	\$ 41,175	\$ 58,612
Tax receivables of business tax	18,880	18,054	19,850
Prepayments for purchases	2,374	1,187	348
Tax receivables of business income tax	-	-	9,972
Others	858	1,014	11,576
	<u>\$ 61,005</u>	<u>\$ 61,430</u>	<u>\$ 100,358</u>
 <u>Non-current</u>			
Refundable deposits	\$ 4,183	\$ 1,787	\$ 1,792
Net defined benefit assets	1,374	1,374	1,320
	<u>\$ 5,557</u>	<u>\$ 3,161</u>	<u>\$ 3,112</u>

## 15. LONG-TERM LOAN

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Secured loan (Note 27)</u>			
Bank loan	<u>\$ 350,000</u>	<u>\$ 350,000</u>	<u>\$ -</u>

In the year ended December 31, 2020, the Group acquired new bank loan facilities in the amount of \$350,000 thousand, with a floating interest rate of 0.986% per annum. Interest is paid monthly, and the principal is to be repaid in seven equal semiannual installments starting from April 2022. The loan is to be repaid before April 1, 2025.

## 16. OTHER LIABILITIES

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Current</u>			
Other payables			
Payables for employees' compensation	\$ 40,660	\$ 28,570	\$ 18,203
Payables for bonuses	21,598	35,536	6,337
Payables for purchases of equipment	7,196	5,207	9,562
Payables for processing	888	13,787	-
Payables for remuneration of directors	1,410	3,750	625
Others	11,882	13,852	9,210
	<u>83,634</u>	<u>100,702</u>	<u>43,937</u>
Other liabilities			
Receipts under custody	151	134	135
Refund liabilities (a)	4	-	-
	<u>\$ 83,789</u>	<u>\$ 100,836</u>	<u>\$ 44,072</u>

a. Sales revenue is measured at the fair value of the consideration received or receivable, and deducted from estimated customer returns, discounts and other similar discounts. Based on historical experience and considering different contract conditions, the combined company estimates the possible sales discounts and recognizes the refund liabilities accordingly.

## 17. RETIREMENT BENEFIT PLANS

For the three months ended March 31, 2021 and 2020, the pension expenses of defined benefit plans were \$12 thousand and \$5 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2020 and 2019, respectively.

## 18. EQUITY

### a. Common stock

	March 31, 2021	December 31, 2020	March 31, 2020
Numbers of shares authorized (in thousands)	100,000	100,000	100,000
Shares authorized	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Number of shares issued and fully paid (in thousands)	78,111	78,106	78,106
Shares issued	<u>\$ 781,109</u>	<u>\$ 781,059</u>	<u>\$ 781,059</u>

A total of 6,000 thousand shares from the authorized share capital was reserved for the issuance of employee share options. The increase in the Company's share capital is mainly due to the employees' exercise of their employee share options.

### b. Capital surplus

	March 31, 2021	December 31, 2020	March 31, 2020
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>			
Arising from issuance of ordinary shares	\$ 1,114,541	\$ 1,114,427	\$ 1,114,427
<u>May be used to offset a deficit only</u>			
Arising from employee share options exercised price	12,270	12,269	12,269
<u>May not be used for any purpose</u>			
Arising from employee share options	<u>5,017</u>	<u>5,018</u>	<u>5,018</u>
	<u>\$ 1,131,828</u>	<u>\$ 1,131,714</u>	<u>\$ 1,131,714</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

Reconciliations of the balance for each class of capital surplus were as follows:

	Premium on Issue of Shares	Arising from Employee Share Options	Total
Balance at January 1, 2020	\$ 1,114,415	\$ 17,287	\$ 1,131,702
Issuance of ordinary shares under employee share options	<u>12</u>	<u>-</u>	<u>12</u>
Balance at March 31, 2020	<u>\$ 1,114,427</u>	<u>\$ 17,287</u>	<u>\$ 1,131,714</u>
Balance at January 1, 2021	\$ 1,114,427	\$ 17,287	\$ 1,131,714
Issuance of ordinary shares under employee share options	<u>114</u>	<u>-</u>	<u>114</u>
Balance at March 31, 2021	<u>\$ 1,114,541</u>	<u>\$ 17,287</u>	<u>\$ 1,131,828</u>

### c. Retained earnings and dividend policy

Under the Company's articles of incorporation (the "Articles"), where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting accumulated losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and

remuneration of directors after the amendment, refer to “Employees’ compensation and remuneration of directors” in Note 20 (g).

Considering that the Company is in a period of operational growth, taking into account the interests of the company's shareholders and long-term capital and business planning, no more than 90% of the accumulated distributable earnings should be distributed as dividends, out of which no less than 10% of the total dividends distributed should be in the form of cash dividends. If the Company has no distributable earnings for the year, or if there are earnings but the amount of earnings is much lower than that distributed in the previous year, or considering the Company’s financial, business and operational factors, the Company may distribute all or part of the earnings in accordance with the law or regulations of the competent authorities.

The appropriations of earnings for 2019 and 2018, which had been approved in the shareholders’ meetings on June 16, 2020 and June 18, 2019, respectively, were as follows:

	<b>Appropriation of Earnings</b>	
	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Legal reserve	\$ 28,146	\$ 15,601
Special reserve	\$ 1,885	\$ 2,365
Cash dividends	\$ 215,897	\$ 154,212
Dividends per share (NT\$)	\$ 2.8	\$ 2.0

The appropriations of earnings for 2020 are subject to the resolution of the shareholders’ in their’ meeting to be held on June 16, 2021.

d. Other equity items

	<b>Three Months Ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Balance, beginning of year	( \$ 4,250 )	( \$ 2,365 )
Exchange differences on translation of the financial statements of foreign operations	( 111 )	142
Balance, end of year	( \$ 4,361 )	( \$ 2,223 )

e. Treasury shares

	March 31, 2021	December 31, 2020	March 31, 2020
Treasury shares (In thousand of shares)	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

The Company resolved in its board of directors’ meeting held on August 12, 2019 to buy back 1,000 thousand of its ordinary shares listed on the Taiwan Stock Exchange within the period starting August 13, 2019 to October 12, 2019 for transfer to its employees, at a purchase price ranging from NT\$53 to NT\$115 per share.

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders’ rights on these shares, such as the rights to dividends and to vote.

## 19. REVENUE

	<b>Three Months Ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 923,232	\$ 579,766
Others	127	20,001
	<u>\$ 923,359</u>	<u>\$ 599,767</u>

a. Contract balances

	March 31, 2021	December 31, 2020	March 31, 2020	January 1, 2020
Accounts receivable (Note 8)	<u>\$ 9,681</u>	<u>\$ 32,842</u>	<u>\$ 3,852</u>	<u>\$ 11,260</u>
Contract liabilities - current				

Sale of goods	\$ <u>17,065</u>	\$ <u>15,940</u>	\$ <u>51,275</u>	\$ <u>10,090</u>
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Revenue recognized in the current reporting period from the contract liabilities at the beginning of the year is as follows:

	Three Months Ended March 31	
	2021	2020
From the contract liabilities at the beginning of the year		
Sale of goods	\$ <u>5,754</u>	\$ <u>5,457</u>

b. Disaggregation of revenue

	Three Months Ended March 31	
	2021	2020
<u>Primary geographical markets</u>		
Hong Kong	\$ 817,398	\$ 540,107
Taiwan (the Group's operating location)	44,227	17,692
Korean	31,305	7,423
Others	<u>30,429</u>	<u>34,545</u>
	\$ <u>923,359</u>	\$ <u>599,767</u>
<u>Major goods</u>		
CMOS	\$ 918,759	\$ 577,037
Others	<u>4,600</u>	<u>22,730</u>
	\$ <u>923,359</u>	\$ <u>599,767</u>

20. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	Three Months Ended March 31	
	2021	2020
Financial assets at amortized cost	\$ 1,162	\$ 1,432
Bank deposit	190	141
Others	<u>2</u>	<u>2</u>
	\$ <u>1,354</u>	\$ <u>1,575</u>

b. Other gains and losses

	Three Months Ended March 31	
	2021	2020
Net foreign exchange gain	\$ 3,078	\$ 993
Other losses	( <u>31</u> )	( <u>4</u> )
	\$ <u>3,047</u>	\$ <u>989</u>

c. Finance costs

	Three Months Ended March 31	
	2021	2020
Interest on bank loans	\$ 875	\$ -
Interest on lease liabilities	<u>40</u>	<u>59</u>
	\$ <u>915</u>	\$ <u>59</u>

d. Depreciation and amortization

	Three Months Ended March 31	
	2021	2020
Property, plant and equipment	\$ 23,161	\$ 13,871
Right-of-use assets	2,126	2,021
Intangible assets	<u>1,752</u>	<u>1,896</u>
Total	\$ <u>27,039</u>	\$ <u>17,788</u>
An analysis of depreciation by function		
Operating costs	\$ 4,699	\$ 5,069
Operating expenses	<u>20,588</u>	<u>10,823</u>
	\$ <u>25,287</u>	\$ <u>15,892</u>

	<u>Three Months Ended March 31</u>	
	<u>2021</u>	<u>2020</u>
Property, plant and equipment	\$ 23,161	\$ 13,871
An analysis of amortization by function		
Research and development expenses	<u>\$ 1,752</u>	<u>\$ 1,896</u>

e. Employee benefits expense

	<u>Three Months Ended March 31</u>	
	<u>2021</u>	<u>2020</u>
Post-employment benefits		
Defined contribution plans	\$ 791	\$ 791
Defined benefit plans	<u>12</u>	<u>5</u>
	803	796
Other employee benefits	<u>64,869</u>	<u>49,853</u>
Total employee benefits expense	<u>\$ 65,672</u>	<u>\$ 50,649</u>
An analysis of employee benefits expense		
by function		
Operating expenses	<u>\$ 65,672</u>	<u>\$ 50,649</u>

f. Employees' compensation and remuneration of directors

According to the Company's Articles, the Company accrued employees' compensation at a rate of no less than 0.005% and no higher than 25%, and remuneration of directors and supervisors at rate of no higher than 3%. The employees' compensation and remuneration of directors for the three months ended March 31, 2020 and 2019, were as follows:

Accrual rate

	<u>Three Months Ended March 31</u>	
	<u>2021</u>	<u>2020</u>
Employees' compensation	8%	8%
Remuneration of directors and supervisors	1%	2%

Amount

	<u>Three Months Ended March 31</u>	
	<u>2021</u>	<u>2020</u>
Employees' compensation	<u>\$ 12,090</u>	<u>\$ 4,415</u>
Remuneration of directors and supervisors	<u>\$ 1,410</u>	<u>\$ 625</u>

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate. The appropriations of employees' compensation and remuneration of directors and supervisors for 2020 and 2019 that were resolved by the board of directors on March 10, 2021 and March 17, 2020, respectively, are as shown below:

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Employees' compensation	\$ 28,570	\$ 16,030
Remuneration of directors and supervisors	3,750	2,500

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

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2020 and 2019 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

## 21. INCOME TAXES

### a. Income tax recognized in profit or loss

The major components of tax expense (income) were as follows:

	Three Months Ended March 31	
	2021	2020
Current tax		
In respect of the current year	\$ 17,320	\$ 7,712
Adjustments for prior years	396	-
Deferred tax		
In respect of the current year	<u>2,337</u>	( <u>289</u> )
Income tax expense recognized in profit or loss	<u>\$ 20,053</u>	<u>\$ 7,423</u>

### b. Income tax assessments

The Company's tax returns through 2018 have been assessed by the tax authorities.

## 22. EARNINGS PER SHARE

Unit: NT\$ Per Share

	Three Months Ended March 31	
	2021	2020
Basic earnings per share	<u>\$ 1.53</u>	<u>\$ 0.56</u>
Diluted earnings per share	<u>\$ 1.52</u>	<u>\$ 0.56</u>

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

### Net Profit for the Year

	Three Months Ended March 31	
	2021	2020
Earnings used in the computation of basic earnings per share	\$ 118,032	\$ 43,257
Effect of potentially dilutive ordinary shares:		
Employee share options	-	-
Bonuses issued to employees	<u>-</u>	<u>-</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 118,032</u>	<u>\$ 43,257</u>

### Number of shares

Unit: In Thousands of Shares

	Three Months Ended March 31	
	2021	2020
Weighted average number of ordinary shares used in the computation of basic earnings per share	77,106	77,102
Effect of potentially dilutive ordinary shares:		
Employee share options	3	3
Bonuses issued to employees	<u>298</u>	<u>226</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>77,407</u>	<u>77,331</u>

Since the Group can offer to settle the bonuses to employees in cash or shares, the Company assumes the entire amount of the bonus would be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

## 23. SHARE-BASED PAYMENT ARRANGEMENTS

### a. Employee share option plan

Qualified employees of the Company were granted 2,000 options on July 29, 2013 and 3,200 options on May 16, 2012, each option entitles the holder to subscribe for one thousand ordinary shares of the Company, and the total number of new ordinary shares required to be issued for the exercise of the employee share option is 2,000 shares and 3,200 shares, respectively. The options granted are valid for 10 years and exercisable at certain percentages after the second year from the grant date.

Information on employee share options is as follows:

	2013 Employee Share Option Plan		2012 Employee Share Option Plan	
	Number of Options (In Thousands)	Weighted-average Exercise Price (NT\$)	Number of Options (In Thousands)	Weighted-average Exercise Price (NT\$)
For the Three Months Ended March 31, 2021				
Balance at January 1	100	\$ 33.00	605	\$ 17.17
Options exercised	( 5 )	32.21	-	-
Option expired	95	32.21	605	17.17
Balance at March 31	95		605	
For the Three Months Ended March 31, 2020				
Balance at January 1	100	\$ 33.00	630	\$ 17.31
Options exercised	-	-	( 25 )	10.50
Option expired	100	33.00	605	17.60
Balance at March 31	100		605	

Information on outstanding options as follows:

March 31, 2021			December 31, 2020			March 31, 2020		
Share Option Plan	Range of Exercise Price (NT\$)	Weighted-average Remaining Contractual Life (In Years)	Share Option Plan	Range of Exercise Price (NT\$)	Weighted-average Remaining Contractual Life (In Years)	Share Option Plan	Range of Exercise Price (NT\$)	Weighted-average Remaining Contractual Life (In Years)
2013 Employee share option plan	\$ 32.21	2.37	2013 Employee share option plan	\$ 32.21-33.00	2.62	2013 Employee share option plan	\$ 33.00-46.00	3.37
2012 Employee share option plan	10.25-19.03	1.57	2012 Employee share option plan	10.25-19.03	1.82	2012 Employee share option plan	10.50-19.50	2.57

The resolution for the granting of the 2013 employee share options was passed in the board of directors' meeting on June 10, 2014, and their fair values were assessed using the Black-Scholes pricing model; the inputs to the model are as follows:

Grant-date share price (NT\$)	\$13.55
Exercise price (NT\$)	\$46.00
Expected volatility	33.73%-37.88%
Expected life	2.5-4.5 years
Expected dividend yield	-
Risk-free interest rate	0.68%-1.12%
Fair value of stock options	0.05-0.55

The resolution for the granting of the 2013 employee share options was passed in the board of directors' meeting on August 13, 2013, and their fair values were assessed using the Black-Scholes pricing model; the inputs to the model are as follows:

Grant-date share price (NT\$)	\$11.18
Exercise price (NT\$)	\$33.0
Expected volatility	37.6%-41.65%
Expected life	2.5-4.5 years
Expected dividend yield	-
Risk-free interest rate	0.82%-1.07%
Fair value of stock options	0.18-0.93

The resolution for the granting of the 2012 employee share options was passed in the board of directors' meeting on November 13, 2012, and their fair values were assessed using the Black-Scholes pricing model; the inputs to the model are as follows:

Grant-date share price (NT\$)	\$12.29
Exercise price (NT\$)	\$19.5
Expected volatility	44.34%-54.56%
Expected life	2.5-4.5 years
Expected dividend yield	-

Risk-free interest rate	0.75%-0.85%
Fair value of stock options	1.67-3.94

The resolution for the granting of the 2012 employee share options was passed in the board of directors' meeting on May 25, 2012, and their fair values were assessed using the Black-Scholes pricing model; the inputs to the model are as follows:

Grant-date share price (NT\$)	\$10.10
Exercise price (NT\$)	\$10.50
Expected volatility	46.76%-47.19%
Expected life	6-7 years
Expected dividend yield	-
Risk-free interest rate	1.09%-1.15%
Fair value of stock options	4.45-4.81

## 24. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

Key management personnel of the Group review the capital structure on an annual basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the number of new shares issued, and/or the amount of new debt issued or existing debt redeemed.

The Group is not subject to any externally imposed capital requirements.

## 25. FINANCIAL INSTRUMENTS

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

The management believes the carrying amounts of financial assets and financial liabilities not carried at fair value approximate their fair values.

### b. Categories of financial instruments

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Financial assets</u>			
Financial assets at amortized cost (Note 1)	\$ 1,461,950	\$ 1,345,028	\$ 559,063
<u>Financial liabilities</u>			
Amortized cost (Note 2)	604,273	643,482	257,464

Note 1: The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, accounts receivable, refundable deposits and pledged time deposits.

Note 2: The balances include financial liabilities measured at amortized cost, which comprise accounts payable (including related parties), other payables (including related parties), and long-term debt.

c. Financial risk management objectives and policies

The Group's major financial instruments included accounts receivable, accounts payable and long-term borrowings. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

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

There had been no change in the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Group has foreign currency sales and purchases, which exposes the Group to foreign currency risk. Approximately 95% of the Group's sales is denominated in currencies other than the functional currency of the entity making the sale, whilst almost 96% of costs is denominated in the entity's functional currency. Exchange rate exposures are managed within approved policy parameters.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities are set out in Note 28.

Sensitivity analysis

The Group is mainly exposed to the exchange rate fluctuations in the USD.

The sensitivity analysis regarding foreign currency risk is mainly calculated for USD denominated monetary items on the balance sheet date.

When the NTD appreciates/depreciates by 1% against the USD, the Group's net profit before tax for the three months ended March 31, 2021 and 2020 would decrease/increase by \$1,400 thousand and \$(1,573) thousand, respectively.

b) Interest rate risk

The Group is exposed to interest rate risk arising from financial assets and financial liabilities at both fixed and floating interest rates.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting periods were as follows.

	March 31, 2021	December 31, 2020	March 31, 2020
Fair value interest rate risk			
Financial assets	\$ 974,459	\$ 762,802	\$ 498,736
Cash flow interest rate risk			
Financial assets	473,266	547,324	54,335
Financial liabilities	350,000	350,000	-

Sensitivity analysis

The sensitivity analysis regarding interest rate risk is calculated based on the changes in the cash flow of floating-rate liabilities on the balance sheet date. If interest rates had

been 0.5% higher/lower, pre-tax profit for the three months ended March 31, 2021 and 2020 would have increased/decreased by \$154 thousand and \$68 thousand, respectively.

## 2) Credit risk management

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

The Group transacts with a large number of unrelated customers, thus, no concentration of credit risk was observed.

## 3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank facilities and ensures compliance with loan covenants.

Bank borrowings are significant sources of liquidity for the Group. For the Group's unutilized financing facilities, please refer to (2) Financing facilities below.

### a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following tables detail the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

March 31, 2021

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1 Year to 5 Years</b>
Non-derivative financial liabilities				
Leas liabilities	\$ 649	\$ 1,297	\$ 5,839	\$ 7,136
Accounts payable	104,157	24,060	-	-
Accounts payable - related parties	95,295	22,677	-	-
Payables for processing	-	888	-	-
Payables for purchases of equipment	3,403	3,793	-	-
Long-term borrowings	288	575	2,588	355,464
	<u>\$ 203,792</u>	<u>\$ 53,290</u>	<u>\$ 8,427</u>	<u>\$ 362,600</u>

December 31, 2020

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1 Year to 5 Years</b>
Non-derivative financial liabilities				
Leas liabilities	\$ 650	\$ 1,300	\$ 5,849	\$ 9,098
Accounts payable	95,205	25,116	-	-
Accounts payable - related parties	132,384	21,783	-	-
Payables for processing	-	13,787	-	-

Payables for purchases of equipment	2,771	2,436	-	-
Long-term borrowings	<u>288</u>	<u>576</u>	<u>2,591</u>	<u>356,333</u>
	<u>\$ 231,298</u>	<u>\$ 64,998</u>	<u>\$ 8,440</u>	<u>\$ 365,431</u>

March 31, 2020

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1 Year to 5 Years</b>
Non-derivative financial liabilities				
Leas liabilities	\$ 652	\$ 1,304	\$ 5,866	\$ 14,991
Accounts payable	73,697	28,018	-	-
Accounts payable - related parties	138,312	7,875	-	-
Payables for purchases of equipment	<u>6,690</u>	<u>2,872</u>	<u>-</u>	<u>-</u>
	<u>\$ 219,351</u>	<u>\$ 40,069</u>	<u>\$ 5,866</u>	<u>\$ 14,991</u>

## b) Financing facilities

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Unsecured bank overdraft facilities, reviewed annually and payable on demand:			
Amount used	\$ -	\$ -	\$ -
Amount unused	<u>200,000</u>	<u>200,000</u>	<u>300,000</u>
	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 300,000</u>
Secured bank overdraft facilities:			
Amount used	\$ 350,000	\$ 350,000	\$ -
Amount unused	<u>250,000</u>	<u>250,000</u>	<u>600,000</u>
	<u>\$ 600,000</u>	<u>\$ 600,000</u>	<u>\$ 600,000</u>

## 26. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

### a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Powerchip Semiconductor Manufacturing Corp.	Substantive related parties

### b. Purchases

<u>Related Party Category</u>	<u>Three Months Ended March 31</u>	
	<u>2021</u>	<u>2020</u>
Substantive related parties		
Powerchip Semiconductor Manufacturing Corp.	<u>\$ 364,865</u>	<u>\$ 419,855</u>

The purchase prices and payment terms were based on negotiations and thus not comparable with those in the market.

### c. Research and development expenses

<u>Related Party Category</u>	<u>Three Months Ended March 31</u>	
	<u>2021</u>	<u>2020</u>
Substantive related parties		
Powerchip Semiconductor Manufacturing Corp.	<u>\$ -</u>	<u>\$ 2,359</u>

d. Accounts payable to related parties

Related Party Category	March 31, 2021	December 31, 2020	March 31, 2020
Substantive related parties			
Powerchip Semiconductor Manufacturing Corp.	\$ 117,972	\$ 154,167	\$ 146,187

e. Other transactions with related parties

The Group signed a joint development contract with Powerchip Semiconductor Manufacturing Co., Ltd. According to the contract, the Group will provide some machinery and equipment for the purpose of research and development.

f. Remuneration of key management personnel

	Three Months Ended March 31	
	2021	2020
Short-term employee benefits	\$ 9,203	\$ 7,454

The remuneration of directors and other key management personnel is determined by the remuneration committee based on with individual performance and market trends.

## 27. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets of the Company were provided as collateral for long-term bank borrowings and as guarantee for the tariff on imported raw materials:

	March 31, 2021	December 31, 2020	March 31, 2020
Property, plant and equipment - R&D equipment	\$ 444,173	\$ 452,058	\$ -
Pledged time deposits (classified as financial assets a amortized cost-noncurrent)	2,500	4,048	2,548
	<u>\$ 446,673</u>	<u>\$ 456,106</u>	<u>\$ 2,548</u>

## 28. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than the functional currencies and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

### March 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 13,608	28.535(USD:NTD)	\$ 387,167
CNY	2,249	4.344(RMB:NTD)	9,771
			<u>\$ 396,938</u>
<u>Financial liabilities</u>			
Monetary items			
USD	8,663	28.535(USD:NTD)	\$ 247,206

### Decmeber 31, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 11,060	28.48(USD:NTD)	\$ 314,965
CNY	2,237	4.377(RMB:NTD)	9,792
			<u>\$ 324,757</u>
<u>Financial liabilities</u>			
Monetary items			
USD	10,019	28.48(USD:NTD)	\$ 285,331

March 31, 2020

	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Carrying Amount</u>
<u>Financial assets</u>			
Monetary items			
USD	\$ 4,413	30.225(USD:NTD)	\$ 133,379
CNY	2,198	4.255(RMB:NTD)	<u>9,351</u>
			<u>\$ 142,730</u>
<u>Financial liabilities</u>			
Monetary items			
USD	9,617	30.225 (USD:NTD)	<u>\$ 290,671</u>

The Group is mainly exposed to the USD and CNY. The following information was aggregated by the functional currencies of the entities in the Group, and the exchange rates between the presentation currency and the respective functional currencies were disclosed. The significant unrealized foreign exchange gains (losses) were as follows:

	<u>Three Months Ended March 31</u>			
	<u>2021</u>		<u>2020</u>	
	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Exchange Rate</u>	<u>Net Foreign Exchange Gains (Losses)</u>
NTD	1 (NTD:NTD)	\$ 2,473	1 (NTD:NTD)	\$ 602
CNY	4.344 (CNY:NTD)	( 61 )	4.255 (CNY:NTD)	391
USD	28.535 (USD:NTD)	<u>666</u>	30.225 (USD:NTD)	<u>-</u>
		<u>\$ 3,078</u>		<u>\$ 993</u>

## 29. SEPARATELY DISCLOSED ITEMS

- a. Information about significant transactions and investees:
- 1) Financing provided to others: None;
  - 2) Endorsements/guarantees provided: None;
  - 3) Marketable securities held (excluding investments in subsidiaries): None;
  - 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None;
  - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None;
  - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None;
  - 7) Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: See Table 1;
  - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None;
  - 9) Information about the derivative instruments transaction: None;
  - 10) Intercompany relationships and significant intercompany transactions: See Table 2;
- b. Names, locations, and related information of investees over which the Company exercises

- significant influence (excluding information on investment in Mainland China): Please see Table 3;
- c. Information on investments in mainland China: See Table 4.
  - d. Information on major shareholders: the name, amount and proportion of shareholders with a shareholding ratio of 5% or more: See Table 5

### **30. SEGMENT INFORMATION**

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided.

The segment revenues and operating results for the three months ended March 31, 2021 and 2020 are shown in the consolidated income statements for the three months ended March 31, 2021 and 2020. The segment assets as of March 31, 2021, December 31, 2020 and March 31, 2020 are shown in the consolidated balance sheets as of March 31, 2021, December 31, 2020 and March 31, 2020.

**TABLE 1****SILICON OPTRONICS, INC. AND SUBSIDIARIES**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE THREE MONTHS ENDED March 31, 2021  
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts (Payable) Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Silicon Optronics, Inc.	Powerchip Semiconductor Manufacturing Corp.	Substantive related parties	Purchase	\$ 364,865	55	Note	-	-	\$ (117,972)	48	-

Note: Mainly paid on the 30th days after the month of the invoice date.

## SILICON OPTRONICS, INC. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE THREE MONTHS ENDED March 31, 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Counterparty	Nature of Relationship (Note 3)	Intercompany Transactions			Terms
			Financial Statement Item	2021		
				Amount	Percentage of Consolidated Total Gross Sales or Total Assets	
Silicon Optronics, Inc.	NUEVA IMAGING INC.	1	Technical service expense	\$ 8,688	1%	-
	NUEVA IMAGING INC.	1	Other payable from related parties	2,474	-	-
	Silicon Optronics (Shanghai) Co., Ltd.	1	Technical service expense	20,612	2%	-
	Silicon Optronics (Shanghai) Co., Ltd.	1	Other payable from related parties	1,974	-	-

Note 1: Represents the transactions from parent company to subsidiary.

Note 2: The intercompany transactions, prices and terms are determined in accordance with mutual agreements.

## SILICON OPTRONICS, INC. AND SUBSIDIARIES

## INFORMATION ON INVESTEEES

March 31, 2021

(In Thousands of New Taiwan Dollars)

Investor Company	Investee Accounted for using the Equity Method	Location	Main Businesses and Products	Investment Amount		Balance as of March 31, 2021			Net Income of Investee Accounted for using the Equity Method	Investment Income	Note
				March 31, 2021	December 31, 2020	Number of Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
Silicon Optronics, Inc.	NUEVA IMAGING INC.	USA	Product development & design of high-end CMOS Image Sensor	\$ 358,500	\$ 358,500	6,000	100	\$ 244,408	\$ 947	\$ 947	Subsidiary
	Silicon Optronics (Cayman) Co., Ltd.	Cayman Islands	Investment holding company	5,237	5,237	170	100	26,253	1,594	1,594	Subsidiary

## SILICON OPTRONICS, INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE THREE MONTHS ENDED March 31, 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (US\$ in Thousands)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021 (US\$ in Thousands)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2021 (US\$ in Thousands)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of March 31, 2021	Accumulated Repatriation of Investment Income as of March 31, 2021	Note
					Outward	Inward							
Silicon Optronics (Shanghai) Co., Ltd.	Design, test and research and development of IC and related electronic products with consultation on technology services and technology transfer	US\$ 175 thousand	Note 1	\$ 4,994 (US\$ 175 thousand)	\$ -	\$ -	\$ 4,994 (US\$ 175 thousand)	\$ 1,594	100	\$ 1,594	\$ 26,253	\$ -	

Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2021 (US\$ in Thousands)	Investment Amount Authorized by Investment Commission, MOEA (US\$ in Thousands)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (US\$ in Thousands)
\$ 4,994 (US\$ 175 thousand)	Note 1	\$ 1,394,296

Note 1: Through Silicon Optronics (Cayman) Co., Ltd.'s investment in Silicon Optronics (Shanghai) Co., Ltd., the investment was approved by the Investment Commission, MOEA with the approved amount of US\$ 175 thousand.

Note 2: Amount was recognized on the basis of the audited financial statements.

Note 3: Based on the exchange rate as of March 31, 2021.

**TABLE 5****SILICON OPTRONICS, INC. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS  
FOR THE THREE MONTHS ENDED MARCH 31, 2021**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Samoa Shangzhao Lake Co., Ltd.	18,676,413	23.91
Samoa Full Guest Investment Limited	4,875,458	6.24
Xiao Dong Luo	4,583,587	5.86

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

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