

**LITE-ON TECHNOLOGY CORPORATION
and Subsidiaries**

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

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2020 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standards No. 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

LITE-ON TECHNOLOGY CORPORATION

By

TOM SOONG
Chairman

February 25, 2021

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Lite-On Technology Corporation

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

The key audit matters identified in the audit of the Group's consolidated financial statements for the year ended December 31, 2020 are as follows:

Allowance for Impairment Loss of Trade Receivables

The allowance for impairment loss of trade receivables reflected management's subjective judgement and determination of the recoverable amount of overdue receivables containing credit risk. The key assumptions and inputs used in the evaluation process involved significant estimates by management. Hence, we focused on assessing the reasonableness of the management's estimates of allowance for impairment loss in our audit.

Refer to Note 4 to the consolidated financial statements for the summary of significant accounting policies. Refer to Note 11 to the consolidated financial statements for the carrying amount of trade receivables and impairment loss of trade receivables. In response to management's estimates mentioned above, we assessed the classification of client's credit rating, the reasonableness of expected credit loss rates, and the calculation accuracy of allowance for impairment loss.

Allowance for Inventory Valuation Loss

The value of inventory has been affected by the volatility of market demand and the ever-changing technology which could make inventory outdated and obsolete. The policy for determining the allowance for inventory loss reflects the management's subjective judgement. Hence, we focused on assessing the reasonableness of management's estimates of allowance for inventory valuation loss in our audit.

Refer to Note 4 to the consolidated financial statements for the summary of significant accounting policies. Refer to Note 12 to the consolidated financial statements for the carrying amount of inventory. In response to management's estimates mentioned above, we assessed the classification of inventory aging reports by business segment, the reasonableness of allowance for inventory valuation loss rates, the accuracy of inventory aging classification and the allowance calculation via audit sampling, and we observed the year-end physical inventory count for evaluating whether the inventory was outdated or obsolete.

Impairment Loss of Property, Plant, Equipment and Intangible Assets (Including Goodwill)

The value of property, plant, equipment and intangible assets (including goodwill) represents the amounts of relevant assets that have not been depreciated or amortized and are expected to be recoverable in future periods under the conditions of sustainable operation. The management should evaluate at each balance sheet date whether there is any indication of impairment. If there is an indication of impairment, it is necessary to estimate the recoverable amount of the assets. If the recoverable amount of an individual asset cannot be estimated, the management should evaluate the recoverable amount of the cash-generating unit to which the asset belongs. Due to the complexity of the assumptions and involvement of multiple assumptions and estimates, we evaluated and determined that the estimation was made in accordance with IAS No. 36 and evaluated whether confirmed that the carrying amount of the asset is below the recoverable amount.

The accounting policies are described in Note 4 to the consolidated financial statements. For the carrying amounts of the assets, refer to the disclosures in Notes 16 and 19 to the consolidated financial statements. The audit procedures for the matters mentioned above included:

1. We obtained the Group's asset impairment evaluation documents for each cash-generating unit.
2. We evaluated the reasonableness of the Group's assumptions and parameters used in the asset impairment assessments, including the appropriateness of the classification of each cash-generating unit, the cash flow forecasts and the discount rates used.

Other Matter

We have also audited the parent company only financial statements of Lite-On Technology Corporation as of and for the years ended December 31, 2020 and 2019 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, IFRIC and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Meng-Chieh Chiu and Cheng-Tsai Tsai.

Meng-Chieh, Chiu

Cheng-Tsai Tsai

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 25, 2021

Notice to Readers

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

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

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 71,508,036	41	\$ 67,639,056	36
Financial assets at fair value through profit or loss (Note 7)	1,357,154	1	271,650	-
Financial assets at amortized cost (Note 9)	27,186	-	221,977	-
Contract assets	2,097,360	1	2,487,281	1
Notes receivable, net (Note 11)	422,524	-	245,525	-
Trade receivables, net (Note 11)	35,990,430	21	38,078,654	21
Trade receivables from related parties (Note 33)	38,360	-	73,542	-
Other receivables (Note 11)	2,306,213	1	5,171,354	3
Other receivables from related parties (Note 33)	7,360	-	21,743	-
Inventories, net (Note 12)	24,668,663	14	23,647,443	13
Disposal groups held for sale (Note 13)	-	-	7,025,272	4
Other current assets (Note 20)	2,160,519	1	1,969,183	1
Total current assets	140,583,805	80	146,852,680	79
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss (Note 7)	139,334	-	116,644	-
Financial assets at fair value through other comprehensive income (Note 8)	1,622,561	1	1,521,076	1
Financial assets at amortized cost (Note 9)	383,801	-	338,662	-
Investments accounted for using the equity method (Note 15)	2,582,904	1	4,729,554	3
Property, plant and equipment, net (Note 16)	18,389,054	10	19,171,374	10
Right-of-use assets, net (Note 17)	1,389,516	1	1,602,478	1
Investment properties, net (Note 18)	1,250,045	1	1,282,267	1
Intangible assets, net (Note 19)	4,840,696	3	5,947,819	3
Deferred tax assets (Note 27)	4,456,927	3	4,577,757	2
Refundable deposits	291,481	-	347,658	-
Net defined benefit asset (Note 23)	6,319	-	-	-
Other non-current assets (Note 20)	130,794	-	144,534	-
Total non-current assets	35,483,432	20	39,779,823	21
TOTAL	\$ 176,067,237	100	\$ 186,632,503	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 21)	\$ 24,892,419	14	\$ 30,433,692	16
Financial liabilities at fair value through profit or loss (Note 7)	1,612,405	1	688,834	-
Contract liabilities	13,059	-	-	-
Notes payable	12,890	-	13,271	-
Trade payables	42,621,653	24	44,304,379	24
Trade payables to related parties (Note 33)	295,001	-	730,544	1
Other payables	19,963,281	11	21,018,773	11
Other payables to related parties (Note 33)	922	-	12,494	-
Current tax liabilities	6,115,170	4	5,693,989	3
Provisions (Note 22)	1,179,147	1	1,043,689	1
Liabilities directly associated with disposal groups held for sale (Note 13)	-	-	2,693,881	2
Lease liabilities (Note 17)	225,095	-	306,405	-
Advances received	2,668,294	2	2,457,892	1
Total current liabilities	99,599,336	57	109,397,843	59
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Note 27)	1,682,563	1	1,789,117	1
Lease liabilities (Note 17)	551,233	-	648,341	-
Net defined benefit liabilities (Note 23)	-	-	68,123	-
Guarantee deposits	92,591	-	87,689	-
Total non-current liabilities	2,326,387	1	2,593,270	1
Total liabilities	101,925,723	58	111,991,113	60
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY				
Share capital				
Ordinary shares	23,508,670	14	23,508,670	13
Capital surplus				
Additional paid-in capital from share issuance in excess of par value	3,471,812	2	3,471,812	2
Bond conversions	7,462,138	4	7,462,138	4
Treasury share transactions	626,897	-	548,884	-
Recognized changes in percentage of ownership interest in subsidiaries	37,533	-	48,298	-
Changes in equities of investments in associates accounted for using the equity method	-	-	273,024	-
Mergers	10,015,194	6	10,015,194	6
Total capital surplus	21,613,574	12	21,819,350	12
Retained earnings				
Legal reserve	13,789,553	8	12,845,584	7
Special reserve	4,732,075	3	3,388,768	2
Unappropriated earnings	17,026,026	9	16,885,813	9
Total retained earnings	35,547,654	20	33,120,165	18
Other equity				
Exchange differences on translating foreign operations	(5,563,051)	(3)	(4,390,226)	(3)
Unrealized loss of financial assets at fair value through other comprehensive income	(245,858)	-	(312,940)	-
Gain on hedging instruments	-	-	288	-
Equity directly associated with disposal groups held for sale	-	-	(14,218)	-
Total other equity	(5,808,909)	(3)	(4,717,096)	(3)
Treasury shares	(1,271,314)	(1)	(1,271,314)	(1)
Total equity attributable to owners of the Parent Company	73,589,675	42	72,459,775	39
NON-CONTROLLING INTERESTS	551,839	-	2,181,615	1
Total equity	74,141,514	42	74,641,390	40
TOTAL	\$ 176,067,237	100	\$ 186,632,503	100

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

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales (Notes 25 and 33)	\$ 160,492,872	102	\$ 181,808,286	102
Less: Sales allowance	2,785,198	2	2,768,242	1
Sales returns	<u>574,051</u>	-	<u>1,085,878</u>	<u>1</u>
Total operating revenue	<u>157,133,623</u>	<u>100</u>	<u>177,954,166</u>	<u>100</u>
COST OF GOODS SOLD (Notes 12, 31 and 33)	<u>(129,749,924)</u>	<u>(83)</u>	<u>(150,616,502)</u>	<u>(85)</u>
GROSS PROFIT	<u>27,383,699</u>	<u>17</u>	<u>27,337,664</u>	<u>15</u>
OPERATING EXPENSES (Notes 26 and 33)				
Selling and marketing expenses	(5,470,913)	(3)	(5,788,391)	(3)
General and administrative expenses	(5,695,018)	(4)	(6,143,633)	(4)
Research and development expenses	(5,048,883)	(3)	(6,083,478)	(3)
Expected credit (loss) gain (Notes 11 and 32)	<u>(962,691)</u>	<u>(1)</u>	<u>23,060</u>	<u>-</u>
Total operating expenses	<u>(17,177,505)</u>	<u>(11)</u>	<u>(17,992,442)</u>	<u>(10)</u>
OPERATING INCOME	<u>10,206,194</u>	<u>6</u>	<u>9,345,222</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit of associates accounted for using the equity method	385,513	-	60,069	-
Interest income	1,404,436	1	1,896,183	1
Dividend income	13,391	-	20,484	-
Other income (Note 33)	1,323,270	1	1,722,808	1
Net gain on disposal of investments (Notes 15 and 30)	745,573	1	261	-
Net gain on foreign currency exchange	635,338	-	666,584	-
Net gain on financial assets at fair value through profit or loss	741,409	-	228,483	-
Net gain on financial assets at fair value through profit or loss - structured products	28,059	-	-	-
Finance costs (Notes 26 and 33)	(351,374)	-	(844,172)	-
Other expenses	(352,667)	-	(343,473)	-
Net gain (loss) on disposal of property, plant and equipment	5,238	-	(30,456)	-
Net loss on disposal of intangible assets	(996)	-	(15)	-
Impairment loss (Notes 15, 16, 17 and 19)	<u>(2,181,463)</u>	<u>(1)</u>	<u>(358,140)</u>	<u>-</u>
Total non-operating income and expenses	<u>2,395,727</u>	<u>2</u>	<u>3,018,616</u>	<u>2</u>

(Continued)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

	2020		2019	
	Amount	%	Amount	%
PROFIT BEFORE INCOME TAX	\$ 12,601,921	8	\$ 12,363,838	7
INCOME TAX EXPENSE (Note 27)	<u>(2,772,717)</u>	<u>(2)</u>	<u>(2,958,321)</u>	<u>(2)</u>
NET PROFIT FOR THE YEAR	<u>9,829,204</u>	<u>6</u>	<u>9,405,517</u>	<u>5</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 23 and 27)				
Items not reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(11,085)	-	(12,720)	-
Unrealized gain on investments in equity instruments designated as at fair value through other comprehensive income	56,067	-	247,171	-
Share of other comprehensive gain (loss) of associates accounted for using the equity method	440	-	(8,779)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>2,939</u>	<u>-</u>	<u>(2,278)</u>	<u>-</u>
	<u>48,361</u>	<u>-</u>	<u>223,394</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(1,764,488)	(1)	(1,908,702)	(1)
Share of other comprehensive loss of associates accounted for using the equity method	(22,694)	-	(166,880)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>352,220</u>	<u>-</u>	<u>419,656</u>	<u>-</u>
	<u>(1,434,962)</u>	<u>(1)</u>	<u>(1,655,926)</u>	<u>(1)</u>
Other comprehensive loss for the year, net of income tax	<u>(1,386,601)</u>	<u>(1)</u>	<u>(1,432,532)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 8,442,603</u>	<u>5</u>	<u>\$ 7,972,985</u>	<u>4</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Parent Company	\$ 10,016,038	6	\$ 9,374,899	5
Non-controlling interests	<u>(186,834)</u>	<u>-</u>	<u>30,618</u>	<u>-</u>
	<u>\$ 9,829,204</u>	<u>6</u>	<u>\$ 9,405,517</u>	<u>5</u>

(Continued)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

	2020		2019	
	Amount	%	Amount	%
TOTAL COMPREHENSIVE INCOME (LOSS)				
ATTRIBUTABLE TO:				
Owners of the Parent Company	\$ 8,668,264	5	\$ 7,973,221	4
Non-controlling interests	<u>(225,661)</u>	<u>-</u>	<u>(236)</u>	<u>-</u>
	<u>\$ 8,442,603</u>	<u>5</u>	<u>\$ 7,972,985</u>	<u>4</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 28)				
From continuing operations				
Basic	<u>\$4.31</u>		<u>\$4.03</u>	
Diluted	<u>\$4.25</u>		<u>\$3.98</u>	

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

(Concluded)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

	Capital Surplus (Note 24)										Equity Attributable to Owners of the Parent Company										
	Issue of Share Capital (Note 24)		Additional Paid-in Capital from Share Issuance in Excess of Par Value	Bond Conversion	Treasury Share Transactions	Difference Between Consideration and Carry Amounts Adjusted Arising from Changes in Percentage of Ownership in Subsidiaries	Changes in Capital Surplus from Investments in Associates Accounted for Using Equity Method	Merger	Total	Retained Earnings (Notes 24 and 30)			Other Equity (Note 24)								
	Shares (In Thousands)	Amount								Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets Designated as Fair Value Through Other Comprehensive Income	Gain (Loss) on Hedging Instruments	Equity Directly Associated with Disposal Groups Held-for-sale	Total	Treasury Shares (Note 24)	Non-controlling Interests (Notes 24 and 30)	Total Equity
BALANCE AT JANUARY 1, 2019	2,350,867	\$ 23,508,670	\$ 3,471,812	\$ 7,462,138	\$ 477,697	\$ 47,209	\$ 271,367	\$ 10,015,194	\$ 21,745,417	\$ 12,049,900	\$ 2,705,954	\$ 15,789,147	\$ 30,545,001	\$ (2,779,863)	\$ (449,461)	\$ 2,714	\$ -	\$ (3,226,610)	\$ (1,248,722)	\$ 3,354,645	\$ 74,678,401
Effect of retrospective application	-	-	-	-	-	-	-	-	-	-	-	(5,145)	(5,145)	-	-	-	-	-	-	(9,761)	(14,906)
BALANCE AT JANUARY 1, 2019 AS RESTATED	2,350,867	23,508,670	3,471,812	7,462,138	477,697	47,209	271,367	10,015,194	21,745,417	12,049,900	2,705,954	15,784,002	30,539,856	(2,779,863)	(449,461)	2,714	-	(3,226,610)	(1,248,722)	3,344,884	74,663,495
Appropriation of 2018 earnings	-	-	-	-	-	-	-	-	-	795,684	-	(795,684)	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	-	-	-	-	-	-	(682,814)	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	-	-	682,814	(682,814)	-	-	-	-	-	-	-	-	-
Cash dividends - 29.2%	-	-	-	-	-	-	-	-	-	-	-	(6,864,532)	(6,864,532)	-	-	-	-	-	-	-	(6,864,532)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(836,184)	(836,184)
Acquisition of further interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(12,616)	(12,616)	-	-	-	-	-	-	(326,849)	(339,465)
Changes in percentage of ownership interests in subsidiaries	-	-	-	-	-	1,089	-	-	1,089	-	-	-	-	-	-	-	-	-	-	-	1,089
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	-	-	-	-	1,657	-	1,657	-	-	(5,585)	(5,585)	-	-	-	-	-	-	-	(3,928)
Changes in capital surplus from cash dividends of the Parent Company paid to subsidiaries	-	-	-	-	71,187	-	-	-	71,187	-	-	-	-	-	-	-	-	-	-	-	71,187
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	111,361	111,361	-	(111,361)	-	-	(111,361)	-	-	-
Disposal of investments accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-	-	(665)	-	-	-	(665)	-	-	(665)
Buy-back of ordinary shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(22,592)	-	(22,592)
Net profit for the year ended December 31, 2019	-	-	-	-	-	-	-	-	-	-	-	9,374,899	9,374,899	-	-	-	-	-	-	30,618	9,405,517
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	-	-	-	-	-	-	(23,218)	(23,218)	(1,609,698)	247,882	(2,426)	(14,218)	(1,378,460)	-	(30,854)	(1,432,532)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	-	-	-	-	-	9,351,681	9,351,681	(1,609,698)	247,882	(2,426)	(14,218)	(1,378,460)	-	(236)	7,972,985
BALANCE AT DECEMBER 31, 2019	2,350,867	23,508,670	3,471,812	7,462,138	548,884	48,298	273,024	10,015,194	21,819,350	12,845,584	3,388,768	16,885,813	33,120,165	(4,390,226)	(312,940)	288	(14,218)	(4,717,096)	(1,271,314)	2,181,615	74,641,390
Appropriation of 2019 earnings	-	-	-	-	-	-	-	-	-	943,969	-	(943,969)	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	-	-	-	-	-	-	(1,343,307)	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	-	-	1,343,307	(1,343,307)	-	-	-	-	-	-	-	-	-
Cash dividends - 32%	-	-	-	-	-	-	-	-	-	-	-	(7,521,296)	(7,521,296)	-	-	-	-	-	-	-	(7,521,296)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(16,595)	(16,595)
Disposal of investments accounted for using the equity method	-	-	-	-	-	(28,621)	(259,613)	-	(288,234)	-	-	7,712	7,712	168,121	(7,712)	1,201	-	161,610	-	-	(118,912)
Difference between subsidiaries' disposal of consideration and carrying amount (Notes 14 and 30)	-	-	-	-	-	(18,362)	-	-	(18,362)	-	-	(76,967)	(76,967)	51,616	49,434	-	16,305	117,355	-	(1,387,520)	(1,365,494)
Changes in percentage of ownership interests in subsidiaries	-	-	-	-	-	36,218	-	-	36,218	-	-	(20,966)	(20,966)	-	-	-	-	-	-	-	15,252
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	-	-	-	-	(13,411)	-	(13,411)	-	-	(36)	(36)	-	-	-	-	-	-	-	(13,447)
Changes in capital surplus from cash dividends of the Parent Company paid to subsidiaries	-	-	-	-	78,013	-	-	-	78,013	-	-	-	-	-	-	-	-	-	-	-	78,013
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	30,707	30,707	-	(30,707)	-	-	(30,707)	-	-	-
Net profit (loss) for the year ended December 31, 2020	-	-	-	-	-	-	-	-	-	-	-	10,016,038	10,016,038	-	-	-	-	-	-	(186,834)	9,829,204
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	-	-	-	-	-	-	(7,703)	(7,703)	(1,392,562)	56,067	(1,489)	(2,087)	(1,340,071)	-	(38,827)	(1,386,601)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	-	-	-	-	-	10,008,335	10,008,335	(1,392,562)	56,067	(1,489)	(2,087)	(1,340,071)	-	(225,661)	8,442,603
BALANCE AT DECEMBER 31, 2020	2,350,867	23,508,670	3,471,812	7,462,138	626,897	37,533	-	10,015,194	21,613,574	13,789,553	4,732,075	17,026,026	35,547,654	(5,563,051)	(245,858)	-	-	(5,808,909)	(1,271,314)	551,839	74,141,514

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

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 12,601,921	\$ 12,363,838
Adjustments for:		
Depreciation expenses	3,841,642	4,391,453
Amortization expenses	196,648	223,431
Expected credit loss (gain)	962,691	(23,060)
Net gain on fair value changes of financial assets as at fair value through profit or loss	(769,468)	(228,483)
Finance costs	351,374	844,172
Interest income	(1,404,436)	(1,896,183)
Dividend income	(13,391)	(20,484)
Share of profit of associates accounted for using the equity method	(385,513)	(60,069)
Net loss (gain) on disposal of property, plant and equipment	(5,238)	30,456
Net loss on disposal of intangible asset	996	15
Net gain on disposal of non-current assets held for sale	(304,830)	-
Net gain on disposal of investments	(745,573)	(261)
Impairment loss recognized on non-financial assets	1,984,537	-
Impairment loss reversed on non-financial assets	-	(887,297)
Unrealized net loss (gain) on foreign currency exchange	314,774	(792,299)
Net loss (gain) on disposal of subsidiaries	51,146	(226,034)
Recognition of provisions	380,078	300,722
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	712,823	730,141
Contract assets	400,809	588,627
Notes receivable	(178,274)	446,787
Trade receivables	1,261,909	5,252,094
Trade receivables from related parties	35,182	16,553
Other receivables	2,742,926	4,322,842
Other receivables from related parties	14,383	(17,325)
Inventories	(2,013,648)	6,185,308
Other current assets	(209,458)	603,977
Notes payable	(372)	(4,964)
Trade payables	(86,466)	(4,625,264)
Trade payables to related parties	(435,543)	(51,080)
Other payables	(694,792)	(6,782,557)
Other payables to related parties	(11,572)	(3,927)
Provisions	(240,845)	(264,988)
Advance receipts	248,247	546,307
Net defined benefit liabilities	(74,461)	(91,495)
Cash generated from operations	18,528,206	20,870,953
Interest received	1,417,894	1,902,531
Dividends received	13,391	20,484

(Continued)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

	2020	2019
Interest paid	\$ (391,481)	\$ (855,798)
Income tax paid	<u>(2,004,677)</u>	<u>(2,176,423)</u>
Net cash generated from operating activities	<u>17,563,333</u>	<u>19,761,747</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of financial assets at fair value through other comprehensive income	(267,562)	(11,500)
Proceeds from disposal of financial assets at fair value through other comprehensive income	140,318	292,270
Purchases of financial assets at amortized cost	(181,298)	(658,270)
Proceeds from disposal of financial assets at amortized costs	330,950	720,192
Proceeds from disposal of investments accounted for using the equity method	2,698,700	3,997
Net cash outflow on acquisition of subsidiaries	(273,957)	-
Net cash inflow (outflow) on disposal of subsidiaries (Note 30)	(1,706,324)	355,775
Proceeds from disposal of non-current assets held for sale	3,266,204	422,389
Purchases of property, plant and equipment	(3,378,395)	(5,174,012)
Proceeds from disposal of property, plant and equipment	40,933	193,894
Decrease in refundable deposits	42,135	144,006
Purchases of intangible assets	(124,566)	(282,196)
Proceeds from disposal of intangible assets	10,963	3,062
Decrease (increase) in other non-current assets	(14,771)	12,339
Dividend received from associates	<u>-</u>	<u>140,066</u>
Net cash generated from (used in) investing activities	<u>583,330</u>	<u>(3,837,988)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	-	691,702
Repayments of short-term borrowings	(5,209,351)	-
Repayments of long-term borrowings	-	(184)
Proceeds from guarantee deposits received	5,724	11,573
Repayments of the principal portion of lease liabilities	(313,182)	(332,362)
Cash dividends paid	(7,443,283)	(6,793,345)
Payments for buy-back of ordinary shares	-	(22,592)
Acquisition of subsidiaries	-	(364,239)
Disposal of subsidiaries (Note 30)	295,686	-
Changes in non-controlling interests	<u>(25,316)</u>	<u>(814,371)</u>
Net cash used in financing activities	<u>(12,689,722)</u>	<u>(7,623,818)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>(1,587,961)</u>	<u>(1,808,492)</u>

(Continued)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

	2020	2019
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 3,868,980	\$ 6,491,449
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>67,639,056</u>	<u>63,285,301</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 71,508,036</u>	<u>\$ 69,776,750</u>
Reconciliation of cash and cash equivalents at the end of the year:		
	2020	2019
Cash and cash equivalents on consolidated balance sheet	\$ 71,508,036	\$ 67,639,056
Cash and cash equivalents included in disposal groups held for sale (Note 13)	<u>-</u>	<u>2,137,694</u>
Cash and cash equivalents at the end of the year	<u>\$ 71,508,036</u>	<u>\$ 69,776,750</u>

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

(Concluded)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

1. GENERAL INFORMATION

LITE-ON TECHNOLOGY CORPORATION (the “Company”) was established in March 1989. The Company’s shares are listed on the Taiwan Stock Exchange. The Company manufactures and markets (1) computer software, hardware, peripherals and components, (2) monitors, multifunction and all-in-one printers, cameras and Internet systems and image-processing equipment; (3) information storage and processing equipment, electronic components and office equipment; (4) electronic coils, transformers, power suppliers and electronic hardware parts; (5) light-emitting diode (LED) products; (6) automotive electronics products; and (7) optical lens modules and optoelectronic components.

The Company merged with Lite-On Electronics, Inc., Silitek Corp. and GVC Corp., with the Company as the surviving entity. The merger took effect on November 4, 2002, and the Company thus assumed all rights and obligations of the three merged companies on that date.

The Company merged with its subsidiary, Lite-On Enclosure Inc., with the Company as the surviving entity. The merger took effect on April 1, 2004, and the Company thus assumed all rights and obligations of its former subsidiary on that date.

The Company separately merged with Li Shin International Enterprise Corp., Lite-On Clean Energy Technology Corp., Lite-On Automotive Corp., Leotek Electronics Corp., Lite-On IT Corporation and LarView Technologies Corp., with the Company as the surviving entity. The mergers separately and respectively took effect on March 22, 2014, April 15, 2014, June 1, 2014, June 29, 2014, June 30, 2014 and September 1, 2014, with the Company as the surviving entity of all the mergers, and the Company thus assumed all rights and obligations of the six merged companies on those respective dates.

The extraordinary shareholders’ meeting of the Company resolved to spin-off its Solid State Storage’s business unit to 100% owned subsidiary, SOLID STATE STORAGE TECHNOLOGY CORPORATION, for the purpose of specialization under the Business Mergers and Acquisitions Act and related regulations in October 2019.

The consolidated financial statements of the Company and its subsidiaries, hereinafter 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 February 25, 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:

1) Amendments to IFRS 3 “Definition of a Business”

The Group applies the amendments to IFRS 3 to transactions that occur on or after January 1, 2020. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. To determine whether an acquired process is substantive, different criteria apply, depending on whether there are outputs at the acquisition date. In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether or not an acquired set of activities and assets is a business.

2) Amendments to IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform”

Upon retrospective application of the amendments, the Group complied with the hedge accounting requirements under the assumption that the interest rate benchmark (such as the London Interbank Offered Rate or LIBOR) on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

3) Amendments to IAS 1 and IAS 8 “Definition of Material”

The Group adopted the amendments starting from January 1, 2020. The threshold of materiality that could influence users has been changed to “could reasonably be expected to influence”. Accordingly, disclosures in the consolidated financial statements do not include immaterial information that may obscure material information.

4) Amendments to IFRS 16 “Covid-19 - Related Rent Concessions”

The Group elected to apply the practical expedient provided in the amendment to IFRS 16 with respect to rent concessions negotiated with the lessor as a direct consequence of the COVID-19. The related accounting policies are stated in Note 4. Prior to the application of the amendment, the Group shall determine whether or not the abovementioned rent concessions need to be accounted for as lease modifications.

The Group applied the amendment from January 1, 2020. Because the above mentioned rent concessions affect only in 2020, retrospective application of the amendment has no impact on the retained earnings as of January 1, 2020.

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

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”	January 1, 2021

1) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”

“Interest Rate Benchmark Reform - Phase 2” primarily amends IFRS 9, IFRS 7 and IFRS 16 to provide practical relief from the impact of the interest rate benchmark reform.

Changes in the basis for determining contractual cash flows as a result of interest rate benchmark reform

The changes in the basis for determining contractual cash flows of financial assets, financial liabilities or lease liabilities are accounted for by updating the effective interest rate at the time the basis is changed, provided the changes are necessary as a direct consequence of the reform and the new basis is economically equivalent to the previous basis.

Hedging accounting

The amendments provide the following temporary exceptions to hedging relationships that are subject to the reform:

- a) The changes to the hedging relationship that are needed to reflect changes required by the reform are treated as a continuation of the existing hedging relationship, and do not result in the discontinuation of hedge accounting or the designation of a new hedging relationship.
- b) If an entity reasonably expects that an alternative benchmark rate will be separately identifiable within a period of 24 months, it is not prohibited from designating the rate as a non-contractually specified risk component if it is not separately identifiable at the designation date.
- c) After a cash flow hedging relationship is amended, the amount accumulated in the gain/(loss) on hedging instruments of cash flow hedge is deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.
- d) An entity should allocate the hedged items of a group hedge that is subject to the reform to subgroups based on whether the hedged items have been changed to reference an alternative benchmark rate, and should designate the hedged benchmark rate separately.

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.

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

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note 1)</u>
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023

(Continued)

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 6)
Amendments 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)

(Concluded)

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.

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

Current assets include:

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

Current liabilities include:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the reporting period, and
- Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company. Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of 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 of the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Group directly disposed of the related assets or liabilities.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the cost on initial recognition of an investment in an associate.

See Note 14 and Table 7 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

e. Business combinations

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

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

When a business combination is achieved in stages, the Group's previously held equity interest in an acquiree is remeasured to fair value at the acquisition date, and the resulting gain or loss is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are recognized on the same basis as would be required had those interests been directly disposed of by the Group.

Business combinations involving entities under common control are not accounted for using the acquisition method but are accounted for at the carrying amounts of the entities. Comparative information of the prior period in the consolidated financial statements is restated as if a business combination involving entities under common control had already occurred in that period.

f. Acquisition of a subsidiary that does not constitute a business

When the Group acquires a subsidiary that does not constitute a business, the Group will identify and recognize the individual identifiable assets acquired (including intangible assets) and liabilities assumed, and then allocate the transaction price to the individual identifiable assets and liabilities. When allocating the transaction price, first, any identifiable assets or liabilities initially measured at an amount other than cost are initially measured at the amount specified in the applicable IFRS standards. Then the amounts of the assets and liabilities determined according to the applicable IFRS standards are deducted from the transaction price; the residual transaction price is then allocated to the remaining identifiable assets and liabilities (i.e., assets and liabilities initially measured at cost) based on their relative fair values at the date of the acquisition.

g. Foreign currencies

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

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise. Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting consolidated financial statements, the financial statements of the Company's foreign operations that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Goodwill and fair value adjustments recognized on identifiable assets and liabilities of acquired foreign operation are treated as assets and liabilities of the foreign operation and translated at the rates of exchange prevailing at the end of each reporting period. Exchange differences are recognized in other comprehensive income.

h. Inventories

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

i. Investments in associates

An associate is an entity over which the Group has significant influence and which is not a subsidiary.

The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

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

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

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

j. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

k. Investment properties

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

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

Depreciation is recognized using the straight-line method.

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

l. Goodwill

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

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

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

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

m. Intangible assets

1) Intangible assets acquired separately

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

2) Intangible assets acquired in a business combination

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

3) Derecognition of intangible assets

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

n. Impairment of property, plant and equipment, right-of-use asset, intangible assets other than goodwill

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

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

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

o. Non-current assets held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, and the sale should be expected to qualify for recognition as a completed sale within 1 year from the date of classification.

When a sale plan would result in a loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale, regardless of whether the Group will retain a non-controlling interest in that subsidiary after the sale. However, such investment is still accounted for using the equity method.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Such assets classified as held for sale are not depreciated.

p. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in debt instruments and equity instruments at FVTOCI.

i. Financial assets at FVTPL

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

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

ii. Financial assets at amortized cost

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

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

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

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

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

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits held for the purpose of meeting short-term cash commitments, highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets and contract assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including cash and cash equivalents, trade receivable and notes receivable (including related party) at amortized cost, contract assets and other trade receivables (including related party)).

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

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

For internal credit risk management purposes, the Group considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Group):

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. Financial asset is more than 90 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

Except financial liabilities classified at FVTPL, all financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities held for trading are stated at fair value, and any remeasurement gains or losses on such financial liabilities are recognized in other gains or losses.

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

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts and interest rate swaps.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

q. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Company of the expenditures required to settle the Group's obligations.

r. Revenue recognition

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

Revenue from the sale of goods

Revenue from the sale of goods comes from sales of goods. Sales of goods are recognized as revenue when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables and contract assets are recognized concurrently. Any amounts previously recognized as contract assets are reclassified to trade receivables when the remaining obligations are performed.

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

s. Leases

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

1) The Group as lessor

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

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

When a lease includes both land and building elements, the Group assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated to the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably to the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

2) The Group as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

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

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

The Group negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2021, that results in the revised consideration for the lease. There is no substantive change to other terms and conditions. The Group elects to apply the practical expedient to all of these rent concessions and, therefore, does not assess whether the rent concessions are lease modifications. Instead, the Group recognizes the reduction in lease payment in profit or loss as a deduction of expenses of variable lease payments, in the period in which the events or conditions that trigger the concession occur, and makes a corresponding adjustment to the lease liability.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

t. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

u. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

3) Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the Group recognizes any related restructuring costs.

v. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

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

3) Current and deferred taxes

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Group considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Critical Accounting Judgements

Business model assessment for financial assets

The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment about all relevant evidence including how the performance of the assets is evaluated, the risks that affect the performance of the assets and how these are managed, and how the managers of the assets are compensated. The Group monitors financial assets measured at amortized cost or at fair value through other comprehensive income, and when assets are derecognized prior to their maturity, the Group understands the reasons for their disposal and whether the reasons are consistent with the objective of the business for which the assets were held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and, if it is not appropriate, whether there has been a change in the business model such that a prospective change to the classification of those assets is proper.

Key Sources of Estimation Uncertainty

a. Estimated impairment of financial assets

The provision for impairment of trade receivables is based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 11.

b. Write-down of inventories

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

c. Impairment of investments in associates

The Group immediately recognizes impairment losses on its net investment in an associate when there is an indication that the investment may be impaired and the carrying amount may not be recoverable. The Group's management evaluates the impairment based on the estimated future cash flows expected to be generated by the associate, including assumptions about the growth rate of sales and the capacity of the production facilities as estimated by the associate's management. The Group also takes into consideration market conditions and industry development when evaluating the appropriateness of the relevant assumptions.

d. Impairment of property, plant and equipment

Impairment of equipment in relation to the production is evaluated based on the recoverable amount of the equipment, which is the higher of its fair value less costs of disposal and its value in use. Any changes in the market prices or future cash flows will affect the recoverable amount of the equipment and may lead to the recognition of additional impairment losses or the reversal of impairment losses.

e. Impairment of goodwill

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2020	2019
Cash on hand	\$ 2,522	\$ 2,786
Checking accounts	793,254	1,125,503
Demand deposits	36,249,012	41,608,274
Time deposits	<u>34,463,248</u>	<u>24,902,493</u>
	<u>\$ 71,508,036</u>	<u>\$ 67,639,056</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2020	2019
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Currency swaps	\$ 965,617	\$ 157,557
Forward exchange contracts	<u>391,537</u>	<u>114,093</u>
	<u>\$ 1,357,154</u>	<u>\$ 271,650</u>
<u>Financial assets at FVTPL - non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	\$ 120,747	\$ 102,120
Domestic listed shares	<u>18,587</u>	<u>14,524</u>
	<u>\$ 139,334</u>	<u>\$ 116,644</u>
<u>Financial liabilities at FVTPL - current</u>		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Forward exchange contracts	\$ 1,599,443	\$ 684,519
Currency swaps	<u>12,962</u>	<u>4,315</u>
	<u>\$ 1,612,405</u>	<u>\$ 688,834</u>

At the end of the reporting period, outstanding forward exchange contracts and currency swaps not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2020</u>			
The Parent Company			
Forward exchange contracts	USD/NTD	2021.01.28- 2021.12.20	USD1,490,000/NTD41,770,771
Currency swaps	USD/NTD	2021.01.07- 2021.05.06	USD1,090,000/NTD31,298,920
Lite-On Overseas Trading Co., Ltd.			
Forward exchange contracts	USD/CNY	2021.01.13- 2021.11.04	USD240,500/CNY1,676,973
Currency swaps	USD/CNY	2021.01.13- 2021.09.30	USD143,000/CNY993,984

(Continued)

	Currency	Maturity Date	Notional Amount (In Thousands)
LITE-ON SINGAPORE PTE. LTD.			
Forward exchange contracts	USD/NTD	2021.02.26- 2021.07.15	USD180,000/NTD5,184,099
Forward exchange contracts	USD/INR	2021.01.19- 2021.06.08	USD30,000/INR2,246,558
Forward exchange contracts	EUR/USD	2021.01.07	EUR9,000/USD10,880
(Continued)Forward exchange contracts	USD/CAD	2021.01.06	USD2,318/CAD3,000
Forward exchange contracts	USD/BRL	2021.01.26	USD3,000/BRL16,793
Forward exchange contracts	USD/MXN	2021.01.07	USD3,000/MXN60,345
Philip & Lite-On Digital Solutions Corporation			
Forward exchange contracts	EUR/USD	2021.01.07	EUR1,500/USD1,813
Currency swaps	USD/NTD	2021.01.29	USD20,000/NTD573,800
<u>December 31, 2019</u>			
The Parent Company			
Currency swaps	USD/NTD	2020.01.06- 2020.03.19	USD465,000/NTD14,022,525
Lite-On Overseas Trading Co., Ltd.			
Forward exchange contracts	USD/CNY	2020.01.09- 2020.04.07	USD209,000/CNY1,473,869
Currency swaps	USD/CNY	2020.01.09	USD60,000/CNY420,468
LITE-ON SINGAPORE PTE. LTD.			
Forward exchange contracts	USD/NTD	2020.01.10- 2020.11.16	USD1,328,000/NTD39,887,176
Forward exchange contracts	USD/INR	2020.01.10- 2020.06.16	USD35,000/INR2,519,329
Forward exchange contracts	EUR/USD	2020.01.07	EUR11,000/USD12,210
Forward exchange contracts	USD/CAD	2020.01.06	USD1,504/CAD2,000
Forward exchange contracts	USD/JPY	2020.01.07	USD919/JPY100,000
Forward exchange contracts	USD/BRL	2020.01.22	USD2,500/BRL10,166
Forward exchange contracts	USD/MXN	2020.01.07	USD2,600/MXN51,025
Forward exchange contracts	USD/CNY	2020.03.04- 2020.03.17	USD20,000/CNY140,540
Currency swaps	USD/CNY	2020.01.07- 2020.03.16	USD55,500/CNY389,881
Philip & Lite-On Digital Solutions Corporation			
Forward exchange contracts	EUR/USD	2020.01.06	USD3,866/EUR3,500
Currency swaps	USD/NTD	2020.01.30	USD20,000/NTD602,000
Silitech Technology Corporation			
Forward exchange contracts	USD/MYR	2020.01.07- 2020.03.06	USD1,940/MYR8,050
Forward exchange contracts	EUR/MYR	2020.01.10- 2020.03.17	EUR300/MYR1,405
Forward exchange contracts	CNY/MYR	2020.01.16	CNY1,000/MYR590
Forward exchange contracts	USD/CNY	2020.01.17- 2020.02.14	USD2,250/CNY15,803

(Concluded)

The Group entered into derivative contracts in 2020 and 2019 to manage exposures due to fluctuations of foreign exchange rates. The derivative contracts entered into by the Group did not meet the criteria for hedge accounting. Thus, the derivative contracts are classified as financial assets or financial liabilities at FVTPL. The financial risk management objectives of the Group were to minimize risks due to changes in fair value or cash flows.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Non-current</u>		
Domestic investments		
Listed shares	\$ 174,294	\$ 258,493
Unlisted shares	<u>45,190</u>	<u>51,352</u>
	<u>219,484</u>	<u>309,845</u>
Foreign investments		
Unlisted shares	<u>1,403,077</u>	<u>1,211,231</u>
	<u>\$ 1,622,561</u>	<u>\$ 1,521,076</u>

The above domestic and foreign investments in equity instruments are held for medium to long-term strategic purposes and are expected to generate return in the long run. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as it believes that recognizing the short-term fluctuations of fair value in profit or loss would not be consistent with the Group's investment strategy.

9. FINANCIAL ASSETS AT AMORTIZED COSTS

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Pledged deposits	\$ 410,987	\$ 467,674
Wealth management products	<u>-</u>	<u>92,965</u>
	<u>\$ 410,987</u>	<u>\$ 560,639</u>
Current	\$ 27,186	\$ 221,977
Non-current	<u>383,801</u>	<u>338,662</u>
	<u>\$ 410,987</u>	<u>\$ 560,639</u>

- a. Wealth management products mainly refer to bank deposit products with minimum guaranteed returns held by subsidiaries and measured at amortized cost. The products shall not be paid or redeemed within the contract period.
- b. Refer to Note 10 for information related to credit risk management and impairment evaluation of financial assets at amortized cost.
- c. Refer to Note 34 for information related to investments in financial assets at amortized cost pledged as security.

10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments were classified as at amortized cost.

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>At amortized cost</u>		
Gross carrying amount	\$ 410,987	\$ 560,639
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
Net carrying amount	<u>\$ 410,987</u>	<u>\$ 560,639</u>

In order to minimize credit risk, the Group has tasked its credit management committee to develop and maintain a credit risk grading framework to categorize exposures according to the degree of risk of default. The credit rating information may be obtained from independent rating agencies, where available, and if not available, the credit management committee uses other publicly available financial information to rate the debtors.

11. NOTES, TRADE RECEIVABLES, NET AND OTHER RECEIVABLES

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Notes receivable</u>		
Notes receivable - operating	<u>\$ 422,524</u>	<u>\$ 245,525</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 36,180,583	\$ 38,220,925
Allowance for impairment loss	<u>(190,153)</u>	<u>(142,271)</u>
	<u>\$ 35,990,430</u>	<u>\$ 38,078,654</u>

a. Notes receivable

The aging of notes receivable was as follows:

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Not past due	<u>\$ 422,524</u>	<u>\$ 245,525</u>

The above aging schedule was based on the number of days past the due date.

b. Trade receivables

The average credit period of sales of goods was approximately 90 days, and 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 receivables. 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 estimates expected credit losses according to the prescribed approach, which permits the recognition of lifetime expected losses for all trade receivables. The expected credit losses on trade receivables are estimated using an allowance matrix, which takes into consideration the historical credit loss experience with the respective debtor, the current financial position of the debtor, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlooks. The Group uses different provision matrixes based on customer segments by default risks and determines the expected credit loss by reference to the expected credit loss rate of each customer segment.

The Group writes off a trade receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or when the trade receivables are more than 2 years past due, 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 which are 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 allowance matrix.

December 31, 2020

	Not Past Due	Past Due Within 60 Days	Past Due 61 to 210 Days	Past Due 211 to 240 Days	Past Due Over 241 Days	Total
Expected credit loss rate	0%	0.1%-5%	40%-70%	50%-100%	100%	
Gross carrying amount	\$ 35,625,768	\$ 313,624	\$ 123,604	\$ 629	\$ 116,958	\$ 36,180,583
Loss allowance	-	(8,730)	(63,836)	(629)	(116,958)	(190,153)
Amortized cost	<u>\$ 35,625,768</u>	<u>\$ 304,894</u>	<u>\$ 59,768</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,990,430</u>

December 31, 2019

	Not Past Due	Past Due Within 60 Days	Past Due 61 to 210 Days	Past Due 211 to 240 Days	Past Due Over 241 Days	Total
Expected credit loss rate	0%	0.1%-5%	40%-70%	50%-100%	100%	
Gross carrying amount	\$ 37,776,076	\$ 281,476	\$ 50,801	\$ 948	\$ 111,624	\$ 38,220,925
Loss allowance	-	(3,939)	(26,130)	(578)	(111,624)	(142,271)
Amortized cost	<u>\$ 37,776,076</u>	<u>\$ 277,537</u>	<u>\$ 24,671</u>	<u>\$ 370</u>	<u>\$ -</u>	<u>\$ 38,078,654</u>

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

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ 142,271	\$ 218,840
Amounts written off	(8,054)	(48,488)
Expected credit loss (gain)	57,630	(22,998)
Reclassified to non-current assets held for sale	-	(1,454)
Disposal of subsidiaries	(24)	-
Foreign exchange translation	<u>(1,670)</u>	<u>(3,629)</u>
Balance at December 31	<u>\$ 190,153</u>	<u>\$ 142,271</u>

c. Other receivables

The Group's other receivables mainly include disposal of subsidiaries' shares, interest, VAT and tax refund receivables, and others.

In order to minimize credit risk, the management of the Group has assigned a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that appropriate action is taken to recover overdue other receivables. In addition, the Group reviews the recoverable amount of each individual other receivable on the balance sheet date to ensure that adequate allowance is made for possible irrecoverable amounts.

The Group considered the credit risk of partial other receivables in 2020 had increased significantly since the initial recognition and, therefore, recognized the lifetime expected credit impairment loss of \$905,061 thousand.

12. INVENTORIES, NET

	December 31	
	2020	2019
Finished goods	\$ 16,322,508	\$ 16,343,107
Raw materials	6,087,710	4,876,849
Work in progress	1,952,410	1,929,297
Inventory in transit	165,461	242,223
Merchandise	<u>140,574</u>	<u>255,967</u>
	<u>\$ 24,668,663</u>	<u>\$ 23,647,443</u>

The costs of inventories recognized as cost of goods sold for the years ended December 31, 2020 and 2019 were \$129,749,924 thousand and \$150,616,502 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the year ended December 31, 2020 included a reduction of cost of goods sold amounting to \$196,926 thousand due to the reversal of write-down in inventory's net realizable value. The cost of inventories recognized as cost of goods sold for the year ended December 31, 2019 included a reduction of cost of goods sold amounting to \$1,245,437 thousand due to the reversal of write-down in inventory's net realizable value. This increase was mainly due to the Group's write-off of part of its inventories that had been impaired.

13. NON-CURRENT ASSETS HELD FOR SALE

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Disposal groups held for sale	\$ -	\$ 7,025,272
Liabilities directly associated with disposal groups held for sale	\$ -	\$ 2,693,881
Equity directly associated with disposal groups held for sale	\$ -	\$ (14,218)

The shareholders' meeting of the Company approved to spin off its SSD business unit related operation to its 100%-owned subsidiary, SOLID STATE STORAGE TECHNOLOGY CORPORATION, in October 2019. The board of directors of the Company resolved to dispose of the outstanding shares of directly and indirectly owned subsidiaries, SOLID STATE STORAGE TECHNOLOGY CORPORATION and SOLID STATE STORAGE TECHNOLOGY USA CORPORATION, and the marketable securities of CNEX LABS Inc., held by LITE-ON TECHNOLOGY USA, INC. to KIOXIA Holdings Corporation. The disposal was completed in July 2020. The main categories of assets and liabilities of the subsidiaries held for sale on December 31, 2019 are as follows:

	<u>December 31,</u> <u>2019</u>
<u>Disposal groups held for sale</u>	
Cash and cash equivalents	\$ 2,137,694
Accounts receivable and other receivables	1,717,796
Inventories, net	2,403,594
Other current assets	25,346
Other non-current assets	<u>740,842</u>
	<u>\$ 7,025,272</u>
<u>Liabilities directly associated with disposal groups held for sale</u>	
Accounts payable and other payables	\$ 2,629,725
Other current liabilities	34,079
Other non-current liabilities	<u>30,077</u>
	<u>\$ 2,693,881</u>
<u>Equity directly associated with disposal groups held for sale</u>	<u>\$ (14,218)</u>

14. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Main Business	<u>% of Ownership</u>		Remark
			<u>2020</u>	<u>2019</u>	
The Company	Silitech Technology Corporation	Manufacture and sale of modules and plastic products	18.87	33.87	1), 2)
	Lite-On Integrated Service Inc.	Information outsourcing and system integration	100.00	100.00	-
	Lite-On Capital Corporation	Investment activities	100.00	100.00	-
	SKYLA CORPORATION	Manufacture and sale of medical equipment	63.73	69.94	-
	LITE-ON ELECTRONICS H.K. LIMITED	Sale of LED optical products	100.00	100.00	-
	Lite-On Electronics (Thailand) Co., Ltd.	Manufacture and sale of LED optical products	100.00	100.00	-
	Lite-On Japan Ltd.	Sale of LED optical products and power supplies	100.00	100.00	-

(Continued)

Investor	Investee	Main Business	% of Ownership		Remark	
			December 31, 2020	December 31, 2019		
Lite-On Capital Corporation	Lite-On International Holding Co., Ltd.	Investment activities	100.00	100.00	-	
	LTC GROUP LTD.	Investment activities	100.00	100.00	-	
	LITE-ON TECHNOLOGY USA, INC.	Investment activities	100.00	100.00	-	
	LITE-ON ELECTRONICS (EUROPE) LIMITED	Manufacture and sale of power supplies	100.00	100.00	-	
	Lite-On Technology (Europe) B.V.	Market research and after-sales service	54.00	54.00	-	
	Lite-On Overseas Trading Co., Ltd.	Investment activities	100.00	100.00	-	
	LITE-ON SINGAPORE PTE. LTD.	Manufacture and supply computer peripheral products	100.00	100.00	-	
	LITE-ON VIETNAM CO., LTD.	Electronic contract manufacturing	100.00	100.00	-	
	EAGLE ROCK INVESTMENT LTD.	Import and export and investment activities	100.00	100.00	-	
	LITE-ON MOBILE PTE. LTD.	Manufacture and sale of mobile phone modules and design of assembly line	100.00	100.00	-	
	HIGH YIELD GROUP CO., LTD.	Holding company	100.00	100.00	-	
	Lite-On Information Technology B.V.	Market research and customer service	100.00	100.00	-	
	Philips & Lite-On Digital Solutions Corporation	Sale of optical disc drives	49.00	49.00	-	
	LET (HK) LIMITED	Sale of optical disc drives	100.00	100.00	-	
	Lite-On Automotive International (Cayman) Co., Ltd.	Investment activities	100.00	100.00	-	
	LITE-ON AUTOMOTIVE ELECTRONICS MEXICO, S.A. DE C.V.	Production, manufacture, sale, import and export of photovoltaic device, key electronic components, telecommunications equipment, information technology equipment, semiconductor applications, general lighting, automotive electronics, renewable energy products and systems and maintenance within the automotive industry	99.00	99.00	-	
	LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED	Manufacture and sale of phone chargers and power supplies	99.00	99.00	-	
	KBW-LITEON Jordan Private Shareholding Limited	Production and manufacture of energy-saving lights and project construction and maintenance	99.86	99.86	-	
	KBW-LEOTEK Jordan Private Shareholding Limited	Investment activities	49.00	49.00	-	
	SOLID STATE STORAGE TECHNOLOGY CORPORATION	Manufacture and duplication of electronic components and data storage medium	-	100.00	3)	
	LITE-ON INC.	Investment activities	83.28	-	4)	
	DYNA INVESTMENT CO., LTD	Investment activities	87.55	-	4)	
	Siltech Technology Corporation	Manufacture and sale of modules and plastic products	0.64	0.64	2)	
	Lite-On Green Technologies Inc.	Manufacture and wholesale of electronic components and energy technology services	100.00	100.00	-	
	Lite-On Green Energy (HK) Limited	Investment activities	100.00	100.00	-	
	Lite-On Technology (Europe) B.V.	Market research and after-sales services	46.00	46.00	-	
	LITE-ON GREEN ENERGY (SINGAPORE) PTE. LTD.	Investment activities	100.00	100.00	-	
	Lite-On Green Technologies Inc.	Lite-On Green Technologies B.V.	Solar energy engineering	100.00	100.00	-
	LITE-ON GREEN ENERGY (SINGAPORE) PTE. LTD.	Lite-On Green Energy B.V.	Investment activities	100.00	100.00	-
	LITE-ON ELECTRONICS H.K. LIMITED	LITE-ON ELECTRONICS (TIANJIN) CO., LTD.	ODM services	100.00	100.00	-
		LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	Manufacture and sale of IT products	100.00	100.00	-
		CHINA BRIDGE (CHINA) CO., LTD.	Investment activities and acting as a sales agent	100.00	100.00	-
	LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	Manufacture of electronic components	100.00	100.00	-	
	SILITEK ELEC. (DONGGUAN) CO., LTD.	Manufacture and sale of keyboards	100.00	100.00	-	
	LITE-ON COMPUTER TECHNOLOGY (DONGGUAN) CO., LTD.	Manufacture and sale of display device	100.00	100.00	-	
	LITE-ON DIGITAL ELECTRONICS (DONGGUAN) CO., LTD.	Manufacture and sale of computer peripheral products	-	100.00	5)	
CHINA BRIDGE (CHINA) CO., LTD.	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	Development, manufacture of new-type electronic components and provision technology consulting services, maintenance equipment and after-sales services	12.59	12.59	-	
	WUXI CHINA BRIDGE EXPRESS TRADING CO., LTD.	Express and sale of power supplies, printers, display devices and scanners	100.00	100.00	-	
LITE-ON ELECTRONICS COMPANY LIMITED	LITEON COMMUNICATION (GUANGZHOU) COMPANY LIMITED	Manufacture and sale of mobile terminal equipment	100.00	100.00	-	
	LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	Manufacture and sale of printers and scanners	100.00	100.00	-	
	LITE-ON (GUANGZHOU) INFORTECH CO., LTD.	Information outsourcing	100.00	100.00	-	
	LITEON ELECTRONICS AND WIRELESS (GUANGZHOU) LIMITED	Manufacture and sale of mobile terminal equipment	100.00	100.00	-	
	LITE-ON (GUANGZHOU) PRECISION TOOLING LTD.	Manufacture and sale of modules	67.03	67.03	-	
	LITE-ON TECHNOLOGY (GUANGZHOU) LIMITED	Manufacture and sale of computer cases	100.00	100.00	-	
	LITE-ON TECHNOLOGY (JIANGSU) CO., LTD.	Investment activities and acting as a sales agent	100.00	100.00	-	
	LITE-ON TECHNOLOGY (GZ) INVESTMENT COMPANY LIMITED	Investment activities	100.00	100.00	-	
	LITE-ON POWER TECHNOLOGY (DONGGUAN) CO., LTD.	Development, manufacture and sale of electronic components, power supplies and provision of technology consulting services	100.00	100.00	-	
LITE-ON TECHNOLOGY (GZ) INVESTMENT COMPANY LIMITED	LITE-ON (GUANGZHOU) PRECISION TOOLING LTD.	Manufacture and sale of modules	32.97	32.97	-	

(Continued)

Investor	Investee	Main Business	% of Ownership		Remark
			2020	2019	
LITE-ON TECHNOLOGY (JIANGSU) CO., LTD.	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Development, manufacture, sale and installation of power supplies and transformers and provision of technology consulting services, maintenance equipment and after-sales services	100.00	100.00	-
	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	Development, manufacture and sale of new-type electronic components and LED and provision technology consulting services, maintenance equipment and after-sales services	87.41	87.41	-
	LITE-ON MEDICAL DEVICE (CHANGZHOU) LTD.	Manufacture and sale of medical equipment	100.00	100.00	-
	CHANGZHOU LEOTEK NEW ENERGY TRADE LIMITED	Wholesale, import and export and installation of street lights, signal lights, scenery lights and new-type electronic components	100.00	100.00	-
	LITE-ON COMPUTER (CHANGZHOU) CO., LTD.	Design, development, manufacture and sale of computer laptop keyboard modules and components and provision of technology consulting services and after-sales services	100.00	100.00	-
YET FOUNDATE LIMITED	LITE-ON AUTOMOTIVE ELECTRONICS (CHANGZHOU) CO., LTD.	Manufacture, sale and processing of electronic products	100.00	100.00	-
	LITE-ON GREEN TECHNOLOGIES (NANJING) CORPORATION	Solar energy engineering	100.00	100.00	-
FORDGOOD ELECTRONIC LIMITED	DONGGUAN LITE-ON COMPUTER CO., LTD.	Manufacture and sale of computer hosts and components	100.00	100.00	-
LITE-ON TECHNOLOGY USA, INC.	LITEON LI SHIN TECHNOLOGY (GANZHOU) LTD.	Manufacture and sale of electronic components	100.00	100.00	-
	LITE-ON, INC.	Sales data processing of optoelectronic products and power supplies	100.00	100.00	-
LITE-ON TRADING USA, INC.	LEOTEK ELECTRONICS USA LLC.	Sale of optical products	100.00	100.00	-
	POWER INNOVATIONS INTERNATIONAL, INC.	Development, design and manufacture of power control and energy management	95.25	95.25	-
LITE-ON CHINA HOLDING CO., LTD.	SOLID STATE STORAGE TECHNOLOGY USA CORPORATION (formerly: Lite-On Sales & Distribution Inc.)	Sale of optical disc drives	-	100.00	3)
	LITE-ON TECHNOLOGY SERVICE, INC.	After-sales service of optical products	100.00	100.00	-
LITE-ON SINGAPORE PTE. LTD.	LITE-ON CHINA HOLDING CO., LTD.	Investment activities	100.00	100.00	-
	LITE-ON TECHNOLOGY (XIANNING) CO., LTD.	Manufacture and sale of electronic components	100.00	100.00	-
LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Manufacture and sale of energy saving equipment	100.00	100.00	-
	LITE-ON AUTOMOTIVE ELECTRONICS MEXICO, S.A. DE C.V.	Production, manufacture, sale, import and export of photovoltaic device, key electronic components, telecommunications equipment, information technology equipment, semiconductor applications, general lighting, automotive electronics, renewable energy products and systems and maintenance within the automotive industry	1.00	1.00	-
LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED	Manufacture and sale of phone chargers and power supplies	1.00	1.00	-
	LITE-ON INTELLIGENT TECHNOLOGY (YENCHENG) CORP.	Wholesale, import and export and installation of street lights, signal lights, scenery lights and new-type electronic components	100.00	100.00	-
LTC GROUP LTD.	TITANIC CAPITAL SERVICES LTD.	Investment activities	100.00	100.00	-
Lite-On Technology (Europe) B.V.	LTC INTERNATIONAL LTD.	Manufacture and sale of system products	100.00	100.00	-
	Lite-On (Finland) Oy	Manufacture and sale of mobile phone modules and design for assembly lines	100.00	100.00	-
Lite-On (Finland) Oy	Lite-On Mobile Oyj	Manufacture and sale of mobile phone modules and design for assembly lines	100.00	100.00	-
LITE-ON CHINA HOLDING CO., LTD.	LITE-ON ELECTRONICS COMPANY LIMITED	Investment activities	100.00	100.00	-
	YET FOUNDATE LIMITED	Manufacture of plastic and computer peripheral products	100.00	100.00	-
G&W TECHNOLOGY (BVI) LIMITED	I-SOLUTIONS LIMITED	Sale of specialized electronic products	-	100.00	6)
	FORDGOOD ELECTRONIC LIMITED	Import and export and real estate	100.00	100.00	-
EAGLE ROCK INVESTMENT LTD.	G&W TECHNOLOGY (BVI) LIMITED	Real estate management	50.00	50.00	-
	G&W TECHNOLOGY LIMITED	Leasing	100.00	100.00	-
HIGH YIELD GROUP CO., LTD.	HUIZHOU LI SHIN ELECTRONIC CO., LTD.	Manufacture of computer peripheral products	100.00	100.00	-
LITE-ON IT INTERNATIONAL (HK) LIMITED	LITE-ON IT INTERNATIONAL (HK) LIMITED	Sale of optical disc drives	100.00	100.00	-
	LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD. (formerly: LITEON OPTO TECHNOLOGY (GUANGZHOU) LTD.)	Manufacture of automotive parts and components	100.00	100.00	-
Lite-On Information Technology B.V. Philips & Lite-On Digital Solutions Corporation	LiteON Auto Electric Technology (Guangzhou) Ltd.	Manufacture and sale of optical disc drives	100.00	100.00	-
	LITEON-IT OPTO TECH (BH) CO., LTD.	Manufacture and sale of optical disc drives	100.00	100.00	-
Philips & Lite-On Digital Solutions Corporation	Lite-On Information Technology GmbH	Sale of optical disc drives	-	100.00	7)
	PLDS Germany GmbH	Development and sale of modules of automotive recorders	100.00	100.00	-
Silitech Technology Corporation	Philips & Lite-On Digital Solutions USA, Inc.	Sale of optical disc drives	100.00	100.00	-
	Philips & Lite-On Digital Solutions Korea Ltd.	Sale of optical disc drives	100.00	100.00	-
Silitech (BVI) Holding Ltd.	Philips & Lite-On Digital Solutions (Shanghai) Co., Ltd.	Sale of optical disc drives	100.00	100.00	-
	Silitech (BVI) Holding Ltd.	Investment activities	100.00	100.00	2)
Silitech (Bermuda) Holding Ltd.	Silitech (Bermuda) Holding Ltd.	Investment activities	100.00	100.00	2)

(Continued)

Investor	Investee	Main Business	% of Ownership		Remark
			2020	2019	
Silitech (Bermuda) Holding Ltd.	Silitech Technology Corporation Limited	Manufacture of plastic and computer peripheral products	100.00	100.00	2)
	Silitech Technology Corp. Sdn. Bhd.	Manufacture of computer peripheral products	100.00	100.00	2)
	Silitech (Hong Kong) Holding Ltd.	Investment activities	100.00	100.00	2)
Silitech (Hong Kong) Holding Ltd.	Silitech Electronic (SuZhou) Co., Ltd.	Manufacture and sale of automotive parts, touch panels and plastic and rubber assembly	-	100.00	2)
Silitech Technology Corporation Limited	Xurong Electronic (Shenzhen) Ltd.	Manufacture of automotive parts, touch panels and plastic and rubber assembly	100.00	100.00	2)
Lite-On Automotive International (Cayman) Co., Ltd	LITE-ON AUTOMOTIVE HOLDINGS (HONG KONG) CO., LIMITED	Investment activities	100.00	100.00	-
LITE-ON AUTOMOTIVE HOLDINGS (HONG KONG) CO., LIMITED	LITE-ON AUTOMOTIVE (WUXI) CO., LTD	Manufacture, sale and processing of electronic products	100.00	100.00	-
	Lite-On (Guangzhou) Automotive Electronics Limited	Manufacture, sale and processing of electronic products	100.00	100.00	-
Lite-On Japan Ltd.	Lite-On Japan (H.K.) Limited	Import and export of electronic components	100.00	100.00	-
	Lite-On Japan (Korea) Co., Ltd.	Import and export of electronic components	100.00	100.00	-
	LITE-ON JAPAN (Thailand) CO., LTD.	Import and export of electronic components	100.00	100.00	-
Lite-On Japan (H.K.) Limited	NL (SHANGHAI) CO., LTD.	Import and export of electronic components	100.00	100.00	-
Lite-On Mobile Oyj	LITE-ON MOBILE INDÚSTRIA E COMÉRCIO DE PLÁSTICOS LTDA.	Manufacture and sale of mobile phone modules and design for assembly line	2.97	2.97	-
LITE-ON MOBILE PTE. LTD.	GUANGZHOU LITE-ON MOBILE ENGINEERING PLASTICS CO., LTD.	Manufacture and sale of mobile phone modules and design for assembly line	100.00	100.00	-
	BEIJING LITE-ON MOBILE ELECTRONIC AND TELECOMMUNICATION COMPONENTS CO., LTD.	Manufacture and sale of mobile phone modules and design for assembly line	100.00	100.00	-
	LITE-ON MOBILE INDÚSTRIA E COMÉRCIO DE PLÁSTICOS LTDA.	Manufacture and sale of mobile phone modules and design for assembly line	97.03	97.03	-
	LITE-ON YOUNG FAST PTE. LTD.	Investment activities	100.00	100.00	-
KBW-LEOTEK Jordan Private Shareholding Limited	LEOTEK, PSC	Production and manufacture of energy-saving lights	60.00	60.00	-
SOLID STATE STORAGE TECHNOLOGY CORPORATION	Solid State Storage Technology (Guangzhou) Corporation	Software and information technology related services	-	-	8)
	SOLID STATE STORAGE TECHNOLOGY PTE. LTD.	Business development and customer services	-	-	8)
LITE-ON INC.	DYNA INVESTMENT CO., LTD	Investment activities	12.40	-	4)
DYNA INVESTMENT CO., LTD	LITE-ON INC.	Investment activities	16.70	-	4)

(Concluded)

Remark:

- 1) Partially sold the equity interests in June 2020. Refer to Note 30 for further information.
 - 2) The Group lost its control on December 30, 2020, the inclusion of Silitech Technology Corporation and its subsidiaries in the consolidated statements was terminated from that date. However, Silitech Technology Corporation still has a significant impact on the Group and is subsequently recognized as an affiliated company using the equity method for subsequent measurement. Refer to Note 30 for further information.
 - 3) The disposal was completed in July 2020. Refer to Note 13 for further information.
 - 4) Acquired in batches from November to December 2020.
 - 5) Liquidated in September 2020.
 - 6) Liquidated in October 2020.
 - 7) Liquidated in December 2020.
 - 8) Capital injection and the disposal were completed in January 2020 and July 2020, respectively.
- b. Subsidiaries excluded from consolidated financial statements: None.

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

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests	
	December 31	
	2020	2019
Silitech Technology Corporation	-	65.49%

Refer to Note 30 for the Group's disclosure of disposal of Silitech Technology Corporation.

See Table 7 "Names, Locations, and Related Information on Investees" and Table 8 "Information of Investment in Mainland China" for the information on place of incorporation and principal place of business.

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests For the Year Ended December 31		Accumulated Non-controlling Interests December 31	
	2020	2019	2020	2019
	Silitech Technology Corporation	\$ (230,534)	\$ (19,970)	\$ -
Others	<u>43,700</u>	<u>50,588</u>	<u>551,839</u>	<u>530,676</u>
	<u>\$ (186,834)</u>	<u>\$ 30,618</u>	<u>\$ 551,839</u>	<u>\$ 2,181,615</u>

The summarized financial information below represents amounts before intragroup eliminations.

Silitech Technology Corporation and its subsidiaries:

	December 31, 2019
Current assets	\$ 2,665,563
Non-current assets	679,836
Current liabilities	(714,824)
Non-current liabilities	<u>(109,572)</u>
Equity	<u>\$ 2,521,003</u>
Equity attributable to:	
The Parent Company	\$ 870,064
Non-controlling interests of Silitech Technology Corporation	<u>1,650,939</u>
	<u>\$ 2,521,003</u>

	For the Year Ended December 31	
	2020	2019
Revenue	<u>\$ 1,734,002</u>	<u>\$ 2,295,774</u>
Net loss for the year	\$ 366,258	\$ 30,495
Other comprehensive loss for the year	<u>62,717</u>	<u>6,191</u>
Total comprehensive loss for the year	<u>\$ 428,975</u>	<u>\$ 36,686</u>
Net loss attributable to:		
The Parent Company	\$ 135,724	\$ 10,525
Non-controlling interests of Silitech Technology Corporation	<u>230,534</u>	<u>19,970</u>
	<u>\$ 366,258</u>	<u>\$ 30,495</u>
Total comprehensive loss attributable to:		
The Parent Company	\$ 83,704	\$ 12,661
Non-controlling interests of Silitech Technology Corporation	<u>345,271</u>	<u>24,025</u>
	<u>\$ 428,975</u>	<u>\$ 36,686</u>
Net cash flow from:		
Operating activities	\$ (125,587)	\$ 91,871
Investing activities	92,310	347,075
Financing activities	(41,288)	(1,254,522)
Foreign exchange translation	<u>(69,136)</u>	<u>5,131</u>
Net cash outflow	<u>\$ (143,701)</u>	<u>\$ (810,445)</u>

15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates

	December 31	
	2020	2019
Associates that are not individually material	<u>\$ 2,582,904</u>	<u>\$ 4,729,554</u>

Aggregate Information of Associates That Are Not Individually Material

	For the Year Ended December 31	
	2020	2019
The Group's share of:		
Profit for the year	\$ 385,513	\$ 60,069
Other comprehensive loss for the year	<u>(20,436)</u>	<u>(164,085)</u>
Total comprehensive income (loss) for the year	<u>\$ (365,077)</u>	<u>\$ (104,016)</u>

The board of directors of the Company resolved to dispose all of the shares of Lite-On Semiconductor Corp. to Diodes Incorporated in August 2019. In September 2020, the board of directors of Lite-On Semiconductor Corp. approved November 30, 2020 to be the share swap record date. Therefore, the Group received the full cash consideration in December 2020 and completed the disposal procedure. This transaction resulted in the recognition of a gain in profit or loss, calculated as follows:

	Amount
Proceeds of disposal	\$ 2,698,700
Less: Carrying amount of disposed of investment	(2,028,196)
Add: Share of equity items other comprehensive income of the associate accounted for using the equity method	<u>118,912</u>
 Gain recognized (included in non-operating income and expenses, net gain on disposal of investment)	 <u>\$ 789,416</u>

Due to the indications of impairment, the Group performed an impairment test on the investment in 2020 and compared whether the carrying amount of the investment was lower than the recoverable amount. The assessment of the recoverable amount is conducted under the asset-based method and the income method, considering the reduction of liquidity and other factors. Among them, the income method is used to evaluate the value in use by using the cash flow estimated by the Group generated by the operation of associates, and the present value is calculated at the annual discount rate of 7.9%. The Group recognized the impairment loss of \$862,435 thousand in the consolidated statements of comprehensive income as the Group assessed that the carrying amount of the investment in the associate was higher than its recoverable amount.

16. PROPERTY, PLANT AND EQUIPMENT, NET

	Freehold Land	Buildings	Machinery Equipment	Tooling Equipment	Transportation Equipment	Office Equipment	Other Equipment	Total
Cost								
January 1, 2020	\$ 2,322,935	\$ 19,203,997	\$ 25,579,970	\$ 2,057,199	\$ 48,191	\$ 2,051,727	\$ 5,768,202	\$ 57,032,221
Additions	216,257	253,697	1,588,278	56,415	1,279	212,894	831,453	3,160,273
Disposals	(2,150)	(46,796)	(2,381,212)	(423,235)	(8,631)	(130,301)	(439,214)	(3,431,539)
Effect of business combination	195,938	(214,903)	(769,353)	-	(9,367)	(107,909)	(151,779)	(1,057,373)
Reclassification	(5,732)	198,824	241,148	5,885	(401)	55,233	(538,141)	(43,184)
Effect of foreign currency exchange differences	(5,975)	(107,474)	(252,034)	(7,999)	(1,261)	(25,626)	(79,415)	(479,784)
December 31, 2020	<u>\$ 2,721,273</u>	<u>\$ 19,287,345</u>	<u>\$ 24,006,797</u>	<u>\$ 1,688,265</u>	<u>\$ 29,810</u>	<u>\$ 2,056,018</u>	<u>\$ 5,391,106</u>	<u>\$ 55,180,614</u>
Accumulated depreciation								
January 1, 2020	\$ -	\$ 9,327,522	\$ 20,188,463	\$ 1,885,187	\$ 41,273	\$ 1,781,730	\$ 3,930,410	\$ 37,154,585
Additions	-	728,286	2,251,969	97,735	2,232	177,476	232,082	3,489,780
Disposals	-	(39,494)	(2,291,705)	(406,767)	(6,647)	(126,600)	(389,833)	(3,261,046)
Effect of business combination	-	(198,373)	(518,242)	-	(9,367)	(86,246)	(89,366)	(901,594)
Reclassification	-	81,081	(80,087)	-	(6)	4,851	16,034	21,873
Effect of foreign currency exchange differences	-	(66,449)	(182,189)	(7,263)	(1,013)	(18,005)	(15,246)	(290,165)
December 31, 2020	<u>\$ -</u>	<u>\$ 9,832,573</u>	<u>\$ 19,368,209</u>	<u>\$ 1,568,892</u>	<u>\$ 26,472</u>	<u>\$ 1,733,206</u>	<u>\$ 3,684,081</u>	<u>\$ 36,213,433</u>
Accumulated impairment								
January 1, 2020	\$ -	\$ 35,006	\$ 529,830	\$ 19,024	\$ 404	\$ 2,637	\$ 119,361	\$ 706,262
Additions	-	543	163,253	3,368	44	12,672	85,663	265,543
Disposals	-	(409)	(72,618)	(16,192)	(394)	(2,263)	(42,922)	(134,798)
Effect of business combination	-	(64)	(142,247)	-	-	(7,848)	(61,394)	(211,553)
Reclassification	-	(10,633)	(22,709)	-	-	(2,474)	5,354	(30,462)
Effect of foreign currency exchange differences	-	(9,606)	6,883	(61)	(10)	(142)	(13,929)	(16,865)
December 31, 2020	<u>\$ -</u>	<u>\$ 14,837</u>	<u>\$ 462,392</u>	<u>\$ 6,139</u>	<u>\$ 44</u>	<u>\$ 2,582</u>	<u>\$ 92,133</u>	<u>\$ 578,127</u>
December 31, 2020, net	<u>\$ 2,721,273</u>	<u>\$ 9,439,935</u>	<u>\$ 4,176,196</u>	<u>\$ 113,234</u>	<u>\$ 3,294</u>	<u>\$ 320,230</u>	<u>\$ 1,614,892</u>	<u>\$ 18,389,054</u>
Cost								
January 1, 2019	\$ 2,327,976	\$ 18,155,108	\$ 27,419,920	\$ 2,108,806	\$ 56,075	\$ 2,126,243	\$ 7,244,205	\$ 59,438,333
Additions	-	996,935	1,812,295	101,551	3,949	126,737	1,403,914	4,445,381
Disposals	(4,744)	(810,200)	(2,153,971)	(128,057)	(10,982)	(155,182)	(110,727)	(3,373,863)
Reclassification	-	1,302,438	(733,237)	18,550	(48)	(6,545)	(2,602,901)	(2,021,743)
Effect of foreign currency exchange differences	(297)	(440,284)	(765,037)	(43,651)	(803)	(39,526)	(166,289)	(1,455,887)
December 31, 2019	<u>\$ 2,322,935</u>	<u>\$ 19,203,997</u>	<u>\$ 25,579,970</u>	<u>\$ 2,057,199</u>	<u>\$ 48,191</u>	<u>\$ 2,051,727</u>	<u>\$ 5,768,202</u>	<u>\$ 57,032,221</u>

(Continued)

	Freehold Land	Buildings	Machinery Equipment	Tooling Equipment	Transportation Equipment	Office Equipment	Other Equipment	Total
<u>Accumulated depreciation</u>								
January 1, 2019	\$ -	\$ 9,307,631	\$ 21,216,394	\$ 1,929,615	\$ 51,927	\$ 1,800,224	\$ 3,896,868	\$ 38,202,659
Additions	-	712,783	2,633,995	123,562	2,437	196,086	288,734	3,957,597
Disposals	-	(330,998)	(2,069,945)	(127,759)	(12,743)	(137,143)	(130,351)	(2,808,939)
Reclassification	-	(104,189)	(1,001,401)	(70)	106	(41,950)	(15,228)	(1,162,732)
Effect of foreign currency exchange differences	-	(257,705)	(590,580)	(40,161)	(454)	(35,487)	(109,613)	(1,034,000)
December 31, 2019	<u>\$ -</u>	<u>\$ 9,327,522</u>	<u>\$ 20,188,463</u>	<u>\$ 1,885,187</u>	<u>\$ 41,273</u>	<u>\$ 1,781,730</u>	<u>\$ 3,930,410</u>	<u>\$ 37,154,585</u>
<u>Accumulated impairment</u>								
January 1, 2019	\$ -	\$ 317,594	\$ 290,431	\$ 19,446	\$ 153	\$ 4,970	\$ 118,088	\$ 750,682
Additions	-	24,553	306,321	-	408	15	25,811	357,108
Disposals	-	(306,742)	(32,441)	-	-	(262)	(1,129)	(340,574)
Reclassification	-	-	(35,623)	-	(153)	(2,029)	(18,305)	(56,110)
Effect of foreign currency exchange differences	-	(399)	1,142	(422)	(4)	(57)	(5,104)	(4,844)
December 31, 2019	<u>\$ -</u>	<u>\$ 35,006</u>	<u>\$ 529,830</u>	<u>\$ 19,024</u>	<u>\$ 404</u>	<u>\$ 2,637</u>	<u>\$ 119,361</u>	<u>\$ 706,267</u>
December 31, 2019, net	<u>\$ 2,322,935</u>	<u>\$ 9,841,469</u>	<u>\$ 4,861,677</u>	<u>\$ 152,988</u>	<u>\$ 6,514</u>	<u>\$ 267,360</u>	<u>\$ 1,718,431</u>	<u>\$ 19,171,374</u>

(Concluded)

Due to the decline in the Group's partial product sales in the markets, the estimated future cash flows generated by some machinery and other equipment used in the production decreased. The Group carried out a review of the recoverable amount and determined that the recoverable amount was lower than the carrying amount. Consequently, the Group recognized impairment loss of \$265,543 thousand and \$357,108 thousand for the years ended December 31, 2020 and 2019, respectively. The impairment losses was recognized in impairment loss of the consolidated statements of comprehensive income. The Group determined the recoverable amount on the basis of their fair value less costs of disposal. The fair value of the recoverable amount was categorized as a Level 1 measurement.

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

Buildings	3-60 years
Machinery equipment	2-10 years
Tooling equipment	2-20 years
Transportation equipment	3-10 years
Office equipment	2-20 years
Other equipment	2-20 years

17. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Carrying amount</u>		
Land (including right-to-use land)	\$ 769,989	\$ 716,825
Buildings	545,365	788,373
Machinery	43,400	50,785
Transportation equipment	26,403	40,385
Other equipment	<u>4,359</u>	<u>6,110</u>
	<u>\$ 1,389,516</u>	<u>\$ 1,602,478</u>

	For the Year Ended December 31	
	2020	2019
Additions to right-of-use assets	<u>\$ 438,405</u>	<u>\$ 196,205</u>
Depreciation charge for right-of-use assets		
Land (including right-to-use land)	\$ 28,707	\$ 29,728
Buildings	244,540	322,416
Machinery	28,503	30,631
Transportation equipment	14,148	15,640
Other equipment	<u>1,980</u>	<u>2,085</u>
	<u>\$ 317,878</u>	<u>\$ 400,500</u>

The right-of-use assets of Silitech Technology Corporation (this former subsidiary has become an associate since December 30, 2020) and its subsidiaries became idle as a result of the insufficient order expected in the future. Therefore, the recoverable amount was lower than the carrying amount. Consequently, the Company recognized an impairment loss of \$23,623 thousand for the year ended December 31, 2020. The impairment loss was recognized in impairment loss of the consolidated statement of comprehensive income. The Group determined the recoverable amount of the right-of-use assets based on their fair value less costs of disposal. The fair values of the recoverable amounts were categorized as a Level 1 measurement. No impairment assessment was performed for the year ended December 31, 2019 as there was no indication of impairment.

b. Lease liabilities

	December 31	
	2020	2019
<u>Carrying amounts</u>		
Current	<u>\$ 225,095</u>	<u>\$ 306,405</u>
Non-current	<u>\$ 551,233</u>	<u>\$ 648,341</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2020	2019
Land (including right-to-use land)	1.79%	1.79%
Buildings	0.70%-9.20%	0.70%-9.20%
Machinery	3.30%-3.54%	3.49%-4.75%
Transportation equipment	0.70%-3.35%	0.70%-3.8%
Other equipment	3.25%-3.35%	3.35%

c. Material lease-in activities and terms

Because of the market conditions severely affected by COVID-19 in 2020, the Group negotiated with the lessor for rent concessions for land and building leases. The lessor agreed to provide unconditional rent reduction, therefore, the Group recognized the impact of rent concessions in profit of \$6,443 thousand (presented as a deduction of operating expense) for the year ended December 31, 2020.

d. Other lease information

	For the Year Ended December 31	
	2020	2019
Expenses relating to short-term leases	<u>\$ 310,908</u>	<u>\$ 372,051</u>
Expenses relating to low-value asset leases	<u>\$ 221,162</u>	<u>\$ 239,576</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 110,314</u>	<u>\$ 79,684</u>
Total cash outflow for leases	<u>\$ 985,943</u>	<u>\$ 1,062,009</u>

18. INVESTMENT PROPERTIES, NET

	Completed Investment Properties
<u>Cost</u>	
Balance at January 1, 2020	\$ 1,383,397
Additions	117
Transfers from property, plant and equipment	14,696
Effects of foreign currency exchange differences	<u>(922)</u>
Balance at December 31, 2020	<u>\$ 1,397,288</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2020	\$ 101,130
Depreciation expenses	33,984
Transfers from property, plant and equipment	12,031
Effects of foreign currency exchange differences	<u>98</u>
Balance at December 31, 2020	<u>\$ 147,243</u>
Carrying amounts at December 31, 2020	<u>\$ 1,250,045</u>
<u>Cost</u>	
Balance at January 1, 2019	\$ 1,239,935
Transfers from property, plant and equipment	202,421
Effects of foreign currency exchange differences	<u>(58,959)</u>
Balance at December 31, 2019	<u>\$ 1,383,397</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2019	\$ 61,542
Depreciation expenses	33,356
Transfers from property, plant and equipment	10,521
Effects of foreign currency exchange differences	<u>(4,289)</u>
Balance at December 31, 2019	<u>\$ 101,130</u>
Carrying amounts at December 31, 2019	<u>\$ 1,282,267</u>

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

Buildings 15-50 years

On December 31, 2020 and 2019, the Group was unable to reliably measure the fair value of the mainly investment property located in Shanghai because the market for comparable properties was inactive and alternative reliable measurements of fair value were not available. Therefore, the Group determined that the fair value of the investment property was not reliably measurable.

The Group has freehold interest in all of its investment properties.

19. INTANGIBLE ASSETS, NET

	Goodwill	Patents	Patents Use Rights	Client Relationships	Software	Other Intangible Assets	Total
<u>Cost</u>							
January 1, 2020	\$ 15,061,512	\$ 51,412	\$ 2,695,878	\$ 163,819	\$ 1,334,118	\$ 1,445,109	\$ 20,751,848
Additions	-	-	10,000	-	100,332	11,817	122,149
Disposals	-	-	(10,000)	-	(14,181)	(104,680)	(128,861)
Effect of business combination	-	-	-	-	(1,131)	(635)	(1,766)
Reclassification	-	-	-	-	27,479	-	27,479
Effect of foreign currency exchange differences	(21,081)	(19)	-	-	(1,778)	(2,183)	(25,061)
December 31, 2020	<u>\$ 15,040,431</u>	<u>\$ 51,393</u>	<u>\$ 2,695,878</u>	<u>\$ 163,819</u>	<u>\$ 1,444,839</u>	<u>\$ 1,349,428</u>	<u>\$ 20,745,788</u>
<u>Accumulated amortization</u>							
January 1, 2020	\$ 77,234	\$ 50,846	\$ 2,695,878	\$ 163,819	\$ 1,029,847	\$ 1,440,095	\$ 5,457,719
Additions	-	257	500	-	193,385	2,506	196,648
Disposals	-	-	(500)	-	(11,669)	(103,348)	(115,517)
Effect of foreign currency exchange differences	-	-	-	-	(604)	(1,546)	(2,150)
December 31, 2020	<u>\$ 77,234</u>	<u>\$ 51,103</u>	<u>\$ 2,695,878</u>	<u>\$ 163,819</u>	<u>\$ 1,210,959</u>	<u>\$ 1,337,707</u>	<u>\$ 5,536,700</u>
<u>Accumulated impairment</u>							
January 1, 2020	\$ 9,345,268	\$ -	\$ -	\$ -	\$ 1,042	\$ -	\$ 9,346,310
Additions	1,017,813	-	-	-	11,414	635	1,029,862
Disposals	-	-	-	-	(1,385)	-	(1,385)
Effect of business combination	-	-	-	-	-	(635)	(635)
Effect of foreign currency exchange differences	(5,760)	-	-	-	-	-	(5,760)
December 31, 2020	<u>\$ 10,357,321</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,071</u>	<u>\$ -</u>	<u>\$ 10,368,392</u>
December 31, 2020, net	<u>\$ 4,605,876</u>	<u>\$ 290</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 222,809</u>	<u>\$ 11,721</u>	<u>\$ 4,840,696</u>
<u>Cost</u>							
January 1, 2019	\$ 15,053,072	\$ 51,364	\$ 2,695,878	\$ 163,819	\$ 1,165,487	\$ 1,509,808	\$ 20,639,428
Additions	16,660	55	-	-	241,038	2,175	259,928
Disposals	-	-	-	-	(51,582)	(62,787)	(114,369)
Reclassification	-	-	-	-	(18,420)	287	(18,133)
Effect of foreign currency exchange differences	(8,220)	(7)	-	-	(2,405)	(4,374)	(15,006)
December 31, 2019	<u>\$ 15,061,512</u>	<u>\$ 51,412</u>	<u>\$ 2,695,878</u>	<u>\$ 163,819</u>	<u>\$ 1,334,118</u>	<u>\$ 1,445,109</u>	<u>\$ 20,751,848</u>

(Continued)

	Goodwill	Patents	Patents Use Rights	Client Relationships	Software	Other Intangible Assets	Total
<u>Accumulated amortization</u>							
January 1, 2019	\$ 77,234	\$ 50,224	\$ 2,695,878	\$ 163,819	\$ 889,054	\$ 1,503,848	\$ 5,380,057
Additions	-	622	-	-	222,499	310	223,431
Disposals	-	-	-	-	(51,797)	(59,707)	(111,504)
Reclassification	-	-	-	-	(28,376)	(110)	(28,486)
Effect of foreign currency exchange differences	-	-	-	-	(1,533)	(4,246)	(5,779)
December 31, 2019	<u>\$ 77,234</u>	<u>\$ 50,846</u>	<u>\$ 2,695,878</u>	<u>\$ 163,819</u>	<u>\$ 1,029,847</u>	<u>\$ 1,440,095</u>	<u>\$ 5,457,719</u>
<u>Accumulated impairment</u>							
January 1, 2019	\$ 9,345,267	\$ -	\$ -	\$ -	\$ 20	\$ -	\$ 9,345,287
Additions	-	-	-	-	1,032	-	1,032
Disposals	-	-	-	-	-	-	-
Effect of foreign currency exchange differences	1	-	-	-	(10)	-	(9)
December 31, 2019	<u>\$ 9,345,268</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,042</u>	<u>\$ -</u>	<u>\$ 9,346,310</u>
December 31, 2019, net	<u>\$ 5,639,010</u>	<u>\$ 566</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 303,229</u>	<u>\$ 5,014</u>	<u>\$ 5,947,819</u>

(Concluded)

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

Patents	6 years
Patents use rights	10-12 years
Client relationships	4 years
Software	1-14 years
Other intangible assets	1-10 years

- b. The amounts of cash-generating unit used in amortizing the Group's goodwill are listed as follows:

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Parent Company	\$ 4,550,333	\$ 5,248,746
POWER INNOVATIONS INTERNATIONAL, INC.	-	334,721
Others	<u>55,543</u>	<u>55,543</u>
	<u>\$ 4,605,876</u>	<u>\$ 5,639,010</u>

- 1) Some computer software and other intangible assets cannot meet the Group current needs, and their estimated future cash flows decreased accordingly. Therefore, the recoverable amount was lower than the carrying amount. Consequently, the Group recognized impairment loss of \$12,049 thousand and \$1,032 thousand for the years ended December 31, 2020 and 2019, respectively.
- 2) The Group observed the current status and future development direction of the global information optical disc drives industry in September 2020 and assessed that there was an impairment indication. Therefore, the Group conducted a goodwill impairment assessment. According to the assessment, the Group recognized the impairment loss of \$698,413 thousand, and the discount rate used to assess the value in use was 13.31%.

- 3) The Group conducted the impairment assessment on the goodwill of the cash-generating unit POWER INNOVATIONS INTERNATIONAL, INC. It is assessed that the recoverable amount of the cash-generating unit had been lower than its carrying amount, which resulted in the Group's recognition of an impairment loss of \$319,400 thousand in the fourth quarter of 2020. The discount rate used to evaluate the value in use is 13.4%, and the impairment loss has been included in the consolidated statement of comprehensive income. POWER INNOVATIONS INTERNATIONAL, INC. is classified into the Information and Communication Technologies segment of the Group.
- 4) Goodwill is allocated to the Group's recoverable amount of cash-generating units based on value in use calculations. These calculations used pre-tax cash flow projections based on financial budgets approved by the management covering a 5-year period. Other key assumptions included budgeted revenue and gross margin. Such assumptions were based on the past performance of the cash-generating unit and management's expectations of market development.
- 5) The Group determined gross margin based on past performance, expected profits under normal operations and management's expectations of market development. The growth rate used was consistent with the forecasts included in industry reports. The discount rate used was 12.57% and 11.36% as of December 31, 2020 and 2019, respectively and reflected specific risks relating to the relevant cash-generating units.

20. OTHER ASSETS

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Prepayments	\$ 1,512,733	\$ 1,217,644
Offsets against business tax payable	452,848	564,020
Prepayments for leases	92,198	99,710
Prepayments for equipment	-	9,467
Others	<u>233,534</u>	<u>222,876</u>
	<u>\$ 2,291,313</u>	<u>\$ 2,113,717</u>
Current	\$ 2,160,519	\$ 1,969,183
Non-current	<u>130,794</u>	<u>144,534</u>
	<u>\$ 2,291,313</u>	<u>\$ 2,113,717</u>

21. SHORT-TERM BORROWINGS

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>\$ 24,892,419</u>	<u>\$ 30,433,692</u>

Market interest rates for short-term borrowings were as follows:

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Short-term borrowings	0.52%-6.25%	0.73%-2.73%

22. PROVISIONS

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Current</u>		
Warranties	<u>\$ 1,179,147</u>	<u>\$ 1,043,689</u>
Balance at January 1	\$ 1,043,689	\$ 1,011,238
Recognition of provisions	380,078	300,722
Usage	(240,845)	(264,988)
Effect of foreign currency exchange differences	<u>(3,775)</u>	<u>(3,283)</u>
Balance at December 31	<u>\$ 1,179,147</u>	<u>\$ 1,043,689</u>

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Group's obligations for warranties under contracts for the sale of goods. The estimate had been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

23. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Parent Company and subsidiaries - Philips & Lite-On Digital Solutions Corporation, Silitech Technology Corporation (became an associate since December 30, 2020), Lite-On Integrated Services Inc., and SKYLA CORPORATION adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages starting from July 1, 2005. Some holding companies have either very few or no staff; thus, these companies have no pension plans, do not contribute to pension funds and recognize pension expense. Except for holding companies, the remaining subsidiaries all contribute to pension funds and recognize pension expense in accordance with local regulations.

b. Defined benefit plans

The Parent Company and subsidiaries - Philips & Lite-On Digital Solutions Corporation, Silitech Technology Corporation (became an associate since December 30, 2020) and SKYLA CORPORATION adopted the defined benefit plan under the Labor Standards Law, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Group contributes amounts equal to 2% to 6% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

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

	December 31	
	2020	2019
Present value of defined benefit obligation	\$ 990,785	\$ 1,167,947
Fair value of plan assets	<u>(997,104)</u>	<u>(1,099,824)</u>
Net defined benefit liabilities (assets)	<u>\$ (6,319)</u>	<u>\$ 68,123</u>

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2019	\$ 1,230,896	\$ (1,069,899)	\$ 160,997
Service cost	6,340	-	6,340
Net interest expense (income)	<u>12,857</u>	<u>(10,137)</u>	<u>2,720</u>
Recognized in loss (profit)	<u>19,197</u>	<u>(10,137)</u>	<u>9,060</u>
Remeasurement			
Return on plan assets	-	(39,316)	(39,316)
Actuarial loss - changes in demographic assumptions	1,523	-	1,523
Actuarial loss - changes in financial assumptions	25,012	-	25,012
Actuarial loss - experience adjustments	<u>25,501</u>	<u>-</u>	<u>25,501</u>
Recognized in other comprehensive loss (gain)	<u>52,036</u>	<u>(39,316)</u>	<u>12,720</u>
Contributions from the employer	-	(18,791)	(18,791)
Benefits paid	(46,093)	46,093	-
Spin-off	(87,866)	(7,774)	(95,640)
Exchange differences on foreign plans	<u>(223)</u>	<u>-</u>	<u>(223)</u>
Balance at December 31, 2019	<u>\$ 1,167,947</u>	<u>\$ (1,099,824)</u>	<u>\$ 68,123</u>
Balance at January 1, 2020	\$ 1,167,947	\$ (1,099,824)	\$ 68,123
Service cost	5,694	-	5,694
Past service cost and loss (gain) on settlements	(9,157)	-	(9,157)
Net interest expense (income)	<u>8,641</u>	<u>(7,555)</u>	<u>1,086</u>
Recognized in loss (profit)	<u>5,178</u>	<u>(7,555)</u>	<u>(2,377)</u>
Remeasurement			
Return on plan assets	-	(35,883)	(35,883)
Actuarial loss - changes in financial assumptions	34,671	-	34,671
Actuarial loss - experience adjustments	<u>12,297</u>	<u>-</u>	<u>12,297</u>
Recognized in other comprehensive loss (gain)	<u>46,968</u>	<u>(35,883)</u>	<u>11,085</u>
Contributions from the employer	-	(18,624)	(18,624)
Benefits paid	(149,739)	149,739	-
Disposal of subsidiaries	(76,331)	15,043	(61,288)
Exchange differences on foreign plans	<u>(3,238)</u>	<u>-</u>	<u>(3,238)</u>
Balance at December 31, 2020	<u>\$ 990,785</u>	<u>\$ (997,104)</u>	<u>\$ (6,319)</u>

Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

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

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

	December 31	
	2020	2019
Discount rate(s)	0.25%-0.50%	0.70%-3.50%
Expected rate(s) of salary increase	3.00%-3.25%	3.00%-4.75%

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

	December 31	
	2020	2019
Discount rate(s)		
0.25% increase	<u>\$ (19,583)</u>	<u>\$ (15,641)</u>
0.25% decrease	<u>\$ 20,205</u>	<u>\$ 32,369</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 19,114</u>	<u>\$ 31,196</u>
0.25% decrease	<u>\$ (18,640)</u>	<u>\$ (14,642)</u>

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

	December 31	
	2020	2019
The expected contributions to the plan for the next year	<u>\$ 13,864</u>	<u>\$ 19,127</u>
The average duration of the defined benefit obligation	8-16.04 years	8.9-15.81 years

24. EQUITY

a. Share capital

1) Ordinary shares

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Number of shares authorized (in thousands)	<u>3,500,000</u>	<u>3,500,000</u>
Amount of shares authorized	<u>\$ 35,000,000</u>	<u>\$ 35,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>2,350,867</u>	<u>2,350,867</u>
Amount of shares issued	<u>\$ 23,508,670</u>	<u>\$ 23,508,670</u>

Fully paid ordinary shares, which have a par value of \$10, carry the rights to vote and to dividends.

Of the Company's authorized shares, 100,000 thousand shares had been reserved for the issuance of employee share options.

2) Issued global depositary receipts

On September 25, 1996, the Company issued 4,900 thousand units of global depositary receipts (GDRs) on the London Stock Exchange. These GDRs represented 49,000 thousand ordinary shares of the Company.

On April 3, 1995, GVC Corp. issued 5,000 thousand units of GDRs on the London Stock Exchange. These GDRs represented 25,000 thousand ordinary shares of GVC Corp., which later issued more shares. As of November 4, 2002, the outstanding GDRs were 7,627 thousand units, or 38,136 thousand ordinary shares of GVC Corp. For merger purposes, these GDRs were exchanged for the Company's 1,478 thousand marketable equity securities, which represented the Company's 14,781 thousand ordinary shares.

As of December 31, 2019, the outstanding GDRs were 5,221 thousand units, representing 52,209 thousand ordinary shares of the Company. The rights and obligation of security holders are the same as those of ordinary shareholders, except for voting rights. As of December 31, 2019, the unredeemed GDRs amounted to 1,437 thousand units.

On December 25, 2020, the Company had completed the procedures for terminating the GDRs issued on the London Stock Exchange in accordance with the requirements of the depository deed and custody deed; the Company's 756 thousand ordinary shares had also been redeemed or delivered in accordance with relevant regulations.

b. Capital surplus

The premium from shares issued in excess of par (including share premium from issuance of ordinary shares, conversion of bonds and merger) 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 capital (limited to a certain percentage of the Company's capital surplus).

The capital surplus arising from share of changes in equities of subsidiaries, changes in equities of associates and joint ventures accounted for by the equity method and treasury share transactions from dividends according to the Company's shares holding by subsidiaries may only be used to offset a deficit.

c. Retained earnings and dividend policy

The shareholders' meeting was held on June 21, 2019 and passed the amendments to the Company's Articles of Incorporation (the "Articles"). Under the dividends policy as set forth in the amended Articles, the Company may distribute the surplus earnings or offset losses at the close of each quarter in accordance with the Company Act. While distributing surplus earnings, the Company shall estimate and reserve for the taxes and duties to be paid, the losses to be covered, the legal reserve to be set aside, and the special surplus reserve to be raised or revolved. When the amount of such legal reserve reached the total paid-in capital, the requirement to make reserves will be waived. If the Company distributes surplus earnings in the form of cash, it shall be approved in the meeting of the board of directors; if such surplus earnings are distributed in the form of new shares to be issued, it shall be approved by shareholders in their meeting according to the regulations.

If there is net profit after tax upon the final settlement of account of each fiscal year, the Company shall first offset any previous accumulated losses (including unappropriated earnings adjustment, if any) and set aside a legal reserve at 10% of the net profits, unless the accumulated legal reserve is equal to the total capital of the Company; then set aside special reserve in accordance with relevant laws or regulations or as requested by the authorities in charge. The remaining net profit, plus the beginning unappropriated earnings (including adjustment of unappropriated earnings, if any), shall be distributed into dividends to shareholders according to the distribution plan proposed by the board of directors and submitted to the shareholders' meeting for approval. Where the Company distributes surplus earnings, legal reserve and capital reserve in the form of cash, such distribution shall be authorized by a special resolution; and in addition, a report of such distribution shall be submitted to the shareholders' meeting; if such distribution is in the form of new shares to be issued, it shall be approved by the shareholders in their meeting according to the regulations.

Under the dividend policy as set forth in the Articles before the amendment, if there is net profit after tax upon the final settlement of account of each fiscal year, the Company shall first offset any previous accumulated losses (including unappropriated earnings adjustment, if any) and set aside a legal reserve at 10% of the net profits, unless the accumulated legal reserve is equal to the total capital of the Company; then set aside special reserve in accordance with relevant laws or regulations or as requested by the authorities in charge. The remaining net profit, plus the beginning unappropriated earnings (including adjustment of unappropriated earnings, if any), shall be distributed into dividends to shareholders according to the distribution plan proposed by the board of directors and submitted to the shareholders' meeting for approval. For the policies on distribution of employees' compensation and remuneration of directors before and after amendment, refer to Note 26(c) on employee benefits expense.

The Company's dividend policy is designed to meet present and future development projects and takes into consideration the investment environment, funding requirements, international or domestic competitive conditions while simultaneously meeting shareholders' interests. When there is no cumulative loss, the Company shall set aside share dividends at no less than 70% of the net profit. The way to distribute dividends could be either through cash or shares, and cash dividends shall not be less than 90% of the total dividends.

After the Company considers financial, business, and operational factors, if there are no retained earnings to be appropriated or if the earnings to be appropriated are significantly lower than the prior year's actual appropriation of the earnings, then part of or all of the Company's paid-in capital can be appropriated according to the law or the competent authority.

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

Under Rule No. 10802432410 issued by the Ministry of Economic Affairs, the basis of appropriating 10% legal reserve was modified from the net profit for the current year excluding items other than profit accumulated in unappropriated earnings to the net profit for the current year including items other than profit accumulated in unappropriated earnings since the appropriations of earnings of 2019 and there after.

Under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and the directive titled “Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs”, the Company should appropriate or reverse a special reserve.

The appropriations of earnings for 2019 and 2018 that were approved in the shareholders’ meetings on June 15, 2020 and June 21, 2019, respectively, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2019	2018
Legal reserve	\$ 943,969	\$ 795,684
Special reserve	1,343,307	682,814
Cash dividends	7,521,296	6,864,532
Cash dividends per share (NT\$)	3.20	2.92

The appropriation of earnings for 2020 was proposed by the Company’s board of directors on February 25, 2021. The appropriation and dividends per share were as follows:

	For the Year Ended December 31, 2020
Legal reserve	\$ 994,879
Special reserve	1,090,618
Cash dividends	7,991,377
Cash dividends per share (NT\$)	3.40

The above appropriation for cash dividends had been resolved by the Company’s board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on May 31, 2021.

d. Other equity items

Movements in other equity items were as follows:

	For the Year Ended December 31, 2020				Total
	Foreign Currency Translation Reserve	Unrealized Gain (Loss) from Financial Assets at FVTOCI	Gain (Loss) on Hedging Instruments	Equity Directly Associated with Disposal Groups Held for Sale	
Balance at January 1	\$ (4,390,226)	\$ (312,940)	\$ 288	\$ (14,218)	\$ (4,717,096)
Exchange differences on translating foreign operations	(1,717,016)	-	-	-	(1,717,016)
Unrealized gain on equity instruments designated as at FVTOCI	-	56,067	-	-	56,067

(Continued)

For the Year Ended December 31, 2020					
	Foreign Currency Translation Reserve	Unrealized Gain (Loss) from Financial Assets at FVTOCI	Gain (Loss) on Hedging Instruments	Equity Directly Associated with Disposal Groups Held for Sale	Total
Share of associates accounted for using the equity method	\$ (21,205)	\$ -	\$ (1,489)	\$ -	\$ (22,694)
Disposal of equity instruments at FVTOCI	-	(30,707)	-	-	(30,707)
Disposal of investments accounted for using the equity method	168,121	(7,712)	1,201	-	161,610
Disposal of subsidiaries	51,616	49,434	-	16,305	117,355
Income tax benefit	343,572	-	-	-	343,572
Reclassified to equity associated with disposal groups held for sale	<u>2,087</u>	<u>-</u>	<u>-</u>	<u>(2,087)</u>	<u>-</u>
Balance at December 31	<u>\$ (5,563,051)</u>	<u>\$ (245,858)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,808,909)</u> (Concluded)

For the Year Ended December 31, 2019					
	Foreign Currency Translation Reserve	Unrealized Gain (Loss) from Financial Assets at FVTOCI	Gain (Loss) on Hedging Instruments	Equity Directly Associated with Disposal Groups Held for Sale	Total
Balance at January 1	\$ (2,779,863)	\$ (449,461)	\$ 2,714	\$ -	\$ (3,226,610)
Exchange differences on translating foreign operations	(1,879,043)	-	-	-	(1,879,043)
Unrealized gain on equity instruments designated as at FVTOCI	-	247,902	-	-	247,902
Share of associates accounted for using the equity method	(164,454)	(20)	(2,426)	-	(166,900)
Disposal of equity instruments at FVTOCI	-	(111,361)	-	-	(111,361)
Disposal of investments accounted for using the equity method	(665)	-	-	-	(665)
Income tax benefit	419,581	-	-	-	419,581
Reclassified to equity associated with disposal groups held for sale	<u>14,218</u>	<u>-</u>	<u>-</u>	<u>(14,218)</u>	<u>-</u>
Balance at December 31	<u>\$ (4,390,226)</u>	<u>\$ (312,940)</u>	<u>\$ 288</u>	<u>\$ (14,218)</u>	<u>\$ (4,717,096)</u>

The exchange differences arising on translation of foreign operation's net assets from its functional currency to the Company's presentation currency are recognized directly in other comprehensive income and also accumulated in the foreign currency translation reserve.

The cash flow hedges reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of the hedging instruments entered into as cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognized and accumulated in cash flow hedges reserve will be reclassified to profit or loss only when the hedge transaction affects profit or loss.

e. Non-controlling interests

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ 2,181,615	\$ 3,354,645
Adjustments on initial application of IFRS	<u>-</u>	<u>(9,761)</u>
Balance at January 1 as restated	2,181,615	3,344,884
Attributable to non-controlling interests:		
Share of profit (loss) for the year	(186,834)	30,618
Exchange difference on translation foreign entities	(47,472)	(29,659)
Unrealized loss on equity investments designated at FVTOCI	-	(731)
Remeasurement on define benefit plans	(3)	(539)
Income tax relating to other comprehensive income	8,648	75
Disposal of interests in subsidiaries (Note 30)	(1,387,520)	-
Decrease in non-controlling interests	<u>(16,595)</u>	<u>(1,163,033)</u>
Balance at December 31	<u>\$ 551,839</u>	<u>\$ 2,181,615</u>

The changes in non-controlling interests consisted of the acquisition and disposal of remaining equity interests in non-100% owned subsidiaries, share issuance for cash by subsidiaries, non-proportional share subscription by the Company, distribution of cash by subsidiaries that are not 100% held by the Group, and effects on non-controlling interests resulted from issuance of cash dividends.

f. Treasury shares

Purpose of Buyback	Unit: In Thousands of Shares			
	Number of Shares at January 1	Increase During the Year	Decrease During the Year	Number of Shares at December 31
<u>For the year ended December 31, 2020</u>				
Shares held by its subsidiaries	26,841	-	-	26,841
Buyback of dissenting shareholders' shares in accordance with the Business Mergers and Acquisitions Act	<u>462</u>	<u>-</u>	<u>-</u>	<u>462</u>
	<u>27,303</u>	<u>-</u>	<u>-</u>	<u>27,303</u>
<u>For the year ended December 31, 2019</u>				
Shares held by its subsidiaries	26,841	-	-	26,841
Buyback of dissenting shareholders' shares in accordance with the Business Mergers and Acquisitions Act	<u>-</u>	<u>462</u>	<u>-</u>	<u>462</u>
	<u>26,841</u>	<u>462</u>	<u>-</u>	<u>27,303</u>

The Parent Company's shares held by its subsidiaries at the end of the reporting periods were as follows:

Name of Subsidiary	Number of Shares Held (In Thousands)	Carrying Amount	Market Price
<u>December 31, 2020</u>			
Lite-On Capital Corporation	15,116	\$ 718,857	\$ 752,770
LTC INTERNATIONAL LTD.	7,004	297,469	348,810
YET FOUNDATE LIMITED	2,271	126,881	113,098
LITE-ON ELECTRONICS COMPANY LIMITED	2,450	<u>105,515</u>	<u>122,028</u>
		<u>\$ 1,248,722</u>	<u>\$ 1,336,706</u>
<u>December 31, 2019</u>			
Lite-On Capital Corporation	15,116	\$ 718,857	\$ 745,968
LTC INTERNATIONAL LTD.	7,004	297,469	345,414
YET FOUNDATE LIMITED	2,271	126,881	111,903
LITE-ON ELECTRONICS COMPANY LIMITED	2,450	<u>105,515</u>	<u>120,739</u>
		<u>\$ 1,248,722</u>	<u>\$ 1,324,024</u>

The Company purchased 462 thousand shares of the dissenting shareholders' shares at \$48.9 per share upon the resolution at the shareholders' extraordinary general meeting in October 2019 stipulated the spin-off of Solid State Storage business unit to a subsidiary, SOLID STATE STORAGE TECHNOLOGY CORPORATION in accordance with the Business Mergers and Acquisitions Act.

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as rights to dividends and to vote. The subsidiaries holding treasury shares, however, retain shareholders' rights, except the rights to participate in any share issuance for cash and to vote.

25. REVENUE

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 157,020,819	\$ 177,863,982
Rental income from property	<u>112,804</u>	<u>90,184</u>
	<u>\$ 157,133,623</u>	<u>\$ 177,954,166</u>

Refer to Note 38 for segment revenue information.

26. ADDITIONAL INFORMATION ON EXPENSES

	For the Year Ended December 31	
	2020	2019
a. Finance costs		
Interest on borrowings	\$ 320,997	\$ 805,836
Interest on lease liabilities	<u>30,377</u>	<u>38,336</u>
	<u>\$ 351,374</u>	<u>\$ 844,172</u>
b. Depreciation and amortization		
Property, plant and equipment	\$ 3,489,780	\$ 3,957,597
Right-of-used assets	317,878	400,500
Intangible assets	196,648	223,431
Investment properties	<u>33,984</u>	<u>33,356</u>
	<u>\$ 4,038,290</u>	<u>\$ 4,614,884</u>
An analysis of depreciation by function		
Recognized in operating costs	\$ 3,039,059	\$ 3,534,321
Recognized in operating expenses	<u>802,583</u>	<u>857,132</u>
	<u>\$ 3,841,642</u>	<u>\$ 4,391,453</u>
An analysis of amortization by function		
Recognized in operating costs	\$ 12,744	\$ 12,065
Recognized in operating expenses	<u>183,904</u>	<u>211,366</u>
	<u>\$ 196,648</u>	<u>\$ 223,431</u>
	For the Year Ended December 31	
	2020	2019
c. Employee benefit expenses		
Post-employment benefits		
Defined contribution plans	\$ 402,324	\$ 568,075
Defined benefit plans (Note 23)	<u>(2,377)</u>	<u>9,060</u>
	399,947	577,135
Termination benefits	174,745	181,574
Other employee benefits	<u>20,047,434</u>	<u>21,838,624</u>
	<u>\$ 20,622,126</u>	<u>\$ 22,597,333</u>
Employee benefits expense summarized by function		
Recognized in operating costs	\$ 11,519,478	\$ 12,763,639
Recognized in operating expenses	<u>9,102,648</u>	<u>9,833,694</u>
	<u>\$ 20,622,126</u>	<u>\$ 22,597,333</u>

d. Compensation of employees and remuneration of directors

In compliance with the Articles, the Company accrues compensation of employees and remuneration of directors at rates of no less than 1% and no higher than 1.5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The appropriations of compensation of employees and remuneration of directors for 2020 and 2019, which were approved by the Company's board of directors on February 25, 2021 and February 26, 2020, respectively, are as follows:

	For the Year Ended December 31			
	2020		2019	
	Cash Dividends	Share Dividends	Cash Dividends	Share Dividends
Employees' compensation	\$ 1,363,183	\$ -	\$ 1,326,548	\$ -
Remuneration of directors	139,223	-	79,687	-

If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in accounting estimate and will be adjusted in the next year.

There was no difference between the actual amounts of the compensation of employees and the 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 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

27. INCOME TAX

a. Income tax recognized in profit or loss

Major components of tax expense recognized in profit or loss are as follows:

	For the Year Ended December 31	
	2020	2019
Current income tax expense		
In respect of the current year	\$ 2,435,590	\$ 2,658,946
Adjustments for prior year	<u>(28,646)</u>	<u>(2,675)</u>
	<u>2,406,944</u>	<u>2,656,271</u>
Deferred income tax expense (benefit)		
The recognition and reversal of temporary differences	<u>365,773</u>	<u>302,050</u>
Income tax expense recognized in profit or loss	<u>\$ 2,772,717</u>	<u>\$ 2,958,321</u>

A reconciliation of accounting profit and income tax expense recognized in profit or loss is as follows:

	For the Year Ended December 31	
	2020	2019
Income before Income tax	<u>\$ 12,601,921</u>	<u>\$ 12,363,838</u>
Income tax expense calculated at the statutory rate	\$ 2,772,423	\$ 2,957,430
Deductible (nondeductible) items in determining taxable income	(336,833)	(298,484)
The recognition and reversal of temporary differences	365,773	302,050
Adjustments for prior year	<u>(28,646)</u>	<u>(2,675)</u>
Income tax expense recognized in profit or loss	<u>\$ 2,772,717</u>	<u>\$ 2,958,321</u>

In July 2019, the President of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings.

b. Income tax expense (benefit) recognized in other comprehensive income

	For the Year Ended December 31	
	2020	2019
<u>Deferred tax</u>		
Income tax recognized in other comprehensive income		
Translation of foreign operations	\$ (350,402)	\$ (420,073)
Remeasurement on defined benefit plans	(2,939)	2,278
Share of other comprehensive gain (loss) of associates accounted for using the equity method	<u>(1,818)</u>	<u>417</u>
	<u>\$ (355,159)</u>	<u>\$ (417,378)</u>

c. Deferred income tax

The movements of deferred tax assets were as follows:

	Opening Balance	Recognized in Profit (Loss)	Recognized in Other Comprehen- sive Income (Loss)	Reclassified to Disposal Groups Held for Sale	Exchange Differences	Closing Balance
For the year ended <u>December 31, 2020</u>						
Temporary differences						
Investment accounted for using the equity method	\$ 2,454,203	\$ (528,523)	\$ 352,220	\$ -	\$ (799)	\$ 2,277,101
Impairment loss on assets	1,139,453	(34,799)	-	-	-	1,104,654
Operating loss carryforward	335,150	(89,277)	-	-	(41)	245,832
Accrued warranty expense	173,008	26,667	-	-	(19)	199,656
Unrealized loss on inventories	110,459	69,671	-	-	(1,446)	178,684
Unrealized loss and expense	67,526	(512)	-	-	(432)	66,582
Net defined benefit liability	91,743	(9,756)	2,939	-	-	84,926
Unrealized sales profit	32	(32)	-	-	-	-
Others	<u>206,183</u>	<u>96,030</u>	<u>-</u>	<u>-</u>	<u>(2,721)</u>	<u>299,492</u>
	<u>\$ 4,577,757</u>	<u>\$ (470,531)</u>	<u>\$ 355,159</u>	<u>\$ -</u>	<u>\$ (5,458)</u>	<u>\$ 4,456,927</u>

(Continued)

	Opening Balance	Recognized in Profit (Loss)	Recognized in Other Comprehen- sive Income (Loss)	Reclassified to Disposal Groups Held for Sale	Exchange Differences	Closing Balance
For the year ended <u>December 31, 2019</u>						
Temporary differences						
Investment accounted for using the equity method	\$ 2,045,056	\$ (10,509)	\$ 419,656	\$ -	\$ -	\$ 2,454,203
Impairment loss on assets	1,104,664	34,799	-	-	(10)	1,139,453
Operating loss carryforward	434,882	(96,565)	-	-	(3,167)	335,150
Accrued warranty expense	170,331	2,700	-	(16)	(7)	173,008
Unrealized loss on inventories	161,057	(12,605)	-	(37,373)	(620)	110,459
Unrealized loss and expense	148,135	(78,358)	-	(2,005)	(246)	67,526
Net defined benefit liability	90,359	3,652	(2,278)	-	10	91,743
Unrealized sales profit	242	(211)	-	-	1	32
Others	<u>178,476</u>	<u>41,350</u>	<u>-</u>	<u>(9,757)</u>	<u>(3,886)</u>	<u>206,183</u>
	<u>\$ 4,333,202</u>	<u>\$ (115,747)</u>	<u>\$ 417,378</u>	<u>\$ (49,151)</u>	<u>\$ (7,925)</u>	<u>\$ 4,577,757</u>
						(Concluded)

The movements of deferred tax liabilities were as follows:

	Opening Balance	Recognized in Loss (Profit)	Recognized in Other Comprehen- sive Loss (Income)	Reclassified to Liabilities Directly Associated with Disposal Groups Held for Sale	Exchange Differences	Closing Balance
For the year ended <u>December 31, 2020</u>						
Temporary differences						
Investment accounted for using the equity method	\$ 755,417	\$ (22,870)	\$ -	\$ -	\$ -	\$ 732,547
Unrealized amortization of goodwill	416,245	-	-	-	-	416,245
Land value increment tax	280,320	(9,477)	-	-	-	270,843
Unrealized net exchange gains	255,197	(48,342)	-	-	43	206,898
Others	<u>81,938</u>	<u>(24,069)</u>	<u>-</u>	<u>-</u>	<u>(1,839)</u>	<u>56,030</u>
	<u>\$ 1,789,117</u>	<u>\$ (104,758)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,796)</u>	<u>\$ 1,682,563</u>
For the year ended <u>December 31, 2019</u>						
Temporary differences						
Investment accounted for using the equity method	\$ 756,171	\$ (754)	\$ -	\$ -	\$ -	\$ 755,417
Unrealized amortization of goodwill	416,245	-	-	-	-	416,245
Land value increment tax	280,320	-	-	-	-	280,320
Unrealized net exchange gains	97,829	159,257	-	(1,816)	(73)	255,197
Others	<u>54,784</u>	<u>27,800</u>	<u>-</u>	<u>-</u>	<u>(646)</u>	<u>81,938</u>
	<u>\$ 1,605,349</u>	<u>\$ 186,303</u>	<u>\$ -</u>	<u>\$ (1,816)</u>	<u>\$ (719)</u>	<u>\$ 1,789,117</u>

d. Income tax assessments

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

28. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<u>For the Year Ended December 31</u>	
	2020	2019
Basic earnings per share	<u>\$ 4.31</u>	<u>\$ 4.03</u>
Diluted earnings per share	<u>\$ 4.25</u>	<u>\$ 3.98</u>

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

Net Profit for the Year

	<u>For the Year Ended December 31</u>	
	2020	2019
Earnings used in the computation of basic earnings per share	\$ 10,016,038	\$ 9,374,899
Effect of potentially dilutive ordinary shares:		
Employees' compensation	<u> -</u>	<u> -</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 10,016,038</u>	<u>\$ 9,374,899</u>

Weighted Average Number of Ordinary Shares Outstanding

Unit: In Thousand Shares

	<u>For the Year Ended December 31</u>	
	2020	2019
Weighted average number of ordinary shares outstanding in computation of basic earnings per share	2,323,564	2,323,968
Effect of potentially dilutive ordinary shares:		
Employees' compensation	<u> 32,462</u>	<u> 30,856</u>
Weighted average number of ordinary shares outstanding in computation of dilutive earnings per share	<u>2,356,026</u>	<u>2,354,824</u>

If the Company settles the bonuses or remuneration paid to employees in cash or shares, the Company presumed that the entire amount of the bonus or remuneration would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. The dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

29. ACQUISITION OF A SUBSIDIARY THAT DOES NOT CONSTITUTE A BUSINESS

The Company acquired 83.28% of the shares of LITE-ON INC. and 87.55% of the shares of DYNA INVESTMENT CO., LTD at the consideration of \$150,879 thousand and \$170,582 thousand in cash, respectively, from November to December 2020. After considering the number of mutual holding shares, the Group's comprehensive shareholding ratios in LITE-ON INC. and DYNA INVESTMENT CO., LTD are 99.98% and 99.95%, respectively. In accordance with IFRS 3 "Business Combination", the Company evaluated and concluded that the acquired shares of subsidiaries do not constitute a business; therefore, the share purchase transaction is accounted for as acquisition of a group of assets.

The information relating to the assets acquired and liabilities assumed and the relevant net cash outflow at the date of acquisition:

a. Assets acquired and liabilities assumed

	LITE-ON INC.	DYNA INVESTMENT CO., LTD.
Current assets		
Cash and cash equivalents	\$ 19,380	\$ 28,124
Trade and other receivables	479	479
Non-current assets		
Investments accounted for using the equity method	24,155	30,254
Property, plant and equipment	148,827	148,921
Other non-current assets	80	80
Current liabilities		
Trade and other payables	<u>(11,751)</u>	<u>(13,020)</u>
	<u>\$ 181,170</u>	<u>\$ 194,838</u>

b. Net cash outflow on the acquisition of subsidiaries

	LITE-ON INC.	DYNA INVESTMENT CO., LTD.
Consideration paid in cash	\$ 150,879	\$ 170,582
Less: Cash and cash equivalents acquired	<u>(19,380)</u>	<u>(28,124)</u>
	<u>\$ 131,499</u>	<u>\$ 142,458</u>

30. DISPOSAL OF SUBSIDIARIES

In June 2020, the Group disposed of 15% of its interest in Silitech Technology Corporation, reducing its continuing interest from 34.51% to 19.51%.

The above transaction was accounted for as equity transaction, since the Group did not cease to have control over the subsidiary.

a. Consideration received from disposals

	Silitech Technology Corporation
Consideration received	\$ 295,686
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	(312,192)
Reattribution of other equity from non-controlling interests	
Exchange differences on translating the financial statements of foreign operations	(19,595)
Unrealized loss on financial assets at FVTOCI	(21,485)
Capital surplus - changes in percentage of ownership interests in subsidiaries	<u>8,568</u>
Differences recognized from equity transactions	<u>\$ (49,018)</u>

**Silitech
Technology
Corporation**

Line items adjusted for equity transactions

Retained earnings \$ (49,018)

Since December 30, 2020, the Group can no longer direct the financial and operating policies of its subsidiary, Silitech Technology Corporation, therefore, the Group lost its control over Silitech Technology Corporation and the related assets and liabilities were excluded from the consolidation.

b. Analysis of assets and liabilities on the date control was lost

**Silitech
Technology
Corporation
and
Subsidiaries**

Current assets	
Cash and cash equivalents	\$ 1,706,324
Trade receivables (including related parties)	422,681
Inventories	198,169
Other current assets	88,839
Non-current assets	
Property, plant and equipment	241,912
Right-of-use assets	69,685
Deferred tax assets	107,575
Other non-current assets	44,464
Current liabilities	
Payables	(309,251)
Other-payables (including related parties)	(261,799)
Other current liabilities	(68,583)
Non-current liabilities	
	<u>(128,242)</u>
Net assets disposed of	<u>\$ 2,111,774</u>

c. Loss on disposal of subsidiaries

**Silitech
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Corporation
and
Subsidiaries**

Fair value	\$ 390,447
Net assets disposed of	2,111,774
Non-controlling interests	1,699,712
Reclassification of other comprehensive income in respect of subsidiaries	<u>(22,228)</u>
Loss on disposals (under non-operating income and expenses, net gain on disposal of investments)	<u>\$ 43,843</u>

d. Net cash outflow on disposals of subsidiaries

	Silitech Technology Corporation and Subsidiaries
Consideration received in cash and cash equivalents	\$ -
Less: Cash and cash equivalent balances disposed of	<u>(1,706,324)</u>
	<u>\$ (1,706,324)</u>

31. 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 shareholders through the optimization of the debt and equity balance.

The Group's capital management system aims to ensure that the necessary financial resources and operating plan are sufficient to meet the next 12 months' requirements for working capital, capital expenditures, research and development expenses, debt repayment, dividend payments and other needs.

32. FINANCIAL INSTRUMENTS

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

For certain financial instruments that are not measured at fair value but measured at amortized cost - including contract assets, notes receivable, trade receivables including related parties, other receivables including related parties, refundable deposits, financial assets at amortized costs, short-term borrowings, contract liabilities, notes payable, trade payables including related parties, other payables including related parties, finance lease payables and guarantee deposits - the Group's management considers the carrying amounts of these financial instruments recognized in the consolidated financial statements as approximating their fair values. The carrying amounts of long-term loans, including their current portion, are used as the basis to estimate their fair values given that the interest rates of the loans approximate those of the market rates.

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

1) Fair value hierarchy

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	\$ -	\$ 1,357,154	\$ -	\$ 1,357,154
Mutual funds	-	120,747	-	120,747
Securities listed in ROC - equity securities	<u>18,587</u>	<u>-</u>	<u>-</u>	<u>18,587</u>
	<u>\$ 18,587</u>	<u>\$ 1,477,901</u>	<u>\$ -</u>	<u>\$ 1,496,488</u>

(Continued)

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Unlisted securities in other countries - equity securities	\$ -	\$ -	\$ 1,403,077	\$ 1,403,077
Securities listed in ROC - equity securities	174,294	-	-	174,294
Unlisted securities in ROC - equity securities	<u>-</u>	<u>-</u>	<u>45,190</u>	<u>45,190</u>
	<u>\$ 174,294</u>	<u>\$ -</u>	<u>\$ 1,448,267</u>	<u>\$ 1,622,561</u>
Financial liabilities at FVTPL				
Derivative instruments	<u>\$ -</u>	<u>\$ 1,612,405</u>	<u>\$ -</u>	<u>\$ 1,612,405</u>

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	\$ -	\$ 271,650	\$ -	\$ 271,650
Mutual funds	-	102,120	-	102,120
Securities listed in ROC - equity securities	<u>14,524</u>	<u>-</u>	<u>-</u>	<u>14,524</u>
	<u>\$ 14,524</u>	<u>\$ 373,770</u>	<u>\$ -</u>	<u>\$ 388,294</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Unlisted securities in other countries - equity securities	\$ -	\$ -	\$ 1,211,231	\$ 1,211,231
Securities listed in ROC - equity securities	258,493	-	-	258,493
Unlisted securities in ROC - equity securities	<u>-</u>	<u>-</u>	<u>51,352</u>	<u>51,352</u>
	<u>\$ 258,493</u>	<u>\$ -</u>	<u>\$ 1,262,583</u>	<u>\$ 1,521,076</u>
Financial liabilities at FVTPL				
Derivative instruments	<u>\$ -</u>	<u>\$ 688,834</u>	<u>\$ -</u>	<u>\$ 688,834</u>

There were no transfers between Levels 1 and 2 in the current and prior periods.

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

	Investments in Equity Instruments <u>Unlisted Quotes</u>
<u>For the year ended December 31, 2020</u>	
Balance at January 1, 2020	\$ 1,262,583
Total gains or losses	
In other comprehensive loss	(74,979)
Additions	267,562
Effects of business combination	<u>(6,899)</u>
Balance at December 31, 2020	<u>\$ 1,448,267</u>
<u>For the year ended December 31, 2019</u>	
Balance at January 1, 2019	\$ 84,950
Total gains or losses	
In other comprehensive loss	(66,048)
Additions	1,273,500
Reclassification	<u>(29,819)</u>
Balance at December 31, 2019	<u>\$ 1,262,583</u>

3) Valuation techniques and inputs applied for the purpose of measuring Level 2 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Derivative instruments - forward exchange contracts	Estimation of future cash flows using observable forward exchange rates at the end of year and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Derivative instruments - currency swaps	Estimation of fair value of a currency swap contract is based on its principal and interest rate on mutual agreement and the suitable discount rate that reflects the credit risk of various counterparties at the end of the reporting period.
Mutual funds	Using the observable similar market average price or the price of the same type of instruments provided by the mutual fund management company.
Emerging market shares	Using the recent emerging market share price of the same type of emerging market shares and considering the adjustment of all the available information on the performance and operation of the emerging company from trading date to measuring date.

4) Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement

The fair values of unlisted equity securities in the ROC and other countries were determined using the income approach. In this approach, the discounted cash flow method was used to estimate the present value of the expected economic benefits from these investments. According to the discounted cash flow analysis and observable financial market average prices or by using similar kinds of estimation tools, the discount rate and the parameters used can be referenced from Reuters news agency, Bloomberg agency or other financial institutions for instruments with essentially the same conditions and characteristics as the interest rate swaps offer financial products whose features include the remaining contract terms of fixed interest rates, the payment of principal, the payment of currency, etc. All the information can be obtained by the Group.

c. Categories of financial instruments

	December 31	
	2020	2019
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 1,496,488	\$ 388,294
Financial assets at amortized costs (1)	113,072,751	114,625,452
Investment in equity instruments at FVTOCI	1,622,561	1,521,076
<u>Financial liabilities</u>		
FVTPL		
Held for trading	1,612,405	688,834
Amortized cost		
Short-term borrowings	24,892,419	30,433,692
Payables (2)	62,999,397	66,167,150

1) The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, debt instruments measured at amortized cost, contract assets, notes receivable, trade receivables, trade receivables from related parties, other receivables, other receivables from related parties and refundable deposits.

2) The balances included financial liabilities measured at amortized cost, which comprise contract liabilities, notes payable, trade payables, trade payables to related parties, other payables, other payables to related parties and guarantee deposits.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity investments, trade receivables, trade payables, borrowings and lease liabilities. 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 which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group sought to minimize the effects of these risks by using financial derivatives to hedge risk exposures. The use of financial derivatives was governed by the Group's policies approved by the board of directors, which provided written guidelines on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

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). The Group entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk, including forward exchange contracts and currency swaps to hedge the exchange rate risk arising on the exports.

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

a) Foreign currency risk

The Group's had foreign currency sales and purchases, which exposed the Group to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing forward exchange contracts and currency swaps. It is within the Group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximize hedge effectiveness.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 36.

The Group required all its group entities to use forward exchange contracts and currency swaps to eliminate currency exposure. It is within the Group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximize hedge effectiveness.

Sensitivity analysis

The Group was mainly exposed to the fluctuation of the U.S. dollar.

The following table details the Group's sensitivity to a 5% increase and decrease in New Taiwan dollars (the functional currency) against the U.S. dollar. The sensitivity analysis included only outstanding foreign currency denominated monetary items. A positive (negative) number below indicates an increase (decrease) in pre-tax profit due to a 5% strengthening (weakening) of the U.S. dollar against the New Taiwan dollars.

	USD Impact	
	For the Year Ended December 31	
	2020	2019
Profit or loss	<u>\$ (663,493)</u>	<u>\$ (1,069,242)</u>

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate portfolio of fixed and floating rate borrowings.

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

	December 31	
	2020	2019
Fair value interest rate risk		
Financial assets (i)	\$ 34,644,520	\$ 25,234,109
Financial liabilities (ii)	24,892,419	30,406,536
Cash flow interest rate risk		
Financial assets (iii)	36,478,727	41,837,297
Financial liabilities (iv)	-	27,156

- i. The balances included time deposits, financial assets at amortized cost with fixed interest rates.
- ii. The balances included financial liabilities exposed to fair value risk from interest rate fluctuation.
- iii. The balances included demand deposits, financial assets at amortized cost with floating interest rates.
- iv. The balances included financial liabilities exposed to cash flow risk from interest rate fluctuation.

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole reporting period.

If interest rates had been 25 basis points higher and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2020 and 2019 would have increased by \$91,197 thousand and \$104,525 thousand, respectively.

c) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 10% higher, the profit before income tax for the years ended December 31, 2020 and 2019 would have increased by \$1,859 thousand \$1,452 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL. The pre-tax other comprehensive income for the years ended December 31, 2020 and 2019 would have increased by \$17,429 thousand \$25,849 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk from trade receivables, deposits, and other financial instruments. Credit risk on business-related exposures is managed separately from that on financial-related exposures.

a) Business related credit risk

To maintain the quality of receivables, the Group has established operating procedures to manage credit risk.

For individual customers, risk factors considered include the customer's financial position, credit rating agency rating, the Group's internal credit rating, and transaction history as well as current economic conditions that may affect the customer's ability to pay. The Group also has the right to use some credit protection enhancement tools, such as requiring advance payments, to reduce the credit risks involving certain customers.

b) Financial related credit risk

Bank deposits and other financial instruments are credit risk sources required by the Group's Department of Finance Department to be measured and monitored. However, since the Group's counter-parties are all reputable financial institutions and government agencies, there is no significant financial credit risk.

c) The Group's simplified statement for notes receivable, trade receivable and contract assets, include the allowance loss variation shown below:

	Notes Receivable	Trade Receivables	Contract Assets	Total
January 1, 2020	\$ -	\$ 142,271	\$ 11,530	\$ 153,801
Expected credit loss	-	57,630	-	57,630
Actual write-off	-	(8,054)	-	(8,054)
Effect of loss of control in subsidiary	-	(24)	-	(24)
Influence on exchange rate	-	(1,670)	(6)	(1,676)
December 31, 2020	<u>\$ -</u>	<u>\$ 190,153</u>	<u>\$ 11,524</u>	<u>\$ 201,677</u>
January 1, 2019	\$ -	\$ 218,840	\$ 12,069	\$ 230,909
Reversal of expected credit loss	-	(22,998)	(62)	(23,060)
Actual write-off	-	(48,488)	-	(48,488)
Reclassified to disposal groups held for sale	-	(1,454)	-	(1,454)
Influence on exchange rate	-	(3,629)	(477)	(4,106)
December 31, 2019	<u>\$ -</u>	<u>\$ 142,271</u>	<u>\$ 11,530</u>	<u>\$ 153,801</u>

The Group considered the credit risk of partial other receivables in 2020 had increased significantly since the initial recognition, therefore, recognized the lifetime expected credit impairment loss amounting to \$905,061 thousand.

3) Liquidity risk

The objective of liquidity risk management, the department is required to maintain operating cash and cash equivalents, in order to ensure that the Group has sufficient financial flexibility.

The table below summarizes the maturity profile of the Group's non-derivative financial liabilities based on contractual undiscounted payments.

December 31, 2020

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Year	1-3 Years	Over 3 Years to 5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing		\$ 62,906,806	\$ 92,591	\$ -	\$ -
Lease liabilities	0.70-9.20	253,638	343,397	107,839	173,801
Fixed interest rate liabilities	0.52-6.25	<u>24,892,419</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>\$ 88,052,863</u>	<u>\$ 435,988</u>	<u>\$ 107,839</u>	<u>\$ 173,801</u>

December 31, 2019

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Year	1-3 Years	Over 3 Years to 5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing		\$ 66,079,461	\$ 86,957	\$ -	\$ 732
Lease liabilities	0.70-9.20	306,405	413,675	181,444	53,222
Variable interest rate liabilities	2.45-2.68	27,156	-	-	-
Fixed interest rate liabilities	0.73-2.73	<u>30,406,536</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>\$ 96,819,558</u>	<u>\$ 500,632</u>	<u>\$ 181,444</u>	<u>\$ 53,954</u>

The table below summarizes the maturity profile of the Group's derivative financial instruments based on contractual undiscounted payments.

December 31, 2020

	On Demand or Less than 1 Year	1-3 Years	Over 3 Years to 5 Years	5+ Years
<u>Forward exchange contracts</u>				
Inflows	\$ 55,483,271	\$ -	\$ -	\$ -
Outflows	<u>(55,147,830)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>335,441</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Currency swaps</u>				
Inflows	36,136,533	-	-	-
Outflows	<u>(35,904,135)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>232,398</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 567,839</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2019

	On Demand or Less than 1 Year	1-3 Years	Over 3 Years to 5 Years	5+ Years
Forward exchange contracts				
Inflows	\$ 48,462,751	\$ -	\$ -	\$ -
Outflows	<u>(48,484,773)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(22,022)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Currency swaps				
Inflows	18,002,458	-	-	-
Outflows	<u>(18,111,345)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(108,887)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ (130,909)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

33. TRANSACTIONS WITH RELATED PARTIES

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

a. Related parties and relationships

<u>Related Party</u>	<u>Relationships with the Group</u>
Lite-On Semiconductor Corp.	Associate (non-related party since December 2020)
Lite-Space Technology Company Limited	Associate
Yamada-Lom Fabricacao De Artefatos De Material Plastico Ltda. ("Yamada-Lom Ltda.")	Associate
L&K Industries Philippines, Inc.	Associate (became an associate since September 2019)
Silitech Technology Corporation	Associate (became an associate since December 30, 2020)
Silport Travel Corp.	Related party in substance
Chi Mei Mold Co.	Related party in substance (non-related party since June 29, 2020)
Silport Technology Corp.	Related party in substance
Diodes Incorporated	Related party in substance (non-related party since July 2020)
Lite-On Cultural Foundation	Related party in substance
Dongguan Huaqiang Information Technology Co., Ltd.	Related party in substance
Yuan-Bao Investment Co., Ltd.	Related party in substance
Soong Juan, Feng-Ing	Related party in substance
Raymond Soong	Related party in substance

b. Sales of goods

Related Party Category	For the Year Ended December 31	
	2020	2019
Associate		
Lite-On Semiconductor Corp.	\$ 122,859	\$ 324,423
L&K Industries Philippines, Inc.	37,323	9,683
Others	<u>-</u>	<u>2,483</u>
	<u>160,182</u>	<u>336,589</u>
Related party in substance		
Others	<u>716</u>	<u>2,843</u>
	<u>\$ 160,898</u>	<u>\$ 339,432</u>

For the years ended December 31, 2020 and 2019, the Group's selling prices for Lite-On Semiconductor Corp. were at cost plus an agreed-upon profit. Except for the sales arrangement with Lite-On Semiconductor Corp., the sales terms between the Group and its related parties have no material difference as those between the Group and non-related parties.

Lease contracts with related parties were based on market prices and made under mutual agreements and normal terms. The market prices and contract terms between the Group and its related parties did not have material difference as those between the Group and non-related parties.

c. Purchases of goods

Related Party Category	For the Year Ended December 31	
	2020	2019
Associate		
Lite-Space Technology Company Limited	\$ 1,391,364	\$ 1,807,380
Lite-On Semiconductor Corp.	<u>873,684</u>	<u>1,376,650</u>
	<u>2,265,048</u>	<u>3,184,030</u>
Related party in substance		
Diodes Incorporated	233,366	636,358
Others	<u>2,852</u>	<u>18,306</u>
	<u>236,218</u>	<u>654,664</u>
	<u>\$ 2,501,266</u>	<u>\$ 3,838,694</u>

The costs of the Group's purchases from Lite-On Semiconductor Corp. for the years ended December 31, 2020 and 2019 were based on cost plus an agreed-upon profit. Except for these purchases, the purchase terms between the Group and its related parties did not have material difference as those between the Group and non-related parties.

d. Receivables from related parties

Related Party Category	December 31	
	2020	2019
Trade receivables		
Associate		
L&K Industries Philippines, Inc.	\$ 21,273	\$ 12,245
Lite-On Semiconductor Corp.	17,043	61,297
Others	<u>44</u>	<u>-</u>
	<u>\$ 38,360</u>	<u>\$ 73,542</u>
Other receivables		
Associate		
Yamada-Lom Ltda.	\$ 7,212	\$ 19,700
Others	<u>148</u>	<u>1,972</u>
	<u>7,360</u>	<u>21,672</u>
Related party in substance		
Others	<u>-</u>	<u>71</u>
	<u>\$ 7,360</u>	<u>\$ 21,743</u>

The outstanding trade receivables from related parties are unsecured. No allowance for doubtful accounts was recognized for trade receivables from related parties for the years ended December 31, 2020 and 2019.

e. Payables to related parties

Related Party Category	December 31	
	2020	2019
Trade payables		
Associate		
Lite-On Semiconductor Corp.	\$ 189,315	\$ 382,405
Lite-Space Technology Company Limited	90,979	128,711
Others	<u>14,707</u>	<u>-</u>
	<u>295,001</u>	<u>511,116</u>
Related party in substance		
Diodes Incorporated	-	217,356
Others	<u>-</u>	<u>2,072</u>
	<u>-</u>	<u>219,428</u>
	<u>\$ 295,001</u>	<u>\$ 730,544</u>
Other payables		
Associate		
Silitech Technology Corporation	\$ 785	\$ -
Others	<u>29</u>	<u>593</u>
	<u>814</u>	<u>593</u>

(Continued)

Related Party Category	December 31	
	2020	2019
Related party in substance		
Silport Technology Corp.	\$ 108	\$ 270
Silport Travel Corp.	-	5,930
Chi Mei Mold Co.	-	5,631
Others	-	70
	<u>108</u>	<u>11,901</u>
	<u>\$ 922</u>	<u>\$ 12,494</u>
		(Concluded)

The outstanding trade payables to related parties are unsecured.

f. Lease arrangements

Related Party Category/Name	For the Year Ended December 31	
	2020	2019
Interest expense		
Associate		
Lite-On Semiconductor Corp.	\$ <u>361</u>	\$ <u>962</u>

The lease terms between the Group and its related parties did not have material difference as those between the Group and non-related parties.

g. Operating expenses

Related Party Category	For the Year Ended December 31	
	2020	2019
Associate		
Others	\$ <u>29</u>	\$ <u>35</u>
Related party in substance		
Lite-On Cultural Foundation	10,000	8,375
Silport Travel Corp.	8,598	69,119
Chi Mei Mold Co.	3,992	4,069
Others	<u>503</u>	<u>559</u>
	<u>23,093</u>	<u>82,122</u>
	<u>\$ 23,122</u>	<u>\$ 82,157</u>

The Group donated and recognized associated expenses of \$10,000 thousand and \$8,375 thousand for the years ended December 31, 2020 and 2019, respectively, to help Lite-On Cultural Foundation, a related party in substance, facilitate communal, cultural and educational projects.

h. Other revenue

Related Party Category	For the Year Ended December 31	
	2020	2019
Associates		
Yamada-Lom Ltda.	\$ 10,375	\$ 13,910
Lite-On Semiconductor Corp.	4,422	6,790
Others	<u>438</u>	<u>-</u>
	<u>15,235</u>	<u>20,700</u>
Related party in substance		
Others	<u>806</u>	<u>1,468</u>
	<u>\$ 16,041</u>	<u>\$ 22,168</u>

i. Acquisition of financial assets

For the year ended December 31, 2020

Related Party Category/Name	Line Item	Number of Shares	Underlying Assets	Purchase Price
Related party in substance				
Yuan-Bao Investment Co., Ltd.	Investments accounted for using the equity method	57,903	Equity interests of LITE-ON INC. a subsidiary	\$ 21,192
Soong Juan, Feng-Ing	Investments accounted for using the equity method	48,476	Equity interests of LITE-ON INC. a subsidiary	17,742
Others	Investments accounted for using the equity method	53,448	Equity interests of LITE-ON INC. a subsidiary	<u>19,563</u>
				<u>58,497</u>
Raymond Soong	Investments accounted for using the equity method	75,980	Equity interests of DYNA INVESTMENT CO., LTD a subsidiary	31,836
Others	Investments accounted for using the equity method	69,404	Equity interests of DYNA INVESTMENT CO., LTD a subsidiary	<u>29,080</u>
				<u>60,916</u>
				<u>\$ 119,413</u>

For the year ended December 31, 2019

Related Party Category	Line Item	Number of Shares	Underlying Assets	Purchase Price
Associate				
Lite-On Semiconductor Corp.	Investment accounted for using the equity method	980,300	Equity interests of Lite-On Japan Ltd., a subsidiary	<u>\$ 66,864</u>

j. Acquisition of property, plant and equipment

Related Party Category	Purchase Price	
	For the Year Ended December 31 2020	2019
Related party in substance		
Others	<u>\$ 327</u>	<u>\$ -</u>

k. Disposal of Property, Plant and Equipment

Related Party Category	Proceeds of Disposal		Gain on Disposal	
	For the Year Ended December 31		For the Year Ended December 31	
	2020	2019	2020	2019
Associate				
Yamada-Lom Ltda	<u>\$ -</u>	<u>\$ 15,609</u>	<u>\$ -</u>	<u>\$ 3,225</u>
Related party in substance				
Others	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ -</u>

l. Compensation of key management personnel

	For the Year Ended December 31	
	2020	2019
Short-term employee benefits	\$ 530,522	\$ 572,153
Post-employment benefits	<u>48,287</u>	<u>38,308</u>
	<u>\$ 578,809</u>	<u>\$ 610,461</u>

The remuneration of directors and key executives was determined by the remuneration committee having regard to the performance of individuals and market trends.

34. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

	December 31	
	2020	2019
Pledged time deposits (classified as financial assets at amortized costs)	<u>\$ 410,987</u>	<u>\$ 467,674</u>

Above assets included the guarantee deposits provided for government projects and the custom duties regarding shipment clearance in advance of duty payments and tax refunds.

35. SIGNIFICANT CONTINGENT LIABILITIES

Bench Walk Lighting, LLC sued the Company and its subsidiary - LITE-ON TECHNOLOGY USA, INC. - for patent infringement during the fourth quarter of 2019. The petitioner claimed that certain products supplied by the subsidiary infringed the original patents and demanded royalty payments. Both parties have reached the settlement, and the plaintiff withdrew the lawsuit. There was no material impact on the operations and financial performance of the Group.

36. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2020

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 1,390,083	28.0450 (USD:NTD)	\$ 38,984,891
USD	1,379,233	6.5182 (USD:CNY)	38,680,577
USD	65,224	7.7521 (USD:HKD)	1,829,205
USD	32,233	29.9500 (USD:THB)	903,981
USD	1,317	0.8137 (USD:EUR)	36,943
EUR	10,422	1.2290 (EUR:USD)	<u>359,201</u>
			<u>\$ 80,794,798</u>
Non-monetary items			
Investments in associates and joint ventures accounted for using the equity method			
USD	3,576	28.0450 (USD:NTD)	<u>\$ 100,301</u>
<u>Financial liabilities</u>			
Monetary items			
USD	1,863,247	28.0450 (USD:NTD)	\$ 52,254,758
USD	935,342	6.5182 (USD:CNY)	26,231,675
USD	24,229	7.7521 (USD:HKD)	679,490
USD	34,122	29.9500 (USD:THB)	956,945
USD	1,472	0.8137 (USD:EUR)	<u>41,293</u>
			<u>\$ 80,164,161</u>

December 31, 2019

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 1,374,254	6.9524 (USD:CNY)	\$ 41,131,411
USD	1,175,658	29.9300 (USD:NTD)	35,187,442
USD	65,437	7.7856 (USD:HKD)	1,958,529
USD	25,994	30.0900 (USD:THB)	778,004
USD	1,203	0.8923 (USD:EUR)	35,991
EUR	12,823	1.1207 (EUR:USD)	<u>430,124</u>
			<u>\$ 79,521,501</u>
Non-monetary items			
Investments in associates and joint ventures accounted for using the equity method			
USD	3,534	29.9300 (USD:NTD)	<u>\$ 105,774</u>
<u>Financial liabilities</u>			
Monetary items			
USD	1,890,153	29.9300 (USD:NTD)	\$ 56,572,273
USD	906,102	6.9524 (USD:CNY)	27,119,618
USD	29,222	7.7856 (USD:HKD)	874,625
USD	26,784	30.0900 (USD:THB)	801,659
USD	4,605	0.8923 (USD:EUR)	<u>137,832</u>
			<u>\$ 85,506,007</u>

For the years ended December 31, 2020 and 2019, net foreign exchange gains were \$635,338 thousand and \$666,584 thousand, respectively. It is impractical to disclose net foreign exchange gains or losses by each significant foreign currency due to the variety of the foreign currency transactions of the entities in the Group.

37. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

- 1) Financing provided: See Table 1 below.
- 2) Endorsement/guarantee provided: See Table 2 below.
- 3) Marketable securities held (excluding investment in subsidiaries, associates and jointly controlled entities): See Table 3 below.
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: See Table 4 below.

- 5) Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital: None.
 - 6) Disposal of individual real estate properties 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 amounting to at least NT\$100 million or 20% of the paid-in capital: See Table 5 below.
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: See Table 6 below.
 - 9) Trading in derivative instruments: See Notes 7 and 32 to the financial statements.
 - 10) Others: Intercompany relationships and significant intercompany transactions: See Table 9 below.
- b. Information on investees: See Table 7 below.
- c. Information on investments in mainland China:
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: See Table 8 below.
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: See Table 9 below.
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: None.

38. SEGMENT INFORMATION

a. General information

The Group identified the reportable segments based on the managerial reporting information, and the segments by the types of products which included Optoelectronics, Information Technologies and others. The types of products are described as follows:

- 1) Optoelectronics: The manufacture and sale of LED, camera modules, LED traffic lights, street lights, general lighting and automotive electronics.
- 2) Information & communication technologies: The manufacture and sale of notebooks, desktops, tablets, servers, optical disc drives, solid-state drives, networking devices and multifunction peripherals.
- 3) The Group also has other operating segments that did not exceed the quantitative threshold. These segments mainly engage in the manufacture and sale of plastic/rubber products and others.

The composition of reportable segments has been changed due to changes in the classification of some products, and the information for the year ended December 31, 2019 was restated for comparison.

b. Measurement of segment information

The Group uses the income before income tax from operations as the measurement for segment profit and the basis of performance assessment. There was no material differences between the accounting policies of the operating segment and the accounting policies described in Note 4.

c. Segment information

The segment information provided to the chief operating decision maker for the reportable segments is as follows:

	For the Year Ended December 31, 2020				
	Optoelectronics	Information and Communication Technologies	Others	Elimination	Total
Sales from external customers	\$ 30,458,508	\$ 120,704,075	\$ 5,971,040	\$ -	\$ 157,133,623
Sales among segments	1,437,277	1,663,397	654,340	(3,755,014)	-
Operating profit (loss)	3,546,043	9,566,376	(1,337,929)	-	11,774,490

	For the Year Ended December 31, 2019				
	Optoelectronics	Information and Communication Technologies	Others	Elimination	Total
Sales from external customers	\$ 30,589,775	\$ 140,686,773	\$ 6,677,618	\$ -	\$ 177,954,166
Sales among segments	1,314,750	1,535,556	792,003	(3,642,309)	-
Operating profit (loss)	1,553,338	9,841,789	(563,173)	-	10,831,954

d. Geographic information

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2020	2019	2020	2019
Asia	\$ 111,585,246	\$ 116,905,037	\$ 25,553,566	\$ 27,373,092
America	27,944,345	39,370,373	444,421	771,509
Europe	17,328,093	21,404,220	2,118	3,871
Others	<u>275,939</u>	<u>274,536</u>	-	-
	<u>\$ 157,133,623</u>	<u>\$ 177,954,166</u>	<u>\$ 26,000,105</u>	<u>\$ 28,148,472</u>

The geographic information is presented by billing regions. Noncurrent assets include property, plant and equipment, right-of-use assets, investment properties, intangible assets and others.

e. Information about major customers

Single customers contributing 10% or more to the Group's revenue were as follows:

	For the Year Ended December 31			
	2020		2019	
	Sales Revenue	Portion (%)	Sales Revenue	Portion (%)
Customer A	\$ 16,596,257	10.56	\$ -	-

f. Reconciliation information for segment profit

- 1) The revenue from external parties reported to the chief operating decision maker is used the same accounting policies in consistent with in the statement of comprehensive income.
- 2) The reconciliation of reportable segments profit and income before income tax is provided as follows:

	<u>For the Year Ended December 31</u>	
	2020	2019
Reportable segments' profit	\$ 11,774,490	\$ 10,831,954
Unclassified loss	(1,568,296)	(1,486,732)
Non-operating income and expenses	<u>2,395,727</u>	<u>3,018,616</u>
Profit before income tax	<u>\$ 12,601,921</u>	<u>\$ 12,363,838</u>

- 3) Segment profit represented the profit before tax earned by each segment without unclassified headquarter administration costs, share of profit of associates accounted for using the equity method, interest income, other income, dividend income, net gain on disposal of investments, net gain on foreign currency exchange, valuation gain on financial instruments at FVTPL, net gain (loss) on disposal of property, plant and equipment, net loss on disposal of intangible assets, finance costs, other expenses, impairment loss, and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020
(Amounts in Thousands of New Taiwan Dollars)

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate	Nature for Financing (Note 1)	Transaction Amount	Reasons for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 2)	Financing Company's Total Financing Amount Limits (Note 2)	Note
													Item	Value			
1	LITE-ON SINGAPORE PTE. LTD.	LITE-ON MOBILE PTE. LTD.	Receivables from related parties	Yes	\$ 1,208,000	\$ 757,215	\$ 757,215	0.83938%-2.49413%	b	\$ -	Operating capital	\$ -	None	\$ -	\$ 15,392,209	\$ 15,392,209	
2	LITE-ON AUTOMOTIVE (WUXI) CO., LTD.	LITE-ON GREEN TECHNOLOGIES (NANJING) CORPORATION	Receivables from related parties	Yes	13,065	-	-	3.045%	b	-	Operating capital	-	None	-	519,601	519,601	
3	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	CHANGZHOU LEOTEK NEW ENERGY TRADE LIMITED	Receivables from related parties	Yes	210,827	98,960	98,960	2.65%-3%	b	-	Operating capital	-	None	-	4,648,752	4,648,752	
4	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	LITE-ON GREEN TECHNOLOGIES (NANJING) CORPORATION LITE-ON INTELLIGENT TECHNOLOGY (YENCHENG) CORP.	Receivables from related parties Receivables from related parties	Yes Yes	12,985 83,870	12,908 43,026	12,908 43,026	2.65% 2.65%-3.045%	b b	- -	Operating capital Operating capital	- -	None None	- -	2,959,435 2,959,435	2,959,435 2,959,435	
5	GUANGZHOU LITE-ON MOBILE ENGINEERING PLASTICS CO., LTD.	BEIJING LITE-ON MOBILE ELECTRONIC AND TELECOMMUNICATION COMPONENTS CO., LTD.	Receivables from related parties	Yes	72,367	34,421	34,421	2.65%-3.045%	b	-	Operating capital	-	None	-	1,845,791	1,845,791	

Note 1: Reasons for financing are as follows:

- a. Business relationship.
- b. The need for short-term financing.

Note 2: Financing limit for each borrower and aggregate financing limits are calculated based on the financing company's policy.

Note 3: The net worth is based on the latest audited financial statements.

Note 4: All intercompany financing transactions have been eliminated upon consolidation.

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020
(Amounts in Thousands of New Taiwan Dollars)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 2)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity Per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable (Note 2)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship (Note 1)											
1	Lite-On Capital Corporation	Lite-On Green Energy B.V.	c	\$ 1,836,270	\$ 328,544	\$ 323,970	\$ 323,970	\$ -	0.44	\$ 1,836,270	No	No	No	

Note 1: Relationship between endorser/guarantor and endorsee/guarantee are as follows:

- a. Business relationship.
- b. A subsidiary in which the Parent Company holds directly and indirectly over 50% of an equity interest.
- c. An investee in which the Parent Company and its subsidiaries hold directly and indirectly over 50% of an equity interest.

Note 2: a. The endorsement/guarantee limit for each entity and the total endorsement/guarantee limit are calculated on the basis of Lite-On Capital Corporation's endorsement/guarantee procedures.

- b. The net worth is based on the latest audited financial statements.

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2020

(Amounts in Thousands of New Taiwan Dollars or in Thousands of Foreign Currencies)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Shares/Units (In Thousands)	Carrying Value	Percentage of Ownership (%)	Fair Value	
Lite-On Technology Corporation	<u>Ordinary shares</u>							
	EPSTAR Corporation (Note 2)	-	Financial asset at FVTPL	449	\$ 18,587	0.04	\$ 18,587	
	Wistron Corporation	-	Financial asset at FVTOCI	1,487	46,099	0.05	46,099	
	Logah Technology Corp.	-	Financial asset at FVTOCI	7,905	99,210	8.50	99,210	
	Com2B Corp.	-	Financial asset at FVTOCI	5,000	9,009	11.11	9,009	
	Avamax Corp.	-	Financial asset at FVTPL	559	-	6.99	-	Note 1
	Aetas Technology, Inc.	Member of the board of directors	Financial asset at FVTPL	4,026	-	8.07	-	Note 1
	Auria Solar Co., LTD.	-	Financial asset at FVTPL	41,400	-	19.71	-	Note 1
	Z-Com, Inc.	-	Financial asset at FVTOCI	63	673	0.09	673	
	Fong Han Electronics Co., LTD.	-	Financial asset at FVTPL	1,167	-	6.67	-	Note 1
	Xepex Electronics Co., LTD.	-	Financial asset at FVTPL	-	-	-	-	Note 1
	North America Micro-Electronic & Software, Incorporated	-	Financial asset at FVTOCI	5	-	2.67	-	Note 1
	ACTION MEDIA TECHNOLOGIES, INC.	-	Financial asset at FVTPL	38	-	-	-	Note 1
	Oplink Communications, Inc.	-	Financial asset at FVTOCI	1	793	0.01	793	
	Taiwan Changxing Technology Co., LTD.	-	Financial asset at FVTOCI	462	4,620	15.40	4,620	
	InSynerger Technology Co., LTD.	Member of the board of directors	Financial asset at FVTOCI	1,710	29,070	19.29	29,070	
	TAIWAN METAL PRECISION LTD.	-	Financial asset at FVTOCI	1,150	11,500	10.00	11,500	
	PlayNitride Inc.	-	Financial asset at FVTOCI	177	35,340	0.39	35,340	
	<u>Preference shares</u>							
	Arkologic Holdings Limited	-	Financial asset at FVTPL	11,111	-	7.66	-	Note 1
	PI-CORAL, INC.	-	Financial asset at FVTPL	1,139	-	10.65	-	Note 1
	PlayNitride Inc.	-	Financial asset at FVTOCI	1,165	232,222	2.58	232,222	
	<u>Fund</u>							
Arm IoT Fund, L.P.	-	Financial asset at FVTPL	-	50,589	10.33	50,589		
<u>Convertible bond</u>								
Xepex Electronics Co., LTD.	-	Financial assets at FVTPL	150	-	-	-	Note 1	
Lite-On Capital Corporation	<u>Ordinary shares</u>							
	Lite-On Technology Corporation	The Parent Company	Financial assets at FVTOCI	15,116	752,770	0.64	752,770	
	Lead Data, Inc.	-	Financial assets at FVTOCI	865	2,629	0.59	2,629	
	Compound Solar Technology Co., LTD.	-	Financial assets at FVTPL	2,000	-	2.86	-	Note 1
Z-Com, Inc.	-	Financial assets at FVTOCI	2,412	25,683	3.33	25,683		

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Shares/Units (In Thousands)	Carrying Value	Percentage of Ownership (%)	Fair Value	
Lite-on Green Energy (HK) Limited	Ordinary shares Changzhou Binhu Thin Film Solar Greenhouse Co., LTD.	-	Financial assets at FVTOCI	-	US\$ 140	19.90	US\$ 140	
LITE-ON ELECTRONICS COMPANY LIMITED	Ordinary shares Lite-On Technology Corporation	The Parent Company	Financial assets at FVTOCI	2,450	122,028	0.10	122,028	
YET FOUNDATE LIMITED	Ordinary shares Lite-On Technology Corporation	The Parent Company	Financial assets at FVTOCI	2,271	113,098	0.10	113,098	
LET (HK) LIMITED	Northern Lights Semiconductor Fund Innovation Works Development Fund, L.P.	-	Financial assets at FVTPL	3,000	-	5.91	-	Note 1
LITE-ON TECHNOLOGY USA, INC.	Fund SMART WORLD INNOVATION FUND GP, LLC	-	Financial assets at FVTPL	-	HK\$ 7,765	0.55	HK\$ 7,765	
LITE-ON SINGAPORE PTE. LTD.	Ordinary shares LuxVisions Innotech Limited	-	Financial assets at FVTOCI	-	US\$ 1,500	17.86	US\$ 1,500	
LITE-ON SINGAPORE PTE. LTD.	Ordinary shares LuxVisions Innotech Limited	-	Financial assets at FVTOCI	12,000	US\$ 40,000	7.55	US\$ 40,000	
LTC GROUP LTD.	Ordinary shares VIZIO, Inc.	-	Financial assets at FVTPL	437	-	2.90	-	Note 1
LTC INTERNATIONAL LTD.	Ordinary shares Lite-On Technology Corporation	The Parent Company	Financial assets at FVTOCI	7,004	348,810	0.30	348,810	
LITE-ON CHINA HOLDING CO. LTD.	Ordinary shares COMMIT Incorporated	-	Financial assets at FVTPL	4,962	-	1.87	-	Note 1
LITE-ON INC.	Ordinary shares VISION DISPLAY SYSTEM CO., LTD.	-	Financial assets at FVTPL	107	-	0.89	-	Note 1
	Preference shares InterEMS.com, Inc.	-	Financial assets at FVTPL	40	-	0.30	-	Note 1
	@NETWORK, Inc.	-	Financial assets at FVTPL	50	-	-	-	Note 1
	STEMCYTE, INC.	-	Financial assets at FVTPL	24	-	0.23	-	Note 1
	LYNEXWORKS, INCORPORATED	-	Financial assets at FVTPL	40	-	0.52	-	Note 1
	COMBRIO NETWORKS, INC.	-	Financial assets at FVTPL	300	-	0.50	-	Note 1
	Nobex Corporation	-	Financial assets at FVTPL	150	-	0.33	-	Note 1
	Advanced Reticle Technology, Inc.	-	Financial assets at FVTPL	-	-	-	-	Note 1
	Fund PacRim Venture Partners	-	Financial assets at FVTPL	-	-	-	-	Note 1

(Concluded)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Shares/Units (In Thousands)	Carrying Value	Percentage of Ownership (%)	Fair Value	
DYNA INVESTMENT CO., LTD.	<u>Ordinary shares</u>							
	Innolabs Corporation	-	Financial assets at FVTPL	320	\$ -	0.89	\$ -	Note 1
	VISION DISPLAY SYSTEM CO., LTD.	-	Financial assets at FVTPL	214	-	1.79	-	Note 1
	<u>Preference shares</u>							
	Newera Communications, Inc.	-	Financial assets at FVTPL	1,538	-	33.92	-	Note 1
	Single Chip Systems Corporation	-	Financial assets at FVTPL	294	-	0.56	-	Note 1
	Hotvoice Communications Technologies	-	Financial assets at FVTPL	125	-	30.49	-	Note 1
	InterEMS.com, Inc.	-	Financial assets at FVTPL	60	-	0.45	-	Note 1
	@NETWORK, Inc.	-	Financial assets at FVTPL	150	-	-	-	Note 1
	Stemcyte, Inc.	-	Financial assets at FVTPL	71	-	0.68	-	Note 1
	COMBRIO NETWORKS, INC.	-	Financial assets at FVTPL	300	-	0.50	-	Note 1
	Lynuxworks, Incorporated	-	Financial assets at FVTPL	40	-	0.52	-	Note 1
	Nobex Corporation	-	Financial assets at FVTPL	150	-	0.33	-	Note 1
	Advanced Reticle Technology, Inc.	-	Financial assets at FVTPL	1,200	-	-	-	Note 1
	<u>Fund</u>							
PacRim Venture Partners	-	Financial assets at FVTPL	-	-	3.00	-	Note 1	

Note 1: The carrying values of financial instruments were all assessed for impairment.

Note 2: The board of directors of EPISTAR Corporation resolved to conduct the share swap with ENNOSTAR Inc. The share swap basis date is in January 2021.

(Concluded)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts in Thousands of New Taiwan Dollars or in Thousands of Foreign Currencies)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counterparty	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares/Units (In Thousands)	Amount
Lite-On Technology Corporation	The shares of LITE-ON VIETNAM CO., LTD.	Investments accounted for using the equity method (Note 4)	LITE-ON VIETNAM CO., LTD.	Subsidiary	-	\$ 663,988	-	\$ 1,005,001 (Note 1)	-	\$ -	\$ 115,828 (Note 1)	\$ -	-	\$ 1,553,161
	The shares of LITE-ON SEMICONDUCTOR CORPORATION.	Non-current assets held for sale	Diodes Incorporated	Associate	57,204	1,364,881	-	-	57,204	2,423,867 (Note 2)	1,693,689	730,178 (Note 2)	-	-
	The shares of SOLID STATE STORAGE TECHNOLOGY CORPORATION	Disposal group held for sale	KIOXIA Holdings Corporation	Subsidiary	448,245	4,440,540	-	-	448,245	(Note 3)	4,440,540	(Note 3)	-	-
SOLID STATE STORAGE TECHNOLOGY CORPORATION	The shares of SOLID STATE STORAGE TECHNOLOGY (Guangzhou) CORPORATION	Disposal group held for sale	KIOXIA Holdings Corporation	Subsidiary	-	-	-	24,021	-	(Note 3)	24,021	(Note 3)	-	-
	The shares of Solid State Storage Technology PTE. LTD.	Disposal group held for sale	KIOXIA Holdings Corporation	Subsidiary	-	-	200	6,027	200	(Note 3)	6,027	(Note 3)	-	-
Lite-On Technology USA, Inc.	The shares of SOLID STATE STORAGE TECHNOLOGY USA CORPORATION	Disposal group held for sale	KIOXIA Holdings Corporation	Subsidiary	1	US\$ 4,469	-	-	1	(Note 3)	US\$ 4,469	(Note 3)	-	-
	The shares of CNEX Labs Inc.	Disposal group held for sale	KIOXIA Holdings Corporation	-	245	US\$ 1,000	-	-	245	(Note 3)	US\$ 1,000	(Note 3)	-	-
Lite-On Capital Corporation	The shares of LITE-ON SEMICONDUCTOR CORPORATION	Non-current assets held for sale	Diodes Incorporated	Associate	6,486	183,287	-	-	6,486	274,833 (Note 2)	215,595	59,238 (Note 2)	-	-

Note 1: The acquisition amount includes the acquisition of \$940,230 thousand and share of profit on investments accounted for the using the equity method of \$64,771 thousand; the disposal amount refers to the effects on changes in equities.

Note 2: The disposal subject conducted the share swap with Diodes Incorporated, and the consideration for disposal is \$2,698,700 thousand based on \$42.5 per share. After deducting the stock transaction tax and relevant remittance fee, the related gain on disposal amounted to \$789,416 thousand. Refer to Note 15.

Note 3: The consideration of the shares disposed of for the Group is US\$190,175 thousand, which is based on the agreed price listed on the share purchase agreement. The related gain on the disposal of the equity shares is \$304,830 thousand after deducting the relevant costs, taxes and the book value of the investments accounted for using the equity method on the date of disposal.

Note 4: Investments accounted for using the equity method have been eliminated upon consolidation.

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(Amounts in Thousands of New Taiwan Dollars or in Thousands of Foreign Currencies)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Trade (Payable) or Receivable		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Lite-On Technology Corporation	Philips & Lite-On Digital Solutions Corporation	Subsidiary	Sale	\$ (7,450,123)	(7.48)	About 90 days	Cost-plus pricing	No significant difference	\$ 2,774,530	9.37	
	SOLID STATE STORAGE TECHNOLOGY CORPORATION	Subsidiary	Sale	(404,959)	(0.41)	About 90 days	Cost-plus pricing	No significant difference	-	-	
	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Fourth-tier subsidiary	Sale	(1,048,726)	(1.05)	About 90 days	Cost-plus pricing	No significant difference	392,767	1.33	
	LITE-ON SINGAPORE PTE. LTD.	Subsidiary	Sale	(3,484,494)	(3.50)	About 90 days	Cost-plus pricing	No significant difference	1,140,252	3.85	
	Lite-On Japan LTD.	Subsidiary	Sale	(734,253)	(0.74)	About 90 days	Cost-plus pricing	No significant difference	197,878	0.67	
	LITE-ON TRADING USA, INC.	Sub-subsidiary	Sale	(2,479,715)	(2.49)	About 90 days	Cost-plus pricing	No significant difference	809,583	2.73	
	SOLID STATE STORAGE TECHNOLOGY CORPORATION	Subsidiary	Purchase	1,266,933	1.46	About 90 days	Cost-plus pricing	No significant difference	-	-	
	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Fourth-tier subsidiary	Purchase	1,246,841	1.44	About 90 days	Cost-plus pricing	No significant difference	(348,685)	(1.12)	
	LITE-ON VIETNAM CO., LTD.	Subsidiary	Purchase	257,432	0.30	About 90 days	Cost-plus pricing	No significant difference	(252,285)	(0.81)	
	LITE-ON SINGAPORE PTE. LTD.	Subsidiary	Purchase	20,401,675	23.51	About 90 days	Cost-plus pricing	No significant difference	(7,152,981)	(22.88)	
Lite-On Overseas Trading Co., LTD.	Subsidiary	Purchase	58,504,199	67.43	About 90 days	Cost-plus pricing	No significant difference	(20,027,171)	(64.05)		
Philips & Lite-On Digital Solutions Corporation	Philips & Lite-On Digital Solutions USA, Inc.	Subsidiary	Sale	(3,651,441)	(46.76)	About 90 days	Cost-plus pricing	No significant difference	887,099	54.67	
SOLID STATE STORAGE TECHNOLOGY CORPORATION	SOLID STATE STORAGE TECHNOLOGY USA CORPORATION	Affiliate	Sale	(179,856)	(3.14)	About 90 days	Cost-plus pricing	No significant difference	-	-	
LITE-ON ELECTRONICS (TIANJIN) CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(1,596,623)	(100.00)	About 90 days	Cost-plus pricing	No significant difference	131,649	100.00	
LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	WUXI CHINA BRIDGE EXPRESS TRADING CO., LTD.	Affiliate	Sale	(102,727)	(0.77)	About 90 days	Cost-plus pricing	No significant difference	47,655	27.13	
	LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	Affiliate	Sale	(213,163)	(1.59)	About 90 days	Cost-plus pricing	No significant difference	93,360	53.15	
	Lite-On Overseas Trading Co., LTD.	Affiliate	Sale	(13,007,360)	(96.91)	About 90 days	Cost-plus pricing	No significant difference	1,420	0.81	
LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(4,943,819)	(100.00)	About 90 days	Cost-plus pricing	No significant difference	1,148,814	100.00	
LITEON LI SHIN TECHNOLOGY (GANZHOU) LTD.	Lite-On Overseas Trading Co., LTD.	Affiliate	Sale	(518,634)	(100.00)	About 90 days	Cost-plus pricing	No significant difference	126,861	100.00	
LITE-ON AUTOMOTIVE ELECTRONICS (CHANGZHOU) CO., LTD.	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Affiliate	Sale	(223,933)	(57.65)	About 90 days	Cost-plus pricing	No significant difference	118,256	67.99	
	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(157,534)	(40.56)	About 90 days	Cost-plus pricing	No significant difference	53,559	30.79	
LITE-ON TECHNOLOGY (CHANGZHOU) CORPORATION	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(14,452,946)	(59.82)	About 90 days	Cost-plus pricing	No significant difference	2,641,246	47.06	
	Lite-On Overseas Trading Co., LTD.	Affiliate	Sale	(8,419,462)	(34.85)	About 90 days	Cost-plus pricing	No significant difference	2,351,440	41.89	
LITE-ON TECHNOLOGY (XIANNING) CO., LTD.	Lite-On Overseas Trading Co., LTD.	Affiliate	Sale	(535,711)	(100.00)	About 90 days	Cost-plus pricing	No significant difference	122,165	100.00	
LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	Affiliate	Sale	(210,577)	(3.61)	About 90 days	Cost-plus pricing	No significant difference	51,867	3.18	
	LITE-ON TECHNOLOGY (CHANGZHOU) CORPORATION	Affiliate	Sale	(174,952)	(3.00)	About 90 days	Cost-plus pricing	No significant difference	53,243	3.26	
LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	Lite-On Overseas Trading Co., LTD.	Affiliate	Sale	(14,418,509)	(99.89)	About 90 days	Cost-plus pricing	No significant difference	2,139,912	99.96	
SILITEK ELEC. (DONGGUAN) CO., LTD.	LITE-ON TECHNOLOGY (CHANGZHOU) CORPORATION	Affiliate	Sale	(324,863)	(2.89)	About 90 days	Cost-plus pricing	No significant difference	210,144	6.83	
	Lite-On Overseas Trading Co., LTD.	Affiliate	Sale	(10,348,633)	(92.00)	About 90 days	Cost-plus pricing	No significant difference	2,700,772	87.74	
LITE-ON POWER TECHNOLOGY (DONGGUAN) CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(1,496,858)	(98.25)	About 90 days	Cost-plus pricing	No significant difference	133,592	98.88	

(Continued)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Trade (Payable) or Receivable		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
LITE-ON ELECTRONICS H.K. LIMITED	Lite-On Overseas Trading Co., LTD.	Affiliate	Sale	\$ (247,340)	(7.45)	About 90 days	Cost-plus pricing	No significant difference	\$ 95,748	17.84	
HUIZHOU LI SHIN ELECTRONIC CO., LTD.	Lite-On Overseas Trading Co., LTD.	Affiliate	Sale	(1,922,289)	(90.81)	About 90 days	Cost-plus pricing	No significant difference	264,153	85.55	
LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD. WUXI CHINA BRIDGE EXPRESS TRADING CO., LTD. Lite-On Overseas Trading Co., LTD.	Affiliate Affiliate Affiliate	Sale	(1,792,743)	(8.98)	About 90 days	Cost-plus pricing	No significant difference	849,957	13.66	
			Sale	(646,534)	(3.24)	About 90 days	Cost-plus pricing	No significant difference	286,517	4.60	
			Sale	(17,461,717)	(87.42)	About 90 days	Cost-plus pricing	No significant difference	5,045,795	81.09	
LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD. (formerly: LITEON OPTO TECHNOLOGY (GUANGZHOU) LTD.)	Lite-On Overseas Trading Co., LTD.	Affiliate	Sale	(720,650)	(100.00)	About 90 days	Cost-plus pricing	No significant difference	261,969	100.00	
LiteON Auto Electric Technology (Guangzhou) LTD.	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Affiliate	Sale	(278,988)	(99.60)	About 90 days	Cost-plus pricing	No significant difference	73,396	99.63	
LITEON-IT OPTO TECH (BH) CO., LTD.	Lite-On Overseas Trading Co., LTD.	Affiliate	Sale	(5,753,277)	(100.00)	About 90 days	Cost-plus pricing	No significant difference	1,656,820	100.00	
Lite-On Electronics (Thailand) Co., LTD.	LITE-ON SINGAPORE PTE. LTD. Lite-On Japan LTD.	Affiliate Affiliate	Sale	(3,733,111)	(96.49)	About 90 days	Cost-plus pricing	No significant difference	591,421	91.53	
			Sale	(135,760)	(3.51)	About 90 days	Cost-plus pricing	No significant difference	54,700	8.47	
LITE-ON VIETNAM CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(438,128)	(62.99)	About 90 days	Cost-plus pricing	No significant difference	111,035	30.56	
LITE-ON SINGAPORE PTE. LTD.	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD. WUXI CHINA BRIDGE EXPRESS TRADING CO., LTD. LITE-ON ELECTRONICS H.K. LIMITED Lite-On Japan LTD. LITE-ON, INC. LITE-ON TRADING USA, INC. LEOTEK ELECTRONICS USA LLC Lite-On Overseas Trading Co., LTD. LITE-ON MOBILE INDÚSTRIA E COMÉRCIO DE PLÁSTICOS LTDA.	Subsidiary Affiliate Affiliate Affiliate Affiliate Affiliate Affiliate Affiliate Affiliate Affiliate	Sale	(993,503)	(1.55)	About 90 days	Cost-plus pricing	No significant difference	431,365	2.30	
			Sale	(1,320,068)	(2.06)	About 90 days	Cost-plus pricing	No significant difference	476,087	2.54	
			Sale	(3,052,231)	(4.76)	About 90 days	Cost-plus pricing	No significant difference	962,560	5.14	
			Sale	(1,057,310)	(1.65)	About 90 days	Cost-plus pricing	No significant difference	223,629	1.19	
			Sale	(555,249)	(0.87)	About 90 days	Cost-plus pricing	No significant difference	208,781	1.12	
			Sale	(6,970,083)	(10.88)	About 90 days	Cost-plus pricing	No significant difference	2,260,180	12.07	
			Sale	(843,279)	(1.32)	About 90 days	Cost-plus pricing	No significant difference	247,243	1.32	
			Sale	(181,895)	(0.28)	About 90 days	Cost-plus pricing	No significant difference	83,528	0.45	
			Sale	(430,958)	(0.67)	About 90 days	Cost-plus pricing	No significant difference	93,606	0.50	
			Sale	(335,545)	(100.00)	About 90 days	Cost-plus pricing	No significant difference	-	-	
Lite-On Overseas Trading Co., LTD.	LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED LITE-ON TECHNOLOGY (CHANGZHOU) CORPORATION LITE-ON TECHNOLOGY (XIANNING) CO., LTD. LITE-ON ELECTRONICS (DONGGUAN) LIMITED SILITEK ELEC. (DONGGUAN) CO., LTD. HUIZHOU LI SHIN ELECTRONIC CO., LTD. LITE-ON ELECTRONICS (GUANGZHOU) LIMITED LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD. (formerly: LITEON OPTO TECHNOLOGY (GUANGZHOU) LTD.) LITEON-IT OPTO TECH (BH) CO., LTD. LITE-ON VIETNAM CO., LTD. LITE-ON SINGAPORE PTE. LTD. Lite-On Semiconductor Corp. Diodes Incorporated Lite-Space Technology Company Limited	Affiliate Affiliate Affiliate Affiliate Affiliate Affiliate Affiliate Affiliate Affiliate Affiliate Affiliate Affiliate Affiliate Affiliate Affiliate	Sale	(10,755,220)	(7.90)	About 90 days	Cost-plus pricing	No significant difference	1,447,207	3.64	
			Sale	(11,864,867)	(8.72)	About 90 days	Cost-plus pricing	No significant difference	4,259,469	10.72	
			Sale	(145,907)	(0.11)	About 90 days	Cost-plus pricing	No significant difference	20,819	0.05	
			Sale	(11,770,905)	(8.65)	About 90 days	Cost-plus pricing	No significant difference	1,443,964	3.64	
			Sale	(7,880,120)	(5.79)	About 90 days	Cost-plus pricing	No significant difference	1,410,412	3.55	
			Sale	(637,610)	(0.47)	About 90 days	Cost-plus pricing	No significant difference	93,461	0.24	
			Sale	(13,561,555)	(9.97)	About 90 days	Cost-plus pricing	No significant difference	4,494,141	11.32	
			Sale	(466,914)	(0.34)	About 90 days	Cost-plus pricing	No significant difference	160,901	0.41	
			Sale	(5,380,989)	(3.95)	About 90 days	Cost-plus pricing	No significant difference	1,709,865	4.31	
			Sale	(242,185)	(0.18)	About 90 days	Cost-plus pricing	No significant difference	251,064	0.63	
			Sale	(14,666,837)	(10.78)	About 90 days	Cost-plus pricing	No significant difference	4,332,009	10.91	
			Purchase	532,261	0.39	About 90 days	Cost-plus pricing	No significant difference	(166,867)	(0.85)	
			Purchase	109,678	0.08	About 90 days	Cost-plus pricing	No significant difference	-	-	
			Purchase	1,391,364	1.02	About 90 days	Cost-plus pricing	No significant difference	(90,042)	(0.46)	
			Lite-On (Guangzhou) Automotive Electronics Limited	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD. LITE-ON SINGAPORE PTE. LTD.	Affiliate Affiliate	Sale	(1,737,481)	(47.37)	About 90 days	Cost-plus pricing	No significant difference
Sale	(1,465,349)	(39.95)				About 90 days	Cost-plus pricing	No significant difference	375,555	23.21	

(Continued)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Trade (Payable) or Receivable		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Lite-On Japan LTD.	Lite-On Semiconductor Corp.	Affiliate	Purchase	\$ 302,395	12.90	About 90 days	Cost-plus pricing	No significant difference	\$ (3,599)	(0.54)	
Silitech Technology Corp. LTD.	Silitech Technology Corporation	Parent	Sale	US\$ (5,016) JPY (5,269) EUR (182)	(100.00)	About 90 days	No significant difference	90-120 days	US\$ 493 JPY 1,287 -	100.00	
Xurong Electronic (Shenzhen) LTD.	Silitech Technology Corp. LTD.	Parent	Sale	US\$ (5,016) JPY (5,269) EUR (182)	(50.00)	About 90 days	No significant difference	90-120 days	US\$ 493 JPY 1,287 -	24.00	

Note: All intercompany sales and purchases have been eliminated upon consolidation.

(Concluded)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2020

(Amounts in Thousands of New Taiwan Dollars or in Thousands of Foreign Currencies)

Company Name	Related Party	Nature of Relationship	Ending Balance of Notes Receivable from Related Parties	Ending Balance of Trade Receivables from Related Parties	Ending Balance of Other Receivables from Related Parties	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
							Amount	Action Taken		
Lite-On Technology Corporation	Philips & Lite-On Digital Solutions Corporation LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Subsidiary	\$ -	\$ 2,774,530	\$ 2,428	2.65	\$ -	-	\$ 878,626	\$ -
		Fourth-tier subsidiary	-	392,767	875	2.65	-	-	-	-
	LITE-ON SINGAPORE PTE. LTD.	Subsidiary	-	1,140,252	95,735	3.21	-	-	345,792	-
	Lite-On Japan LTD.	Subsidiary	-	197,878	22,701	4.15	-	-	14,236	-
	LITE-ON TRADING USA, INC.	Sub-subsidiary	-	809,583	2,207	1.95	-	-	166,940	-
	Lite-On Overseas Trading Co., LTD.	Subsidiary	-	2,847,586	21,885	-	-	-	1,443,057	-
Philips & Lite-On Digital Solutions Corporation	Philips & Lite-On Digital Solutions USA, Inc.	Subsidiary	-	887,099	1,889	5.87	-	-	246,120	-
LITE-ON ELECTRONICS (TIANJIN) CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	131,649	-	12.32	-	-	131,648	-
LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	1,148,814	9,488	4.35	-	-	476,920	-
LITEON LI SHIN TECHNOLOGY (GANZHOU) LTD.	Lite-On Overseas Trading Co., LTD.	Affiliate	-	126,861	-	3.73	-	-	126,860	-
LITE-ON AUTOMOTIVE ELECTRONICS (CHANGZHOU) CO., LTD.	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Affiliate	-	118,256	-	1.97	-	-	25,691	-
LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Lite-On Technology Corporation LITE-ON SINGAPORE PTE. LTD. Lite-On Overseas Trading Co., LTD.	Parent	-	348,685	-	3.13	-	-	106,310	-
		Affiliate	-	2,641,246	-	4.95	-	-	18,749	-
		Affiliate	-	2,351,440	-	4.09	-	-	-	-
LITE-ON TECHNOLOGY (XIANNING) CO., LTD.	Lite-On Overseas Trading Co., LTD.	Affiliate	-	122,165	-	4.04	-	-	-	
LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	Lite-On Overseas Trading Co., LTD.	Affiliate	-	2,139,912	-	8.06	-	-	7,753	-
SILITEK ELEC. (DONGGUAN) CO., LTD.	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD. Lite-On Overseas Trading Co., LTD.	Affiliate	-	210,144	-	3.09	-	-	-	-
		Affiliate	-	2,700,772	5,677	3.83	-	-	1,027,452	-
LITE-ON POWER TECHNOLOGY (DONGGUAN) CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	133,592	-	22.41	-	-	133,591	-
HUIZHOU LI SHIN ELECTRONIC CO., LTD.	Lite-On Overseas Trading Co., LTD.	Affiliate	-	264,153	-	6.24	-	-	260,520	-
LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD. WUXI CHINA BRIDGE EXPRESS TRADING CO., LTD. Lite-On Overseas Trading Co., LTD.	Affiliate	-	849,957	-	2.60	-	-	185,668	-
		Affiliate	-	286,517	-	1.93	-	-	83,350	-
		Affiliate	-	5,045,795	-	3.21	-	-	1,595,375	-
LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD. (formerly: LITEON OPTO TECHNOLOGY (GUANGZHOU) LTD.)	Lite-On Overseas Trading Co., LTD.	Affiliate	-	261,969	-	2.35	-	-	75,301	-
LITEON-IT OPTO TECH (BH) CO., LTD.	Lite-On Overseas Trading Co., LTD.	Affiliate	-	1,656,820	-	3.77	-	-	688,435	-
Lite-On Electronics (Thailand) Co., LTD.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	591,421	18,853	6.78	-	-	162,623	-
LITE-ON VIETNAM CO., LTD.	Lite-On Technology Corporation LITE-ON SINGAPORE PTE. LTD.	Parent	-	252,285	-	2.04	-	-	-	-
		Affiliate	-	111,035	-	6.11	-	-	29	-

(Continued)

Company Name	Related Party	Nature of Relationship	Ending Balance of Notes Receivable from Related Parties	Ending Balance of Trade Receivables from Related Parties	Ending Balance of Other Receivables from Related Parties	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
							Amount	Action Taken		
LITE-ON SINGAPORE PTE. LTD.	Lite-On Technology Corporation	Parent	\$ -	\$ 7,152,981	\$ 19,910	2.84	\$ -	-	\$ 1,849,110	\$ -
	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Subsidiary	-	431,365	-	1.76	-	-	-	-
	WUXI CHINA BRIDGE EXPRESS TRADING CO., LTD.	Affiliate	-	476,087	-	2.78	-	-	-	-
	LITE-ON ELECTRONICS H.K. LIMITED	Affiliate	-	962,560	6,164	2.68	-	-	-	-
	Lite-On Japan LTD.	Affiliate	-	223,629	271	3.37	-	-	4,937	-
	LITE-ON, INC.	Affiliate	-	208,781	541	3.44	-	-	33,762	-
	LITE-ON TRADING USA, INC.	Affiliate	-	2,260,180	22,150	2.82	-	-	354,734	-
	LEOTEK ELECTRONICS USA LLC	Affiliate	-	247,243	-	5.11	-	-	19,432	-
	LITE-ON MOBILE PTE. LTD.	Affiliate	-	-	758,080	-	-	-	-	-
G&W TECHNOLOGY (BVI) LIMITED	G&W TECHNOLOGY LIMITED	Subsidiary	-	-	124,706	-	-	-	-	
Lite-On Overseas Trading Co., LTD.	Lite-On Technology Corporation	Parent	-	20,027,171	-	2.68	213,078	-	6,166,701	-
	LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	Affiliate	-	1,447,207	2,692	6.60	-	-	8,037	-
	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Affiliate	-	4,259,469	-	2.83	-	-	2,855	-
	LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	Affiliate	-	1,443,964	-	9.50	-	-	1,161,847	-
	SILITEK ELEC. (DONGGUAN) CO., LTD.	Affiliate	-	1,410,412	-	6.99	-	-	1,405,377	-
	LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	Affiliate	-	4,494,141	-	2.66	-	-	1,358,913	-
	LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD. (formerly: LITEON OPTO TECHNOLOGY (GUANGZHOU) LTD.).	Affiliate	-	160,901	21	2.18	-	-	37,722	-
	LITEON-IT OPTO TECH (BH) CO., LTD.	Affiliate	-	1,709,865	183	3.14	-	-	694	-
	LITE-ON VIETNAM CO., LTD.	Affiliate	-	251,064	3,448	1.93	-	-	13,280	-
LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	4,332,009	-	3.45	-	-	844,726	-	
Lite-On (Guangzhou) Automotive Electronics Limited	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Affiliate	-	877,423	3,931	2.05	-	-	242,604	-
	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	375,555	2,711	5.18	-	-	198,979	-

Note: All intercompany transactions have been eliminated upon consolidation.

(Concluded)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2020
(Amounts in Thousands of New Taiwan Dollars or Thousands of Foreign Currencies)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Note
				December 31, 2020	December 31, 2019	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
Lite-On Technology Corporation	Silitech Technology Corporation	New Taipei City, Taiwan	Manufacture and sale of modules and plastic/rubber products	\$ 60,504	\$ 108,600	11,322	18.87	\$ 377,589	\$ (366,258)	\$ (133,370)	Associate (Note 1)
	Lite-On Integrated Service Inc.	Taipei City, Taiwan	Information outsourcing and system integration	25,886	25,886	3,400	100.00	53,213	9,168	9,168	Subsidiary
	DragonJet Corporation	New Taipei City, Taiwan	Manufacture and sale of computer peripherals, printers, digital cameras, modules and plastic products	1,069,080	1,069,080	21,969	29.62	370,838	(39,135)	(13,672)	Associate (Note 2)
	Lite-On Capital Corporation	Taipei City, Taiwan	Investment activities	3,707,984	4,096,367	170,707	100.00	1,094,239	74,010	107,099	Subsidiary
	LITE-ON ELECTRONICS H.K. LIMITED	Hong Kong	Sale of LED optical products	7,339,481	7,339,481	17,865	100.00	18,455,896	HK\$ 306,019	1,181,269	Subsidiary
	Lite-On Electronics (Thailand) Co., LTD.	Thailand	Manufacture and sale of LED optical products	632,128	632,128	6,050	100.00	2,059,766	THB 105,730	99,504	Subsidiary
	Lite-On Japan LTD.	Japan	Sale of LED optical products and power supplies	679,856	679,856	12,451	100.00	822,303	JPY 319,021	88,021	Subsidiary
	Lite-On International Holding Co., LTD.	British Virgin Islands	Investment activities	US\$ 363,725	US\$ 363,725	363,725	100.00	20,212,804	US\$ 21,122	570,273	Subsidiary
	LTC GROUP LTD.	British Virgin Islands	Investment activities	\$ 1,098,752	\$ 1,098,752	32,916	100.00	175,165	US\$ 860	7,803	Subsidiary
	LITE-ON TECHNOLOGY USA, INC.	USA	Investment activities	US\$ 55,172	US\$ 55,172	470	100.00	2,181,028	US\$ (7,337)	(212,936)	Subsidiary
	LITE-ON ELECTRONICS (EUROPE) LIMITED	United Kingdom	Manufacture and sale of power supplies	\$ 44,559	\$ 44,559	300	100.00	67,887	GBP 111	4,247	Subsidiary
	Lite-On Technology (Europe) B.V.	Netherlands	Market research and after-sales services	2,322,039	2,543,184	331	54.00	209,234	EUR (64)	(1,130)	Subsidiary
	Lite-On Overseas Trading Co., LTD.	British Virgin Islands	Investment activities	168,947	168,947	5,143	100.00	1,074,513	US\$ 30,203	873,533	Subsidiary
	LITE-ON SINGAPORE PTE. LTD.	Singapore	Manufacture and supply of computer peripheral products	US\$ 63,788	US\$ 63,788	51,777	100.00	15,866,145	US\$ 124,486	3,750,970	Subsidiary
	Lite-On Semiconductor Corp.	New Taipei City, Taiwan	Manufacture of image sensors and rectifiers	\$ -	\$ 773,618	-	-	-	\$ 2,380,544	453,382	Associate (Note 3)
	LITE-ON VIETNAM CO., LTD.	Vietnam	Electronic contract manufacturing	US\$ 52,000	US\$ 21,000	-	100.00	1,553,161	US\$ 2,196	64,771	Subsidiary
	EAGLE ROCK INVESTMENT LTD.	British Virgin Islands	Import and export and investment activities	\$ 341	\$ 341	10	100.00	1,355,973	US\$ (822)	(21,822)	Subsidiary
	LITE-ON MOBILE PTE. LTD.	Singapore	Manufacture and sale of mobile phone modules and design of assembly lines	EUR 457,014	EUR 457,014	341,863	100.00	3,036,630	US\$ (22,433)	(630,996)	Subsidiary
	LET (HK) LIMITED	Hong Kong	Sale of optical disc drives	\$ 251,322	\$ 251,322	62,060	100.00	50,260	HK\$ 187	714	Subsidiary
	HIGH YIELD GROUP CO., LTD.	British Virgin Islands	Holding company	2,271,806	2,271,806	68,138	100.00	5,806,406	US\$ 268	105,989	Subsidiary
Lite-On Information Technology B.V.	Netherlands	Market research and customer service	1,163,591	1,163,591	11,018	100.00	16,337	EUR (20)	(999)	Subsidiary	
Philips & Lite-On Digital Solutions Corporation	Taipei City, Taiwan	Sale of optical disc drives	267,113	267,113	17,150	49.00	276,338	\$ 61,815	39,054	Subsidiary	
Lite-Space Technology Company Limited	Hong Kong	Sale of computer components	165,498	165,498	5,600	46.67	100,301	US\$ 75	1,581	Associate	
LITE-ON AUTOMOTIVE ELECTRONICS MEXICO, S.A. DE C.V.	Mexico	Production, manufacture, sale, import and export of photovoltaic devices, key electronic components, telecommunications equipment, information technology equipment, semiconductor applications, general lighting, automotive electronics, renewable energy products and systems and maintenance of automotive industry	US\$ 8,910	US\$ 8,910	295	99.00	212,149	MXN 6,428	13,801	Subsidiary	
Lite-On Automotive International (Cayman) Co., LTD.	Cayman	Investment activities	US\$ 100,626	US\$ 100,626	11,967	100.00	2,277,805	US\$ 307	52,667	Subsidiary	
KBW-LEOTEK Jordan Private Shareholding LTD.	Jordan	Investment activities	US\$ 69	US\$ 69	49	49.00	228	JOD 12	241	Subsidiary	
KBW-LITEON Jordan Private Shareholding Limited	Jordan	Production and manufacture of energy-saving lights and project construction and maintenance	US\$ 50,928	US\$ 50,928	36,057	99.86	1,749,747	JOD 645	27,748	Subsidiary	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Note
				December 31, 2020	December 31, 2019	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
Lite-On Technology Corporation	LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED	India	Manufacture and sale of phone chargers and power supplies	INR 1,023,741	INR 1,023,741	102,374	99.00	\$ 217,430	INR (74,379)	\$ (31,867)	Subsidiary
	SKYLA CORPORATION	Taiwan	Manufacture and sale of medical equipment	\$ 200,000	\$ 200,000	20,000	63.73	207,800	\$ 11,702	5,587	Subsidiary
	SOLID STATE STORAGE TECHNOLOGY CORPORATION	Taipei City, Taiwan	Manufacture and duplication of electronic components and data storage medium	-	4,482,454	-	-	-	(180,175)	(103,266)	Subsidiary (Note 4)
	LITE-ON INC.	Taipei City, Taiwan	Investment activities	150,879	-	412	83.28	151,997	26,498	1,118	Subsidiary
	DYNA INVESTMENT CO., LTD.	Taipei City, Taiwan	Investment activities	170,582	-	407	87.55	171,393	70,843	811	Subsidiary
Lite-On Capital Corporation	Silitech Technology Corporation	New Taipei City, Taiwan	Manufacture and sale of modules and plastic products	107,901	107,901	386	0.64	12,858	(366,258)	-	Associate (Note 1)
	Lite-On Green Technologies, Inc.	Taipei City, Taiwan	Manufacture and wholesale of electronic components and energy technology services	1,040,000	1,040,000	67,000	100.00	233,089	(3,230)	-	Subsidiary
	Lite-on Green Energy (HK) Limited	Hong Kong	Investment activities	US\$ 3,100	US\$ 3,100	3,100	100.00	5,785	US\$ (2)	-	Subsidiary
	Lite-On Technology (Europe) B.V.	Netherlands	Market research and after-sales services	\$ 1,938,096	\$ 2,126,479	282	46.00	176,385	EUR (64)	-	Subsidiary
	Lite-On Semiconductor Corp.	New Taipei City, Taiwan	Manufacture of image sensors and rectifiers	-	-	-	-	-	\$ 2,380,544	-	Associate (Note 3)
	LITE-ON GREEN ENERGY (SINGAPORE) PTE. LTD.	Singapore	Investment activities	227,434	227,434	3,458	100.00	102,023	EUR (26)	-	Subsidiary
Lite-On Green Technologies, Inc.	Lite-On Green Technologies B.V.	Netherlands	Solar energy engineering	EUR 11,520	EUR 11,520	6,818	100.00	45,088	EUR (41)	-	Subsidiary
LITE-ON GREEN ENERGY (SINGAPORE) PTE. LTD.	Lite-On Green Energy B.V.	Netherlands	Investment activities	EUR 2,500	EUR 2,500	9,140	100.00	EUR 613	EUR (6)	-	Subsidiary
Lite-On Green Technologies B.V.	Kompaktolar GmbH	Berlin, Germany	Solar energy engineering	EUR 401	EUR 401	51	51.00	EUR -	EUR -	-	Associate
SOLID STATE STORAGE TECHNOLOGY CORPORATION	SOLID STATE STORAGE TECHNOLOGY PTE. LTD.	Singapore	Business development and customer services	US\$ -	US\$ -	-	-	-	SGD (86)	-	Subsidiary (Note 4)
LITE-ON INC.	DYNA INVESTMENT CO., LTD.	Taipei City, Taiwan	Investment activities	\$ 79,179	\$ 79,179	58	12.40	\$ 24,270	\$ 70,843	-	Subsidiary
DYNA INVESTMENT CO., LTD.	LITE-ON INC.	Taipei City, Taiwan	Investment activities	105,538	105,538	83	16.70	30,478	26,498	-	Subsidiary
CHINA BRIDGE (CHINA) CO., LTD.	WUXI CHINA BRIDGE EXPRESS TRADING CO., LTD.	Wuxi, China	Assembly and sale of power supplies, printers, display devices and scanners	CNY 36,244	CNY 36,244	-	100.00	CNY 150,295	CNY 31,862	-	Subsidiary
	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	Changzhou, China	Development and manufacture of new-type electronic components and provision of technology consulting services, maintenance equipment and after-sales services	CNY 85,015	CNY 85,015	-	12.59	CNY 86,597	CNY 23,477	-	Subsidiary
LITE-ON TECHNOLOGY (JIANGSU) CO., LTD.	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Changzhou, China	Development, manufacture, sale and installation of power supplies and transformers and provision of technology consulting services, maintenance equipment and after-sales services	CNY 527,134	CNY 527,134	-	100.00	CNY 1,080,452	CNY 76,919	-	Subsidiary
	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	Changzhou, China	Development, manufacture and sale of new-type electronic components and LEDs and provision of technology consulting services, maintenance equipment and after-sales services	CNY 503,977	CNY 503,977	-	87.41	CNY 601,228	CNY 23,477	-	Subsidiary
	LITE-ON MEDICAL DEVICE (CHANGZHOU) LTD.	Changzhou, China	Manufacture and sale of medical equipment	CNY 30,640	CNY 30,640	-	100.00	CNY 24,407	CNY 78	-	Subsidiary
	LITE-ON COMPUTER (CHANGZHOU) CO., LTD.	Changzhou, China	Design, development, manufacture and sale of computer laptop keyboards and components and provision technology consulting services and after-sales services	CNY 55,924	CNY 55,924	-	100.00	CNY 57,197	CNY 4,319	-	Subsidiary
	LITE-ON AUTOMOTIVE ELECTRONICS (CHANGZHOU) CO., LTD.	Changzhou, China	Manufacture, sale and processing of electronic products	CNY 223,746	CNY 223,746	-	100.00	CNY 206,669	CNY (8,725)	-	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Note
				December 31, 2020	December 31, 2019	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
Lite-On Automotive International (Cayman) Co., LTD.	LITE-ON AUTOMOTIVE HOLDINGS (HONG KONG) CO., LIMITED	Hong Kong	Investment activities	HK\$ 42,009	HK\$ 42,009	101,250	100.00	US\$ 81,111	HK\$ 2,328	\$ -	Subsidiary
HIGH YIELD GROUP CO., LTD.	LITE-ON IT INTERNATIONAL (HK) LIMITED	Hong Kong	Sale of optical disc drives	US\$ 102,400	US\$ 102,400	102,400	100.00	US\$ 214,665	US\$ 276	-	Subsidiary
Lite-On Information Technology B.V.	Lite-On Information Technology GmbH	Germany	Sale of optical disc drives	EUR -	EUR 25	-	-	EUR -	EUR (2)	-	Subsidiary (Note 5)
Philips & Lite-On Digital Solutions Corporation	Philips & Lite-On Digital Solutions USA, Inc.	USA	Sale of optical disc drives	\$ 33	\$ 33	1	100.00	\$ 236,081	US\$ 292	-	Subsidiary
	PLDS Germany GmbH	Germany	Development and sale of modules of automotive recorders	1,326,996	1,326,996	-	100.00	954,475	EUR 195	-	Subsidiary
	Philips & Lite-On Digital Solutions Korea LTD.	South Korea	Sale of optical disc drives	15,376	15,376	18	100.00	33,283	KRW 9,658	-	Subsidiary
KBW-LEOTEK Jordan Private Shareholding Limited	LEOTEK, PSC	Jordan	Production, manufacture energy-saving lights	JOD 30	JOD 30	30	60.00	JOD 44	JOD 21	-	Subsidiary
LITE-ON TECHNOLOGY USA, INC.	LITE-ON, INC.	USA	Sales data processing business of optoelectronic products and power supplies	US\$ 3,000	US\$ 3,000	3,000	100.00	US\$ 7,527	US\$ 1,193	-	Subsidiary
	LITE-ON TRADING USA, INC.	USA	Sale of optical products	US\$ 31,500	US\$ 31,500	315	100.00	US\$ 39,785	US\$ 1,158	-	Subsidiary
	LEOTEK ELECTRONICS USA LLC	USA	Sale of LED products	US\$ 5,792	US\$ 5,792	-	100.00	US\$ 14,817	US\$ 1,083	-	Subsidiary
	POWER INNOVATIONS INTERNATIONAL, INC.	USA	Development, design and manufacture of power controls and energy management	US\$ 15,756	US\$ 15,756	12,916	95.25	US\$ 7,335	US\$ 1,250	-	Subsidiary
	SOLID STATE STORAGE TECHNOLOGY USA CORPORATION (formerly: Lite-On Sales & Distribution Inc.)	USA	Sale of optical disc drives	US\$ -	US\$ 4,765	-	-	US\$ -	US\$ (316)	-	Subsidiary (Note 4)
	LITE-ON TECHNOLOGY SERVICE, INC.	USA	After-sales services of optical products	US\$ 1,500	US\$ 1,500	1	100.00	US\$ 1,858	US\$ 30	-	Subsidiary
Lite-On International Holding Co., LTD.	LITE-ON CHINA HOLDING CO., LTD.	British Virgin Islands	Investment activities	US\$ 427,342	US\$ 427,342	427,342	100.00	US\$ 747,222	US\$ 21,127	-	Subsidiary
LITE-ON SINGAPORE PTE. LTD.	LiteStar JV Holding (BVI) Co., LTD.	British Virgin Islands	Investment activities	US\$ 27,000	US\$ 27,000	2	17.59	US\$ 24,914	\$ (148,227)	-	Associate
	LITE-ON AUTOMOTIVE ELECTRONICS MEXICO, S.A. DE C.V.	Mexico	Production, manufacture, sale, import and export of photovoltaic devices, key electronic components, telecommunications equipment, information technology equipment, semiconductor applications, general lighting, automotive electronics, renewable energy products and systems and maintenance of automotive industry	US\$ 90	US\$ 90	3	1.00	US\$ 76	MXN 6,428	-	Subsidiary
	LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED	India	Manufacture and sale of phone chargers and power supplies	INR 10,341	INR 10,341	1,034	1.00	US\$ 78	INR (74,379)	-	Subsidiary
LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	LITE-ON INTELLIGENT TECHNOLOGY (YENCHENG) CORP.	Yancheng, China	Wholesale, import, export and installation of street lights, signal lights, scenery lights and new-type electronic components	CNY 19,427	CNY 19,427	-	100.00	CNY 24,880	CNY 144	-	Subsidiary
LTC GROUP LTD.	TITANIC CAPITAL SERVICES LTD.	British Virgin Islands	Investment activities	\$ 529,106	\$ 529,106	8,655	100.00	US\$ 757	US\$ 186	-	Subsidiary
	LTC INTERNATIONAL LTD.	British Virgin Islands	Manufacture and sale of system products	485,514	485,514	15,120	100.00	US\$ 15,053	US\$ 673	-	Subsidiary
Lite-On Technology (Europe) B.V.	Lite-On (Finland) Oy	Finland	Manufacture and sale of mobile phone modules and design of assembly lines	EUR 64,891	EUR 76,674	3	100.00	EUR 7,762	EUR (89)	-	Subsidiary
Lite-On (Finland) Oy	Lite-On Mobile Oyj	Finland	Manufacture and sale of mobile phone modules and design of assembly lines	EUR 196,618	EUR 196,618	52,937	100.00	EUR 7,473	EUR (89)	-	Subsidiary
LITE-ON CHINA HOLDING CO., LTD.	LITE-ON ELECTRONICS COMPANY LIMITED	Hong Kong	Investment activities	US\$ 375,760	US\$ 375,760	3,083,467	100.00	US\$ 704,295	HK\$ 164,193	-	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Note
				December 31, 2020	December 31, 2019	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
LITE-ON CHINA HOLDING CO., LTD.	YET FOUNDATE LIMITED	Hong Kong	Manufacture of plastic and computer peripheral products	CNY 73,220	CNY 73,220	68,430	100.00	US\$ 19,517	CNY (3,287)	\$ -	Subsidiary
	I-SOLUTIONS LIMITED	British Virgin Islands	Sale of specialized electronic products	US\$ -	US\$ 1,500	-	-	US\$ -	US\$ 11	-	Subsidiary (Note 6)
	FORDGOOD ELECTRONIC LIMITED	Hong Kong	Import and export and real estate business	US\$ 12,666	US\$ 12,666	100,150	100.00	US\$ 18,866	HK\$ 497	-	Subsidiary
G&W TECHNOLOGY (BVI) LIMITED	G&W TECHNOLOGY (BVI) LIMITED	British Virgin Islands	Real estate management	US\$ 3,900	US\$ 3,900	3,900	50.00	US\$ 4,150	US\$ 470	-	Subsidiary
		Hong Kong	Leasing business	US\$ 65	US\$ 65	500	100.00	US\$ 737	US\$ 542	-	Subsidiary
Silitech Technology Corporation	Silitech (BVI) Holding LTD.	British Virgin Islands	Investment activities	US\$ 52,182	US\$ 52,182	52,182	100.00	\$ 1,738,780	US\$ (8,817)	-	Subsidiary (Note 1)
Silitech (BVI) Holding LTD.	Silitech (Bermuda) Holding LTD.	Bermuda	Investment activities	US\$ 52,132	US\$ 52,132	52,132	100.00	US\$ 61,430	US\$ (8,818)	-	Subsidiary (Note 1)
Silitech (Bermuda) Holding LTD.	Silitech (Hong Kong) Holding LTD.	Hong Kong	Investment activities	US\$ 24,200	US\$ 24,200	24,200	100.00	US\$ 5,776	CNY 806	-	Subsidiary (Note 1)
	Silitech Technology Corporation Sdn. Bhd.	Malaysia	Manufacture of computer peripheral products	US\$ 5,632	US\$ 5,632	21,400	100.00	US\$ 19,465	MYR 10,848	-	Subsidiary (Note 1)
	Silitech Technology Corporation Limited	Hong Kong	Manufacture of plastic and computer peripheral products	US\$ 8,000	US\$ 8,000	62,400	100.00	US\$ 8,623	CNY (78,180)	-	Subsidiary (Note 1)
Lite-On Japan LTD.	L&K Industries Philippines, Inc.	Philippines	Import and export of electronic components	JPY 91,681	JPY 91,681	350	35.00	JPY 9,673	JPY (59,655)	-	Associate (Note 7)
	Lite-On Japan (H.K.) Limited	Hong Kong	Import and export of electronic components	JPY 70,000	JPY 70,000	50	100.00	JPY 70,000	JPY 23,095	-	Subsidiary (Note 7)
	Lite-On Japan (Korea) Co., LTD.	South Korea	Import and export of electronic components	JPY 22,593	JPY 22,593	20	100.00	JPY 22,593	JPY -	-	Subsidiary (Note 7)
	LITE-ON JAPAN (Thailand) CO., LTD.	Thailand	Import and export of electronic components	JPY 65,939	JPY 65,939	200	100.00	JPY 65,939	JPY 55,810	-	Subsidiary (Note 7)
Lite-On Mobile Oyj	LITE-ON MOBILE INDÚSTRIA E COMÉRCIO DE PLÁSTICOS LTDA.	Brazil	Manufacture and sale of mobile phone modules and design of assembly lines	EUR 2,509	EUR 2,509	6,507	2.97	EUR 548	BRL 35,778	-	Subsidiary
LITE-ON MOBILE PTE. LTD.	LITE-ON MOBILE INDÚSTRIA E COMÉRCIO DE PLÁSTICOS LTDA.	Brazil	Manufacture and sale of mobile phone modules and design of assembly lines	US\$ 108,302	US\$ 108,302	212,824	97.03	US\$ 22,032	BRL 35,778	-	Subsidiary
	LITE-ON YOUNG FAST PTE. LTD.	Singapore	Investment activities	US\$ 3,863	US\$ 7,864	7	100.00	US\$ 2	US\$ 19	-	Subsidiary
	Yamada-Lom Fabricacao De Artefatos De Material Plastico LTDA.	Brazil	Manufacture and sale of mobile phone modules and design of assembly lines	US\$ 540	US\$ 540	-	25.00	US\$ -	BRL (3,897)	-	Associate

Note 1: Lost control on December 30, 2020. The Group deconsolidated Silitech Technology Corporation and its subsidiaries and accounted for associates under the equity method for subsequent measurement due to significant influence. Refer to Notes 14 and 30 for further information.

Note 2: Information on net income or loss of investee has not been approved by its board of directors, so it is shown as an estimated amount. Refer to financial statements published on the market observation post system for the final amount of net income or loss.

Note 3: Sold in November 30, 2020. Refer to Note 15 for further information.

Note 4: Sold in July 2020. Refer to Note 13 for further information.

Note 5: Liquidated in December 2020.

Note 6: Liquidated in October 2020.

Note 7: The investment income/losses and adjustment for changes in equities were recognized by the Group.

Note 8: Refer to Table 8 for information on investments in mainland China.

(Concluded)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts in Thousands of New Taiwan Dollars or Thousands of Foreign Currencies)

Investor Company	Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (Note 2)	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2020	Investment of Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net Income (Losses) of the Investee Company (Note 2)	Percentage of Ownership	Share of Profits/Losses (Note 2)	Carrying Amount as of December 31, 2020	Accumulated Inward Remittance of Earnings as of December 31, 2020	Note	
						Outflow	Inflow								
Lite-On Technology Corporation	LITE-ON COMPUTER TECHNOLOGY (DONGGUAN) CO., LTD.	Manufacture and sale of display device	\$ 459,938 (US\$ 16,400)	a	\$ 798,413 (US\$ 28,469)	\$ -	\$ -	\$ 798,413 (US\$ 28,469)	\$ (14,861) (CNY -3,482)	100.00	\$ (14,861) (CNY -3,482)	\$ -	\$ -	Note 3	
	LITE-ON ELECTRONICS (TIANJIN) CO., LTD.	ODM services	1,864,993 (US\$ 66,500)	a	1,864,936 (US\$ 66,498)	-	-	1,864,936 (US\$ 66,498)	17,887 (CNY 4,191)	100.00	17,887 (CNY 4,191)	3,195,912 (HK\$ 883,410)	-	-	
	LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	Manufacture of electronic components	992,793 (US\$ 35,400)	a	992,793 (US\$ 35,400)	-	-	992,793 (US\$ 35,400)	233,894 (CNY 54,803)	100.00	233,894 (CNY 54,803)	2,992,203 (HK\$ 827,101)	-	-	
	SILITEK ELEC. (DONGGUAN) CO., LTD.	Manufacture and sale of keyboards	134,616 (US\$ 4,800)	a	134,616 (US\$ 4,800)	-	-	134,616 (US\$ 4,800)	443,008 (CNY 103,800)	100.00	443,008 (CNY 103,800)	4,637,663 (HK\$ 1,281,937)	-	Note 3	
	LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	Manufacture and sale of printers and scanners	1,026,447 (US\$ 36,600)	a	1,026,447 (US\$ 36,600)	-	-	1,026,447 (US\$ 36,600)	71,231 (CNY 16,690)	100.00	71,231 (CNY 16,690)	9,261,967 (HK\$ 2,560,181)	-	Note 4	
	CHINA BRIDGE (CHINA) CO., LTD.	Investment activities, consulting services and acting as a sales agent	841,350 (US\$ 30,000)	a	834,199 (US\$ 29,745)	-	-	834,199 (US\$ 29,745)	138,020 (CNY 32,339)	100.00	138,020 (CNY 32,339)	1,472,335 (HK\$ 406,981)	-	-	
	LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	Manufacture and sale of IT products	1,245,647 (US\$ 44,416)	a	1,208,599 (US\$ 43,095)	-	-	1,208,599 (US\$ 43,095)	306,183 (CNY 71,741)	100.00	306,183 (CNY 71,741)	4,472,541 (HK\$ 1,236,294)	-	-	
	LITEON COMMUNICATION (GUANGZHOU) COMPANY LIMITED	Manufacture and sale of mobile terminal equipment	688,785 (US\$ 24,560)	a	688,785 (US\$ 24,560)	-	-	688,785 (US\$ 24,560)	-	100.00	-	-	-	-	Note 4
	LITE-ON TECHNOLOGY (GUANGZHOU) LIMITED	Manufacture and sale of computer case	931,094 (US\$ 33,200)	a	931,094 (US\$ 33,200)	-	-	931,094 (US\$ 33,200)	-	100.00	-	-	-	-	Note 4
	COMMIT Incorporated	Manufacture and sale of application software and multimedia product design	899,852 (US\$ 32,086)	a	16,827 (US\$ 600)	-	-	16,827 (US\$ 600)	-	1.87	-	-	-	-	-
	LITEON ELECTRONICS AND WIRELESS (GUANGZHOU) LIMITED	Manufacture and sale of mobile terminal equipment	443,391 (US\$ 15,810)	a	443,391 (US\$ 15,810)	-	-	443,391 (US\$ 15,810)	-	100.00	-	-	-	-	Note 4
	LITE-ON (GUANGZHOU) INFORTECH CO., LTD.	Information outsourcing	35,617 (US\$ 1,270)	a	65,737 (US\$ 2,344)	-	-	65,737 (US\$ 2,344)	9,206 (CNY 2,157)	100.00	9,206 (CNY 2,157)	194,234 (HK\$ 53,690)	-	-	
	LITE-ON (GUANGZHOU) PRECISION TOOLING LTD.	Manufacture and sale of modules	510,419 (US\$ 18,200)	a	342,149 (US\$ 12,200)	-	-	342,149 (US\$ 12,200)	-	100.00	-	-	-	-	Note 4
	LITE-ON DIGITAL ELECTRONICS (DONGGUAN) CO., LTD.	Manufacture and sale of computer peripheral products	-	a	84,135 (US\$ 3,000)	-	-	84,135 (US\$ 3,000)	(835) (CNY -196)	-	(835) (CNY -196)	-	-	-	Note 5
	LITEON LI SHIN TECHNOLOGY (GANZHOU) LTD.	Manufacture and sale of electronic components	336,540 (US\$ 12,000)	a	374,008 (US\$ 13,336)	-	-	374,008 (US\$ 13,336)	3,320 (CNY 778)	100.00	3,320 (CNY 778)	505,830 (HK\$ 139,821)	-	-	
	LITE-ON TECHNOLOGY (XIANNING) CO., LTD.	Manufacture and sale of electronic components	182,293 (US\$ 6,500)	a	182,293 (US\$ 6,500)	-	-	182,293 (US\$ 6,500)	18,668 (CNY 4,374)	100.00	18,668 (CNY 4,374)	372,746 (US\$ 13,291)	-	-	
	LITE-ON TECHNOLOGY (JIANGSU) CO., LTD.	Investment activities, consulting services and acting as a sales agent	4,655,470 (US\$ 166,000)	a	4,655,470 (US\$ 166,000)	-	-	4,655,470 (US\$ 166,000)	390,662 (CNY 91,535)	100.00	390,662 (CNY 91,535)	8,819,707 (HK\$ 2,437,932)	-	-	
	LITE-ON TECHNOLOGY (GZ) INVESTMENT COMPANY LIMITED	Investment activities	2,243,600 (US\$ 80,000)	a	2,243,600 (US\$ 80,000)	-	-	2,243,600 (US\$ 80,000)	3,376 (CNY 791)	100.00	3,376 (CNY 791)	541,711 (HK\$ 149,739)	-	-	
	LITE-ON POWER TECHNOLOGY (DONGGUAN) CO., LTD.	Development, manufacture and sale of electronic components, power supplies and provision of technology consulting services	447,935 (US\$ 15,972)	a	447,935 (US\$ 15,972)	-	-	447,935 (US\$ 15,972)	158,100 (CNY 37,044)	100.00	158,100 (CNY 37,044)	1,166,958 (HK\$ 322,569)	-	-	

(Continued)

Investor Company	Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (Note 2)	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2020	Investment of Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net Income (Losses) of the Investee Company (Note 2)	Percentage of Ownership	Share of Profits/Losses (Note 2)	Carrying Amount as of December 31, 2020	Accumulated Inward Remittance of Earnings as of December 31, 2020	Note	
						Outflow	Inflow								
Lite-On Technology Corporation	CHANGZHOU LEOTEK NEW ENERGY TRADE LIMITED	Wholesale, import, export and installation of street lights, signal lights, scenery lights and new-type electronic components	\$ 28,045 (US\$ 1,000)	a	\$ 28,045 (US\$ 1,000)	\$ -	\$ -	\$ 28,045 (US\$ 1,000)	\$ (14,135) (CNY -3,312)	100.00	\$ (14,135) (CNY -3,312)	\$ (32,730) (CNY -7,607)	\$ -		
	LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD. (formerly: LITEON OPTO TECHNOLOGY (GUANGZHOU) LTD.)	Manufacture and sale of optical disc drives	1,205,935 (US\$ 43,000)	a	1,205,935 (US\$ 43,000)	-	-	1,205,935 (US\$ 43,000)	(94,193) (CNY -22,070)	100.00	(94,193) (CNY -22,070)	1,718,317 (US\$ 61,270)	-		
	LiteON Auto Electric Technology (Guangzhou) LTD.	Manufacture and sale of optical disc drives	56,090 (US\$ 2,000)	a	56,090 (US\$ 2,000)	-	-	56,090 (US\$ 2,000)	516 (CNY 121)	100.00	516 (CNY 121)	81,527 (US\$ 2,907)	-		
	LITEON-IT OPTO TECH (BH) CO., LTD.	Manufacture and sale of optical disc drives	1,542,475 (US\$ 55,000)	a	1,542,475 (US\$ 55,000)	-	-	1,542,475 (US\$ 55,000)	104,854 (CNY 24,568)	100.00	104,854 (CNY 24,568)	4,216,454 (US\$ 150,346)	-		
	Lite-On (Guangzhou) Automotive Electronics Limited	Manufacture, sale and processing of electronic products	173,879 (US\$ 6,200)	a	164,624 (US\$ 5,870)	-	-	164,624 (US\$ 5,870)	8,229 (CNY 1,928)	100.00	8,229 (CNY 1,928)	1,753,257 (HK\$ 484,633)	-		
	LITE-ON AUTOMOTIVE (WUXI) CO., LTD.	Manufacture, sale and processing of electronic products	140,225 (US\$ 5,000)	a	140,225 (US\$ 5,000)	-	-	140,225 (US\$ 5,000)	(977) (CNY -229)	100.00	(977) (CNY -229)	519,599 (HK\$ 143,627)	-		
	HUIZHOU LI SHIN ELECTRONIC CO., LTD.	Manufacture of computer peripheral products	372,325 (US\$ 13,276)	a	180,666 (US\$ 6,442)	-	-	180,666 (US\$ 6,442)	(21,275) (CNY -4,985)	100.00	(21,275) (CNY -4,985)	1,337,775 (US\$ 47,701)	-		
	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Manufacture and sale of energy-saving equipment	1,991,195 (US\$ 71,000)	a	1,991,195 (US\$ 71,000)	-	-	1,991,195 (US\$ 71,000)	244,918 (CNY 57,386)	100.00	244,918 (CNY 57,386)	2,499,118 (US\$ 89,111)	-		
	SUZHOU LITE-ON STORAGE CO., LTD.	Research, development, manufacture, sale of SSD and smart storage device (including high-speed with more than 100TB storage capacity) provide after-sales service and technical support; import and export as a principal or an agent, assorted products and technologies	2,804,500 (US\$ 100,000)	b	1,262,025 (US\$ 45,000)	-	-	1,262,025 (US\$ 45,000)	(190,336) (CNY -44,597)	45.00	(67,847) (CNY -15,981)	880,249	-		
	BEIJING LITE-ON MOBILE ELECTRONIC AND TELECOMMUNICATION COMPONENTS CO., LTD.	Manufacture and sale of mobile phone modules and design of assembly lines	448,720 (US\$ 16,000)	a	1,468,548 (US\$ 52,364)	-	-	1,468,548 (US\$ 52,364)	(43,742) (CNY -10,249)	100.00	(43,742) (CNY -10,249)	430,266 (US\$ 15,342)	-		
	GUANGZHOU LITE-ON MOBILE ENGINEERING PLASTICS CO., LTD.	Manufacture and sale of mobile phone modules and design of assembly lines	548,841 (US\$ 19,570)	a	2,541,635 (US\$ 90,627)	-	-	2,541,635 (US\$ 90,627)	38,488 (CNY 9,018)	100.00	38,488 (CNY 9,018)	1,845,782 (US\$ 65,815)	-		
	LITE-ON GREEN TECHNOLOGIES (NANJING) CORPORATION	Solar energy engineering	21,034 (US\$ 750)	a	21,034 (US\$ 750)	-	-	21,034 (US\$ 750)	(1,041) (CNY -244)	100.00	(1,041) (CNY -244)	(11,806) (CNY -2,744)	-		
	Changzhou Binhu Thin Film Solar Greenhouse Co., LTD.	Manufacture and sale of solar energy engineering	430,260 (CNY 100,000)	a	84,051 (US\$ 2,997)	-	-	84,051 (US\$ 2,997)	-	19.90	-	3,926 (US\$ 140)	-		
	Epricrystal (Changzhou) Co., LTD.	Design, manufacture and sale of light-emitting diode and related display	4,403,065 (US\$ 157,000)	a	757,215 (US\$ 27,000)	-	-	757,215 (US\$ 27,000)	(158,019) (CNY -37,025)	19.74	(31,190) (CNY -7,308)	825,067 (CNY 191,760)	-		
	DONGGUAN LITE-ON COMPUTER CO., LTD.	Manufacture and sale of computer hosts and components, keyboards, scanners, printers and mouse	56,090 (US\$ 2,000)	a	56,091 (US\$ 2,000)	-	-	56,091 (US\$ 2,000)	2,642 (CNY 619)	100.00	2,642 (CNY 619)	102,686 (CNY 23,866)	-		
	Dongguan Huaqiang Information Technology Co., LTD.	Manufacture and sale of laser heads and digital player machine cores	86,052 (CNY 20,000)	a	48,854 (US\$ 1,742)	-	-	48,854 (US\$ 1,742)	(2,514) (CNY -589)	46.67	(1,174) (CNY -275)	1,760 (CNY 409)	-		
	NL (SHANGHAI) CO., LTD.	Import and export of electronic components	8,414 (US\$ 300)	a	86,883 (US\$ 3,098)	-	-	86,883 (US\$ 3,098)	11,649 (JPY 42,129)	100.00	11,649 (JPY 42,129)	9,695 (JPY 35,655)	-		
	SOLID STATE STORAGE TECHNOLOGY (Guangzhou) CORPORATION	Software and information technology related services	-	a	-	-	22,436 (US\$ 800)	22,436 (US\$ 800)	(4,995) (CNY -1,172)	-	(4,995) (CNY -1,172)	-	-	Note 6	
	Philips & Lite-On Digital Solutions Corporation	Philips & Lite-On Digital Solutions (Shanghai) Co., LTD.	Sale of optical disc drives	28,045 (US\$ 1,000)	a	28,045 (US\$ 1,000)	-	-	28,045 (US\$ 1,000)	(12,565) (CNY -2,944)	100.00	(12,565) (CNY -2,944)	435,997	-	
	Silitech Technology Corporation	Xurong Electronic (Shenzhen) LTD.	Manufacture of automotive parts, touch panels and plastic & rubber assemblies	-	a	203,354	-	-	203,354	(336,811) (CNY -79,411)	-	(336,811) (CNY -79,411)	-	-	Note 7
Silitech Electronic (SuZhou) Co., LTD.		Manufacture and sale of automotive parts	-	a	981,575 (US\$ 35,000)	-	-	981,575 (US\$ 35,000)	8 (CNY 2)	-	8 (CNY 2)	-	-	Note 7	

(Continued)

Investor Company	Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Lite-On Technology Corporation	\$ 28,993,454 (US\$ 1,033,819)	\$ 37,072,629 (US\$ 1,321,898)	Note 8
Philips & Lite-On Digital Solutions Corporation	28,045 (US\$ 1,000)	28,045 (US\$ 1,000)	\$ 338,374 (Note 9)

Note 1: The way of investment in mainland China is as follows:

- a. Indirect investment in mainland China through holding companies.
- b. Direct investment in mainland China through the Parent Company.

Note 2: The financial statements used as basis for calculating were all audited by the Taiwan parent company's independent accountants.

Note 3: LITE-ON COMPUTER TECHNOLOGY (DONGGUAN) CO., LTD. merged with SILITEK ELEC. (DONGGUAN) CO., LTD. with the SILITEK ELEC. (DONGGUAN) CO., LTD. as the surviving entity. Because the merging process was still underway, the change in the amount of investment in mainland China has not yet been registered with the Ministry of Economic Affairs.

Note 4: LITE-ON ELECTRONICS (GUANGZHOU) LIMITED merged with LITE-ON TECHNOLOGY (GUANGZHOU) LIMITED, LITE-ON (GUANGZHOU) PRECISION TOOLING LTD., LITEON COMMUNICATION (GUANGZHOU) COMPANY LIMITED, and LITEON ELECTRONICS AND WIRELESS (GUANGZHOU) LIMITED with the LITE-ON ELECTRONICS (GUANGZHOU) LIMITED as the surviving entity. Because the merging process was still underway, the change in the amount of investment in mainland China has not yet been registered with the Ministry of Economic Affairs.

Note 5: Liquidated in September 2020.

Note 6: Sold in July 2020. Refer to Note 13 for further information.

Note 7: Lost control on December 30, 2020. The Group deconsolidated Silitech Technology Corporation and its subsidiaries and accounted for associates under the equity method for subsequent measurement due to significant influence. Refer to Notes 14 and 30 for further information.

Note 8: Under Order No. 10720403170 issued by the Ministry of Economic Affairs, R.O.C. on February 5, 2018, the Parent Company acquired a certification - approved by the Industrial Development Bureau and valid from January 31, 2018 to January 30, 2021 - of its status as operation headquarters in the ROC. Thus, the Parent Company has no limitation on the amount of investment in mainland China.

Note 9: Calculated based on 60% of Philips & Lite-On Digital Solutions Corporation's net worth.

(Concluded)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transaction			% of Consolidated Net Revenue or Total Assets (Note 3)
				Financial Statements Item	Amount	Terms	
0	Lite-On Technology Corporation	Philips & Lite-On Digital Solutions Corporation	a.	Sales	\$ 7,450,123	Cost-plus pricing	5
		Philips & Lite-On Digital Solutions Corporation	a.	Trade receivables	2,774,530	Cost-plus pricing	2
		LITE-ON SINGAPORE PTE. LTD.	a.	Sales	3,484,494	Cost-plus pricing	2
		LITE-ON TRADING USA, INC.	a.	Sales	2,479,715	Cost-plus pricing	2
		Lite-On Overseas Trading Co., LTD.	a.	Trade receivables	2,847,586	Cost-plus pricing	2
		LITE-ON SINGAPORE PTE. LTD.	a.	Purchases	20,401,675	Cost-plus pricing	13
		LITE-ON SINGAPORE PTE. LTD.	a.	Trade payables	7,152,981	Cost-plus pricing	4
		Lite-On Overseas Trading Co., LTD.	a.	Purchases	58,504,199	Cost-plus pricing	37
		Lite-On Overseas Trading Co., LTD.	a.	Trade payables	20,027,171	Cost-plus pricing	11
1	Philips & Lite-On Digital Solutions Corporation	Philips & Lite-On Digital Solutions USA, Inc.	a.	Sales	3,651,441	Cost-plus pricing	2
2	LITE-ON ELECTRONICS (TIANJIN) CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	c.	Sales	1,596,623	Cost-plus pricing	1
3	LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	Lite-On Overseas Trading Co., LTD.	c.	Sales	13,007,360	Cost-plus pricing	8
4	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	c.	Sales	4,943,819	Cost-plus pricing	3
5	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	c.	Sales	14,452,946	Cost-plus pricing	9
		LITE-ON SINGAPORE PTE. LTD.	c.	Trade receivables	2,641,246	Cost-plus pricing	2
		Lite-On Overseas Trading Co., LTD.	c.	Sales	8,419,462	Cost-plus pricing	5
		Lite-On Overseas Trading Co., LTD.	c.	Trade receivables	2,351,440	Cost-plus pricing	1
6	LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	Lite-On Overseas Trading Co., LTD.	c.	Sales	14,418,509	Cost-plus pricing	9
		Lite-On Overseas Trading Co., LTD.	c.	Trade receivables	2,139,912	Cost-plus pricing	1
7	SILITEK ELEC. (DONGGUAN) CO., LTD.	Lite-On Overseas Trading Co., LTD.	c.	Sales	10,348,633	Cost-plus pricing	7
		Lite-On Overseas Trading Co., LTD.	c.	Trade receivables	2,700,772	Cost-plus pricing	2
8	HUIZHOU LI SHIN ELECTRONIC CO., LTD.	Lite-On Overseas Trading Co., LTD.	c.	Sales	1,922,289	Cost-plus pricing	1
9	LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	c.	Sales	1,792,743	Cost-plus pricing	1
		Lite-On Overseas Trading Co., LTD.	c.	Sales	17,461,717	Cost-plus pricing	11
		Lite-On Overseas Trading Co., LTD.	c.	Trade receivables	5,045,795	Cost-plus pricing	3

(Continued)

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transaction			% of Consolidated Net Revenue or Total Assets (Note 3)
				Financial Statements Item	Amount	Terms	
10	LITEON-IT OPTO TECH (BH) CO., LTD.	Lite-On Overseas Trading Co., LTD.	c.	Sales	\$ 5,753,277	Cost-plus pricing	4
11	Lite-On Electronics (Thailand) Co., LTD.	LITE-ON SINGAPORE PTE. LTD.	c.	Sales	3,733,111	Cost-plus pricing	2
12	LITE-ON SINGAPORE PTE. LTD.	LITE-ON ELECTRONICS H.K. LIMITED	c.	Sales	3,052,231	Cost-plus pricing	2
		LITE-ON TRADING USA, INC.	c.	Sales	6,970,083	Cost-plus pricing	4
		LITE-ON TRADING USA, INC.	c.	Trade receivables	2,260,180	Cost-plus pricing	1
13	Lite-On Overseas Trading Co., LTD.	LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	c.	Sales	10,755,220	Cost-plus pricing	7
		LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	c.	Sales	11,864,867	Cost-plus pricing	8
		LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	c.	Trade receivables	4,259,469	Cost-plus pricing	2
		LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	c.	Sales	11,770,905	Cost-plus pricing	7
		SILITEK ELEC. (DONGGUAN) CO., LTD.	c.	Sales	7,880,120	Cost-plus pricing	5
		LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	c.	Sales	13,561,555	Cost-plus pricing	9
		LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	c.	Trade receivables	4,494,141	Cost-plus pricing	3
		LITEON-IT OPTO TECH (BH) CO., LTD.	c.	Sales	5,380,989	Cost-plus pricing	3
		LITE-ON SINGAPORE PTE. LTD.	c.	Sales	14,666,837	Cost-plus pricing	9
		LITE-ON SINGAPORE PTE. LTD.	c.	Trade receivables	4,332,009	Cost-plus pricing	2
14	Lite-On (Guangzhou) Automotive Electronics Limited	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	c.	Sales	1,737,481	Cost-plus pricing	1

Note 1: The Parent Company and its subsidiaries are coded as follows:

- a. The Parent Company is coded "0".
- b. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Nature of relationship is as follows:

- a. From the Parent Company to its subsidiary.
- b. From a subsidiary to its Parent Company.
- c. Between subsidiaries.

Note 3: The percentage calculation is based on the consolidated total operating revenues or total assets. For balance sheet items, each item's period-end balance is shown as a percentage to consolidated total assets as of December 31, 2020. For profit or loss items, cumulative amounts are shown as a percentage to consolidated total operating revenues for the year ended December 31, 2020.

Note 4: The intercompany transactions have been eliminated upon consolidation.

Note 5: The above table only discloses each of the related-party transactions which amount to at least 1% of total revenue or total assets, while the reverse flow of transactions are not additionally disclosed.

(Concluded)