

2023 LITE-ON TECHNOLOGY
CORPORATION

ANNUAL REPORT

LITE-ON Technology Corporation

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Contact Information

Spokesperson:

Anson Chiu
President
Tel: 886-2-8798-2888
e-mail: liteontech.pr@liteon.com

Acting Spokesperson:

Julia Wang
Senior Director, Investor Relations
Tel: 886-2-8798-2888
e-mail: Julia.Wang@liteon.com

Global Headquarters:

392, Ruey Kuang Road, Neihu,
Taipei 114, Taiwan, R.O.C.
Tel: 886-2-8798-2888

Major Factory:

90, Chien-I Road, Chung-Ho Dist.,
New Taipei City 235, Taiwan, R.O.C.^(NOTE)
Tel: 886-2-2222-6181

Stock Transfer Agent:

The Transfer Agency Department of Yuanta
Securities Co., Ltd.
B1, No. 210, Sec. 3, Chengde Rd., Datong Dist.,
Taipei City 103432, Taiwan, R.O.C.
Tel: 886-2-2586-5859
<http://www.yuanta.com.tw>

Auditors:

Meng-Chieh Chiu and Shih-Ran Cheng
Deloitte & Touche
20F, Taipei Nan Shan Plaza, No. 100, Songren Rd.,
Xinyi Dist., Taipei 110016, Taiwan
Tel: 886-2-2725-9988
www.deloitte.com.tw

GDR and Related Information: N/a**LITE-ON Technology Corporation website:**

www.liteon.com

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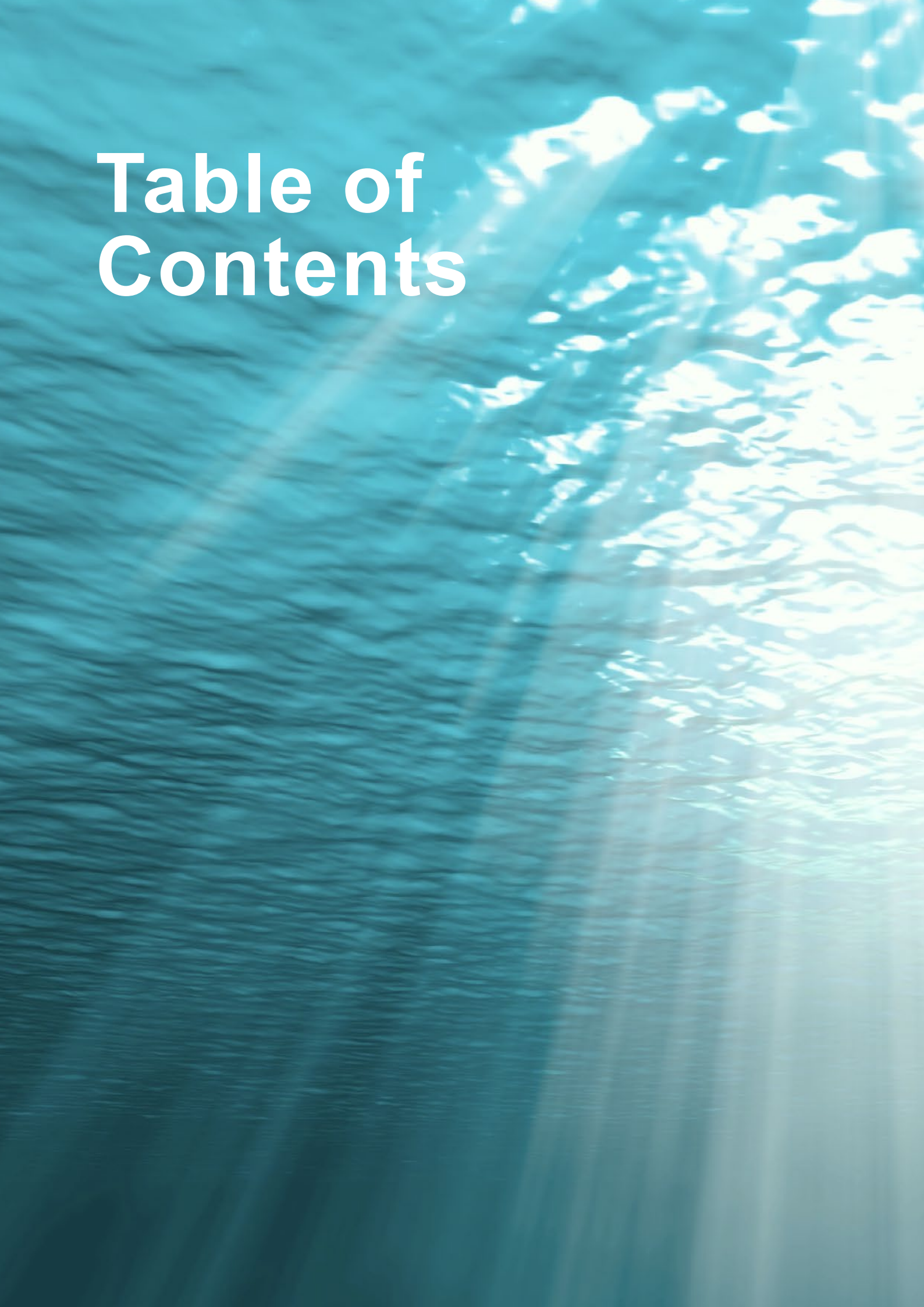


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Dear Shareholders:

The global market and economy underwent unprecedented changes in 2023. The largest rate hike in the last 20 years, geopolitical situation, energy crisis and other events kept pushing the market towards high volatility and instability. Downward economic trends in certain regions and stagnant consumer demand also created huge challenges for the industry. The many different risks and unpredictability of the macroeconomy were brought to home again to LITEON and the rest of the world and inspired active efforts to build up operational resilience. We have always believed that every crisis is also an opportunity for transformation. LITEON will become better at coexisting with risks as a result and more adept at finding opportunities amid market changes and turning them into operational momentum and profit growth for the next step forward.

In 2023, LITEON's consolidated total revenue was NT\$148.3 billion, which benefited from stronger high growth and high value businesses, optimized supply chain resilience, and centralized production and improved operational efficiency in recent years. The gross operating profit margin reached 22% and the operating profit margin 9.8%, up by 2.8 pts and 1.1 pts, respectively, compared to the previous year. The net operating profit was NT\$14.5 billion. The net profit after taxes was NT\$14.6 billion. The EPS was NT\$6.36, up by 3% compared to the previous year. The cash dividend per common share was NT\$4.5 per share.

Business performance

Since taking office in 2020, LITEON's new management team has been focusing on increasing the company's overall value. The team set three key operational goals and embarked on a journey to transform LITEON's business operations.

1

The first operational goal is higher profitability. LITEON's gross profit margin has risen from 17.4% in 2020 to 22% in 2023. The operating profit margin has also risen from 6.5% to 9.8% with growing profitability. The EPS has risen from NT\$4.31 to NT\$6.36, which is a compound annual growth rate of 14%. Meanwhile, the return on invested capital (ROIC) has jumped to 54% from 28% in 2020. The sharp increase reflected LITEON's ongoing improvement of high growth and high value businesses, active management of working capital, and optimization of capital input and operational efficiency.

2

The second operational goal is increasing the weight of growth business to 60%. We plan to bring the weight of growth businesses, Cloud and AIoT, and Optoelectronics (including automotive electronics) departments, to 60% in terms of revenue. The other 40% will come from cash cow, IT and Consumer Electronics department. Contribution to revenue from growth businesses has risen from 49% in 2020 to 56% in 2023, which is the right direction towards the goal.

3

The third operational goal is transformation of business models that follows a growth strategy to move from OEM to market orientation and components manufacturer to solution provider. The effort is best demonstrated by LITEON's consistently strong growth in cloud power systems over recent years. LITEON builds on the existing power management business to expand the line of products to include data centers and other system solutions. LITEON is first in the market to introduce AI server power products and tap into liquid cooling system solutions. In particular, the key is to consistently increase R&D input and momentum, especially in software development and software/hardware integration. This allows LITEON to leverage its industry leading in-house R&D capabilities and collaborate with suppliers and customers in next generation product design and development and in setting industry regulations and specifications. LITEON is also able to propose systematic solutions to eliminate pain points for customers. In 2023, R&D expenditure was 5.5% of the total revenue, significantly higher than 3.2% in 2020, and invested primarily in cloud computing, automotive electronics, 5G, and new business development.

New products and technology development

LITEON's transformation covers strategic allocation to high growth and high value businesses, where data center power supply, EV energy, and 5G are important new businesses and one of major medium- and long-term growth drivers. 2023 marked the birth of Generative AI. Supercomputing sparked innovation and transformation in many industries and gave birth to brand new work models and approaches. The demand for AI server power supply products rose dramatically. Energy efficiency of power supply systems and thermal management that became necessary with supercomputing both provide an important basis for LITEON in developing data center business.

As one of the world's major power supply solution providers, LITEON helps customers improve efficiency, performance, and optimization sustainability of their data center power systems, thereby creating green data centers and achieving energy saving and carbon reduction. In 2023, LITEON not only introduced first power supply products for AI servers in the market, but also presented data center grade liquid cooling and power supply solutions at the OCP Global Summit. These products combine LITEON's power supply, mechanics, cooling, and software and firmware management technologies and effectively increase energy efficiency, facilitate high performance workload for data centers, and reduce energy and carbon footprint consumption. In addition, LITEON introduced power supply systems and solutions that complied with the latest open rack standard. These products included system products with 97.5% high energy conversion efficiency to support applications in next generation data centers.

Furthermore, LITEON has been expanding the product line in the automotive market for years. For automotive electronics, interior and exterior LED lighting, camera modules, and automotive optoelectronic semiconductors, LITEON continues to bring integrated products to increase technical specifications and added value. As more and more consumers switch to electric vehicles (EV) around the world, Power Innovations (Pii), LITEON's U.S. subsidiary, launched its innovative Level 3 DC fast chargers in 2023. These chargers offer 30kW to 180kW fast charging solutions, utilizing LITEON's core technology in energy conversion to give customers flexibility in a wide range of voltage. The technology makes it possible to integrate quickly with U.S. energy infrastructures and connect seamlessly with customers' software/hardware in order to provide a faster and more stable user experience. These solutions can be used for commercial or public purposes, including public infrastructures, fleet vehicles, car dealers, convenience stores, and many other commercial applications.

LITEON has been investing more in developing a full range of 5G network equipment in recent years while the 5G penetration rate increases. Launched successes so far include 5G small cells and O-RAN products and software solutions. LITEON has also worked with Taiwanese and international communications service providers as well as system integration suppliers and succeeded in breaking into the global communications market and reaching into three private 5G network applications, smart factory, smart healthcare, and smart architecture. LiteNetics, an integrated cloud network administration app developed in-house at LITEON, provides administrators with remote control of 5G network performance, maintenance and domain monitoring. The product is used among international customers and has received very positive feedback. In 2023, LITEON teamed up with FET 5G Laboratory to showcase innovative applications in environmental protection and worked with NYCU to use 5G mmWave in smart buildings. LITEON, meanwhile, also worked with international customers and completed international and interdomain projects such as smart hospitals in Europe and smart factories in Japan.

New corporate identity and ESG

Marking a new milestone, LITEON unveiled a brand new corporate identity in 2023. The new logo blends blue for technology and green for environmentally friendliness into a turquoise blue that represents a transformed LITEON and its philosophy of inclusion. The brand aims to be a force in the community for positive values.

Environmental commitments: 555 Carbon Reduction

LITEON became SBTi certified in 2019 and made the commitment to reduce carbon intensity per unit revenue by 39.3% by 2025. Having exceeded the target every year on its carbon reduction pathway, the company has taken one step further and launched 555 Carbon Reduction, an action plan to reduce LITEON's carbon intensity per unit revenue by 5% every year and carbon footprint by 5% for every new generation of product. With consistently falling carbon intensity and carbon footprint, LITEON expects to achieve net zero by 2050.

Launched in 2021, the Sustainable Supply Chain and Green Transition Plan grew and was working with 30 suppliers in promoting GHG inventory and carbon footprint inventory in 2023. Total carbon reduction across these suppliers reached 3,000 tons and exceeded the target. Furthermore, the effort to develop substitutes for carbon intensive raw materials continues. The benefit in carbon reduction compared to existing raw materials is expected to reach 70%. LITEON has developed in-house a digital carbon management platform to keep optimizing the internal carbon pricing system and make the company more competitive in a low carbon economy in the future.

Employee care: LITEON WoW Club

Putting people first is one of the key objectives in LITEON's transformation. LITEON was directly engaged with its employees around the world over the last three years and followed closely on topics that interested younger employees. We want to build a close partnership of mutual trust and meaningful connection with employees on the new vision and philosophy. Newly introduced remuneration and vacation rules, such as the implementation of Employee Stock Ownership Trust (ESOT) program, free food-court-style lunch for employees, a comprehensive family/child care policy to help employees take care of their families, flexible paid leaves and other benefits, establish LITEON as a company that shows respect and works with employees to achieve its vision.

LITEON WoW (Women of Wonders) Club was created in 2023 in support of diversity, equity, and inclusion (DEI) initiatives. This interagency platform brings together parties with different responsibilities to promote gender equality and a friendly workplace. A number of LITEON's outstanding female executives act as mentors to other employees by sharing their experience and passing on knowledge. These female executives provide care and support for other female employees facing challenges in different stages of their careers and help them grow professionally in the company. In addition, they assist other female employees in icebreaking and networking and in doing so increase job satisfaction and retention of female employees. LITEON WoW hosted several events in the first half year following its creation. The events, including seminars on successful female leadership stories from outside the company and internal mentor forums, offered a rich variety of topics ranging from workplace communication, technological innovation, self growth, relationship advice, and psychotherapy. All of these events proved popular with the employees.



Social engagement: LITEON “-1111 EcoRevolve Shopping Fair” to promote sharing

In a time when consumption is one of the key drivers of global trends and changes, LITEON took the lead in creating a brand store, "LITEON Collection", and inviting employees and the public to take part in social inclusion through everyday consumption habits. As a platform in support of NGOs, the LITEON Collection provides solid goods that offer both quality and adequate use of resources, along with embodying the purpose of caring for employees, the community, and the environment and promoting CSR and green consumption.

Furthermore, LITEON also created the first-of-its-kind public welfare market, “-1111 EcoRevolve Shopping Fair”, to advocate a "less is more" lifestyle. The market tries to start a perpetual cycle of bringing idle items out of one home and passing them on to another who find them useful. All LITEON employees and their families came together and donated items from their homes. They were joined by suppliers, customers, media and other LITEON

partners in this large public welfare market. The event was open to the public and everyone took part in redefining shopping for “Double Eleven Singles' Day”. All proceeds from the LITEON public welfare market were donated to NGOs working for care of new immigrant children, mentorship for indigenous teens in urban areas, care for sick/injured wild animals, and marine environmental monitoring and other citizen science programs. By contributing to worthy causes, LITEON hopes to extend the reach of sustainability and create an inclusive rippling effect throughout the community to benefit more people.

Outlook

Looking forward to 2024, inflation can be expected to slow as the world nears the end of the rate hike cycle. The economic outlook appears mildly positive. Ongoing geopolitical and regional conflicts and potential risks arising from supply chain fragmentation will be monitored closely. In the meantime, LITEON will step up the pace of global expansion and location diversification in order to give customers local access to an efficient business network while increasing operational resilience. Taking a broader view, we see clearly the urgency and necessity of climate adaptation for businesses around the world. LITEON implemented international standards and environmental regulations years ago, and performed GHG reduction, energy optimization, and switch to low carbon designs in production processes and product materials. LITEON also collaborated with the supply chain in preparation of competing in a low carbon world. In new business development, LITEON has been raising R&D investment every year in three key areas of Internet of Energy (IoE), which are green data centers, clean mobility, and efficient infrastructures. In short, energy transformation, energy conservation, energy management, and energy storage form the core development strategy for LITEON in targeting climate change and energy transition trends and opportunities and meeting the many different energy management needs in smart grids.

With its transformation progressing toward the next milestone, LITEON works to create organic growth in existing businesses while developing new businesses with potential for high growth and high value in the future. To this end, LITEON has created a transformation office to build the LITEON IoE ecosystem. A full-time team is tasked with reviewing the company's core competencies, technologies, resources and business models and setting the scope of new fields and businesses to enter in the future. The team is also responsible for devising a new business blueprint based on the long term vision and encouraging internal entrepreneurship. In addition, the team performs strategic classification of new businesses in development and sets clear milestones to ensure real progress.

Areas recently seeing fast business growth include data centers, EVs, 5G applications, and smart grids. In 2024, the revenue generated by LITEON's AI server power supply products, compared to all server power supply products, can be expected to see a double digit growth, rising sharply from the single digit growth in 2023. The data center liquid cooling system, developed in-house, is expected to enter the testing stage, while efforts continue in expanding the market share of traditional enterprise server power supplies and telecommunication power supplies. Regarding EVs, the newly launched DC fast chargers are supplied first to large markets supported by government policies in developed countries.

As 5G technology becomes more developed around the world and gets implemented in emerging markets, sales of the LITEON 5G small cell series can be expected to start rising in major European and Asian markets. While the use of solar, wind and other renewable energies increases around the world, the demand for energy storage systems also grows. LITEON plans to develop household energy management solutions that combine software, hardware, and firmware management and provide customers with safe and highly reliable high performance products.

To accelerate progress towards the vision, LITEON focuses on the areas targeted by its strategies and conducts feasibility assessments of mergers and strategic alliances on an ongoing basis. Meanwhile, a more flexible approach is also deployed. Created in 2023, the LITEON+ startup platform opens up a door to connect with startups around the world. It is a platform where startups can be nurtured in an organized manner and collaborate with relevant departments at LITEON or obtain investment from LITEON or its partners. In under a year since establishment, LITEON+ facilitated an MOU with Japanese startup Elephantech. Both parties will work together to push for commercial development and production application of innovative low carbon flexible printed circuit boards (FPCB). It is our belief that multifaceted collaboration and engagement with external startups will help LITEON's business divisions develop new innovative ideas and business models and achieve synergy for both LITEON and the startups.

LITEON undergoes a fundamental change in its transformation. It pushes the company to challenge and surpass its own achievements. The company has reached a certain milestone where a completely revamped look is presented to the world. We believe LITEON is a strong and innovative company with a positive outlook. Faced with new industry trends and technologies, LITEON will leverage core competencies in optoelectronics and power management and a global business network and work with more partners to create more forward-looking products and markets. We thank all our employees for their hard work and dedication and our shareholders for their trust and support. We invite all stakeholders to keep following our growth and stay engaged and supportive of our transformation.



Tom Soong
LITEON Chairman



Anson Chiu
LITEON President



2. Company Profile

2.1 Date of Incorporation: March 17, 1989

2.2 Company History:

1975

- LITE-ON Electronics was established with a capital of NT\$1 million, and its first LED plant was set up in Zhonghe, Taiwan.

1978

- Silitek Corp. was established to manufacture rubber products.

1983

- LITE-ON Electronics received SFC approval for initial public offering. The company was given the stock code 2301 and became the first technology company on the Taiwan Stock Exchange.

1989

- The LITE-ON Corporate Identify System (CIS) was introduced.
- LITE-ON Electronics (Thailand) was established in Bangkok to manufacture optoelectronic products. This is the first overseas production facility for LITE-ON affiliates.
- LITE-ON Technology Corp. was established to manufacture color monitors.

1990

- LITE-ON Electronics set up LITE-ON Malaysia Plant in Penang, Malaysia to manufacture power supply units.
- Silitek Corp acquired Maxi Switch, the third largest U.S. keyboard manufacturer, to create more added value in the product lines.

1991

- LITE-ON Electronics Inc. acquired the switching power supply plant of NPE UK, and started operating the plant under the name of LITE-ON Ltd.

1992

- LITE-ON Electronics Inc. implemented IECQ/ISO 9000 certification.
- LITE-ON Technology Corp. established the subsidiary, LITE-ON (Germany) GmbH, in Kiel City, Germany.
- Silitek Corp. established the branch, LITE-ON Peripherals Ireland Ltd., in Limerick City, United Kingdom.

1994

- LITE-ON Technology Corp. established the subsidiary, LITE-ON Technology International Inc., in California, United States.

1995

- LITE-ON Technology Corp. received SFC approval for listing on the Taiwan Stock Exchange under the stock code 2346.

1996

- LITE-ON Technology Corp set up a holding company and a product development center in Singapore and started building plants in China.

1997

- Silitek Corp's "wireless keyboard" received a gold award at the 5th National Awards of Excellence.
- Five new construction projects started and the number of manufacturing facilities worldwide rose to 38 in order to provide services globally in a more timely manner.

1998

- LITE-ON Electronics Tianjin Plant and LITE-ON Technology Corp. Shijie Plant started operations in June.

1999

- LITE-ON Technology Corp spun off its optoelectronics business into an independent company, LITE-ON IT Corp.
- LITEON GROUP acquired GVC Corporation.
- The LITE-ON Building received a building permit. The groundbreaking ceremony was held on September 22.
- LITEON GROUP donated more than NT\$31 million to the victims of the 921 earthquake.

2000

- LITE-ON Electronics, Silitek Corp., LITE-ON IT Corp., and LITE-ON Enclosure entered a joint venture to invest in the Guangzhou Science Park in China.
- LITEON GROUP donated NT\$24 million to establish a Taiwanese elementary school in Dongguan, China to provide a good learning environment for the children of LITE-ON employees on expatriate assignments.

2001

- LITE-ON Electronics received a gold award at the Global Business Excellence Awards hosted by the Ministry of Economic Affairs.
- LITE-ON Technology Corp. acquired LITE-ON Communications Corp., whose operations were allocated to the System Business Unit and the Networking Business Unit.
- Silitek Corp. developed successfully a 3-in-1 multi-function printer (MFP).
- LITE-ON IT Corp. received SFC approval for Class II stock listing on the GreTai Securities Market under the stock code 8008.
- Silitech Technology Corporation was established to manufacture mobile phone keypad products.
- The first LITE-ON Awards attracted more than 500 university and college students, and served to encourage academic and industry research and innovation.

2002

- Silitek Corp. and Silitech Technology Corp. signed a split-up plan and agreed that Silitech would assume all liabilities of Silitek Corp.
- Four listed companies in the LITEON GROUP merged on November 4. LITE-ON Electronics, Silitek Corp., LITE-ON Technology Corp. and GVC merged with LITE-ON Technology Corp. as the surviving company. The company continued to trade under the stock code 2301, the symbol of LITE-ON Technology Corp's pioneering ambitions as Taiwan's first listed technology company.

2003

- Ranked 61st on IT 100 by Business Week of the United States.
- Ranked 6th in the Computer Sector of 2003 Commonwealth Magazine Most Admired Companies in Taiwan.
- Received HP Best Supplier Award.
- Chairman Raymond Soong was named one of 2002 Top 10 Excellence People of the Year by Excellence Magazine.
- LITE-ON moved its business headquarters to the LITE-ON Building in the Neihu Science Park in Taipei.
- The 3rd LITE-ON Awards extended eligibility to overseas Chinese candidates.

2004

- Ranked 21st on IT 100 by Business Week of the United States.

- Ranked 1st in the Optoelectronics Sector of 2003 Taiwan Top 1000 Manufacturers by Business Weekly and 10th on the Largest Public Companies.
- Ranked 3rd in the Computer Peripherals and Components Sector of 2003 Taiwan Top 1000 Manufacturers by Commonwealth Magazine.
- Ranked 6th in the Computer Sector of 2004 Commonwealth Magazine Most Admired Companies in Taiwan.
- LITE-ON Technology acquired LITE-ON Enclosure Inc.
- LITE-ON Technology entered into a white LED patent cross-licensing agreement with Osram of Germany.
- Winner of Best Supplier Award from Inventec.
- The affiliate, LITE-ON IT Corp., received SFC approval for moving from Class II stock listing to TWSE listing under the stock code 8008.
- The affiliate, Silitech Technology Corp., received SFC approval for listing on the Taiwan Stock Exchange under the stock code 3311.

2005

- Named one of Forbes Asia's Fabulous 50 for the first time.
- Named one of IT 100 by Business Week of the United States.
- Ranked 2nd in the Optoelectronics Sector of 2004 Taiwan Top 1000 Manufacturers by Business Weekly.
- Ranked 2nd in the Computer Peripherals and Components Sector of 2004 Taiwan Top 1000 Manufacturers by Commonwealth Magazine.
- Ranked 6th in the Computer Sector of 2005 Commonwealth Magazine Most Admired Companies in Taiwan.
- Received 1st prize in Tech Group A of 1st Corporate Social Responsibility Award from Global Views Magazine.
- The indefinite suspension of the handset assembly business was announced as part of the strategy to pursue profitable growth.
- The investment in DragonJet Corporation was made to strengthen technical capabilities in key parts and components.
- LITE-ON Automotive International Co., Ltd. was established as a wholly owned subsidiary.

2006

- Named one of Forbes Asia's Fabulous 50.
- Ranked 24th of companies from Taiwan on Forbes Global 2000.

- Named one of IT 100 by Business Week of the United States.
- Ranked 10th in the Manufacturing Sector of 2005 Taiwan Top 1000 Listed Companies by Business Weekly.
- Ranked 1st in the Computer Peripherals and Components Sector of 2005 Taiwan Top 1000 Manufacturers by CommonWealth Magazine.
- Ranked 5th in the Computer Sector of 2006 CommonWealth Magazine Most Admired Companies in Taiwan.
- Winner of 2nd Corporate Social Responsibility Award by Global Views Magazine.
- The LITE-ON Building, winner of the General Design Honor Award from American Society of Landscape Architects, was the only building in Taiwan to receive the award.
- LITE-ON IT Corp. acquired BenQ Corporation's optical storage OEM and manufacturing business, including product and production related technologies and patents and licenses, to become the world's second largest optical disc drive manufacturer. The scope of collaboration with Philips was extended into the in-vehicle disc drive market.
- LITE-ON Technology acquired a 100% stake in LITE-ON Automotive Corp. as part of the expansion into automotive electronics.

2007

- Named one of Forbes Global 2000.
- Ranked 2nd in the Computer Peripherals and Components Sector of Taiwan Top 1000 Manufacturers by CommonWealth Magazine.
- Received DELL Best Quality Award.
- Winner of 3rd Corporate Social Responsibility Award by Global Views Magazine.
- A special shareholders' meeting approved a capital reduction by cash of NT\$8.73 billion, or 30.34%, that would return NT\$3 per share to shareholders.
- A special shareholders' meeting approved the acquisition of a 100% stake in Li Shin International Enterprise Corporation by stock swap. The acquisition was an aggressive step towards integration of power supply product resources to enable quick entry into LCD TV power supply units and other new products.
- LITEON completed a tender offer for the world's largest handset casing maker, Perlos, to create a more developed mobile phone supply chain that would provide one-stop shopping for mobile phone parts and components.

2008

- The Digital Display Business Unit was sold to keep the focus on core businesses such as optoelectronics and green technologies.
- Named one of Forbes Global 2000.
- Winner of 4th Corporate Social Responsibility Award by Global Views Magazine.
- Ranked 4th and was recognized as company with largest improvement at the 2nd Corporate Citizen Award by CommonWealth Magazine.
- Ranked 1st in the Computer Peripherals and Components Sector of 2007 Taiwan Top 1000 Manufacturers by CommonWealth Magazine.
- Named one of Top 50 on 2007 Top 1000 Companies in Greater China by Business Weekly.
- The LITE-ON Cultural Foundation received the Social Education Public Service Award and the Outstanding Family Education Campaigner Award from the Ministry of Education, the Outstanding Social Education Campaigner Award from the Education Department of Taipei County Government, the Excellent Contribution to Social Welfare Award from the Taoyuan County Government, and the gold award at the 12th Outstanding Volunteer Award by the Taipei City Government.
- The Council of Indigenous Peoples of Executive Yuan presented the 1st Angel Customer Award to LITE-ON in recognition of the company's support for development of tourism in indigenous tribes.

2009

- LITE-ON Technology opened officially the East China Regional Headquarters in Wujin, Changzhou. The headquarters would be a significant contributor to better supply chain management and higher cost efficiency.
- Named one of Forbes Global 2000.
- Winner of 5th Corporate Social Responsibility Award by Global Views Magazine.
- Ranked 4th at the 3rd Corporate Citizen Award by CommonWealth Magazine.
- Ranked 1st in the Electronics Sector of 2008 Taiwan Top 1000 Manufacturers by CommonWealth Magazine.
- Ranked 1st in Electronic Parts and Components on 2008 Top 1000 Companies in Greater China by Business Weekly.
- LITE-ON Technology was recognized for invention and creativity at the 2009 National Invention and Creation Award. It received a contribution award for "excellent value-oriented patent strategy and performance" and an invention award for the slim MFP patent.

- Received the 8th National Public Service Award.

2010

- The "LITE-ON Hall," funded by LITE-ON's donations, opened at National Chiao Tung University.
- The AGM approved the distribution of a NT\$2.3 dividend per common share with a 72% payout ratio.
- LITE-ON Technology successfully built Asia's first environmental-friendly high-power solar-electric power system for commercial sightseeing boats on the Love River in Kaohsiung.
- Received 5-Star award in Listed Tech Companies Group A of 6th Corporate Social Responsibility Award from Global Views Magazine.
- Recognized at the Corporate Citizen Award by CommonWealth Magazine for 4th consecutive year, and ranked 1st in the Electronics Sector of 2009 Taiwan Top 1000 Manufacturers by CommonWealth Magazine.
- LITE-ON Mobile/Perlos and Young Fast Optoelectronics entered a joint venture into touch panel modules.
- LITEON completed the Fritz Walter World Cup Football Stadium PV Roof Project, which had the world's largest solar power capacity.
- The investment in Epyon Power, a supplier of intelligent fast-charging solutions, gave LITE-ON a technological advantage.
- The LITE-ON CSR Report was prepared in compliance with GRI G3 and received SGS Taiwan GRI G3 Application Level A+, effectively validating the company's implementation of international CSR standards.
- LITE-ON Technology completed the world's first Optoelectronic Semiconductor Product Carbon Footprint Declaration and Type III Environmental Product Declaration.
- LITEON's annual sales reached NT\$230.05 billion with a 24% YOY growth. The EPS after taxes hit another historic high at NT\$4.05.

2011

- LITE-ON Changan Plant received 11 Product Liability Insurance AAA certifications by ACE.
- Ranked 1st in the Electronics Sector of Taiwan Top 1000 Manufacturers by CommonWealth Magazine for third consecutive year and 2nd in large companies of Corporate Citizen Award by CommonWealth Magazine for fifth consecutive year.
- Included in the Dow Jones Sustainability Index (DJSI) for the first time, and pushed immediately to the top of the

global electronic components and equipment category.

- Received the Best CSR Report Disclosure by Listed Companies Award from TWSE.
- Received silver award at the 2011 Taiwan CSR Report Awards by Taiwan Institute for Sustainable Energy.
- Ranked 2nd in the Electronics Sector of the Most Admired Company Survey by CommonWealth Magazine for third consecutive year.
- LITE-ON was ahead of its peers in completing the world's first Product Category Rules for Circuit Boards.

2012

- LITE-ON Technology joined force with National Taiwan University of Science and Technology in setting up the LITE-ON & NTUST Power Electronics Center.
- Received first prize in overall performance and named Exemplar of the Year in education at the 8th Global Views Magazine CSR Award 2012.
- Included in the Dow Jones Sustainability Index (DJSI) for second consecutive year, and remained at the top of the global electronic components and equipment category.
- Ranked 3rd in large companies of Corporate Citizen Award by CommonWealth Magazine for sixth consecutive year.
- Ranked 1st in the Electronics Sector of Taiwan Top 1000 Manufacturers by CommonWealth Magazine for fourth consecutive year.

2013

- The board of directors approved a tender offer for LITE-ON IT Corporation. As of December 31, 2013, the company held directly 456,618,114, or 99.13%, of LITE-ON IT Corporation's shares.
- The acquisition of Power Innovations of the United States strengthened core competencies in cloud applications and power management solutions.
- Included in the Dow Jones Sustainability Index (DJSI) for third consecutive year, and named the Global Industry Leader of Computer Hardware.
- Recognized at Corporate Citizen Award by CommonWealth Magazine for seventh consecutive year.
- Named Exemplar of the Year in education again at the 9th Global Views Magazine CSR Award 2013.
- Received Product Liability Insurance AAA Certification from ACE of the United States. LITEON received the honor for different plants for three consecutive years.

2014

- LITEON launched the One LITEON campaign and continued to integrate wholly owned subsidiaries, including LITE-ON IT, Leotek, Li Shin, LITE-ON Clean Energy Technology, and LITE-ON Mobile as well as Pionstep Electronic Technology and SCH Electronics in Dongguan, China, into eight business segments.
- The board of directors approved the acquisition of a 100% stake in LarView Technologies as part of an ongoing effort to strengthen core competencies in high-end camera modules.
- The board of directors approved the short-form merger with LITE-ON Automotive Corp. as part of an ongoing effort to strengthen the group's presence in the automotive market.
- Skyla®, a LITE-ON biomedicine brand, introduced its first clinical chemistry analyzer into the global biomedicine market, and donated advanced medical equipment and services to six cities in Taiwan.
- LITEON Group donated NT\$5 million to victims of the Kaohsiung gas explosion, and installed LED streetlights to facilitate the recovery effort.
- Recognized at 2014 Corporate Citizen Award by Commonwealth Magazine for eighth consecutive year.
- Included in the Dow Jones Sustainability Index (DJSI) as an industry leader for fourth consecutive year.
- With the largest LED streetlight market share in Taiwan, LITE-ON was ranked 1st in the New Taipei City's Invitation for Private Sector Participation in Installation and Maintenance of Energy Saving Streetlights, and undertook the project to install and maintain more than 100,000 LED streetlights in South District of New Taipei City.
- Named one of Taiwan Top 10 Sustainable Companies and received gold award in the Large Electronics Companies Group II of 2014 Taiwan Top 50 CSR Reports from Taiwan Institute for Sustainable Energy.
- Included in the MSCI Global Sustainability Indexes.
- In 2014, LITEON was selected as part of the Climate Disclosure Leadership Index in the Carbon Disclosure Project.

2015

- Received Product Liability Insurance AAA Certification from ACE of the United States at 12 plants over six consecutive years between 2010 and 2015.
- Rated A++ for second consecutive year by the Securities and Futures Institute at the 12th Information Disclosure Evaluation.
- Winner of 2015 Corporate Social Responsibility Award from Global Views Magazine for 8th time.

- Recognized at 2015 Corporate Citizen Award by Commonwealth Magazine for 9th consecutive year.
- National Tsing Hua University and LITEON Group established a joint R&D center to explore new blue sea strategies in knowledge.
- Named a leading company in the Climate Disclosure Leadership Index (CDLI) for second consecutive year.
- Included in the Dow Jones Sustainability Index (DJSI) for fifth consecutive year.
- Received gold award in the electronics and IT manufacturing sector at the Taiwan CSR Report Awards by Taiwan Institute for Sustainable Energy.
- Named one of Top 20 Asian companies in Channel NewsAsia Sustainability Ranking.

2016

- LITEON Group donated NT\$10 million to victims of the earthquake in Southern Taiwan.
- LITEON Group biomedicine established the Biomedical Research and Development Centre in Singapore.
- Ranked in Top 5% listed companies in the 2nd Corporate Governance Evaluation by Taiwan Stock Exchange.
- Announced to set up an operation center in Kaohsiung, opening new facility in the Nanzih Export Processing Zone.
- Recognized at 2016 Corporate Citizen Award by Commonwealth Magazine for 10th consecutive year.
- Included in the Dow Jones Sustainability Index (DJSI) for sixth consecutive year.
- Included in the MSCI Global Sustainability Indexes for third consecutive year.
- Ranked Taiwan's 1st and Asia's 3rd in Channel NewsAsia Sustainability Ranking.
- LITE-ON Technology received Gold Award at the Taiwan Corporate Sustainability Awards.

2017

- Recognized at Corporate Citizen Award by Commonwealth Magazine for 11th consecutive year.
- Included in the Dow Jones Sustainability Index (DJSI) for seventh consecutive year.
- Included in the MSCI Global Sustainability Indexes for fourth consecutive year.
- Received Gold Award in the electronics and IT manufacturing sector at the 2017 Taiwan CSR Report Awards by Taiwan Institute for Sustainable Energy.

2018

- Honored by Thomson Reuters with inclusion in 2018 Top 100 Global Technology Leaders.
- The transfer of mobile camera module business and the share sale of mobile mechanical business would facilitate more efficient business and profit models, thereby increasing long term gains for shareholders, customers, and employees.
- Received Platinum Award Winner in 2018 Corporate Sustainability Report Awards from TCSA.
- Included in the Dow Jones Sustainability Index (DJSI) for eighth consecutive year.
- Awarded Corporate Citizen Award by CommonWealth Magazine for 12th consecutive year.
- Ranked Top 5% in 2018 Corporate Governance Evaluation Survey by Taiwan Stock Exchange.
- Included in the FTSE4Good Index.

2019

- Received 2019 Corporate Social Responsibility Award from Global Views Magazine.
- Acquired 100% of LOJ through tender offer to integrate group resources and synergies.
- Extraordinary General Meeting of Shareholders approved the spin off Solid State Storage Business Unit to "SOLID STATE STORAGE CORPORATION."
- Recognized at Corporate Citizenship Award by CommonWealth Magazine for 13th straight year.
- Selected as a member of 2019 DJSI for 9 consecutive years.
- Awarded the Most Prestigious Sustainability-Top 10 Domestic Corporates, Climate Leadership and Corporate Sustainability Report Platinum Awards by TCSA.
- Received 2019 CSR Organization of Excellent Governance Award from SGS.

2020

- Named on CDP 'A List', the highest rank for leading effort against climate change
- Won the First Prize of 2020 Corporate Social Responsibility Award from Global Views Magazine
- Ranked Top 5% in 2019 Corporate Governance Evaluation Survey by Taiwan Stock Exchange
- Completed the Transfer of Solid State Drives Business (SSD) to KIOXIA Holdings Corporation
- The Board Elected Tom Soong as Chairman and Anson Chiu as President

- Won the "Corporate Citizenship" Award from Common Wealth Magazine for 14th Straight Year
- Selected as a member of 2020 DJSI for 10 consecutive years
- Included in the Constituent MSCI ESG Leaders Indexes for seven consecutive years
- Won Seven Awards Including Top 10 Domestic Companies Sustainability Model from TCSA
- Included in the Constituent of the FTSE4Good TIP Taiwan ESG Index.

2021

- Awarded "Bronze Class" in the 2021 Sustainability Yearbook published by S&P Global.
- Received the highest rating of "Leaderboard" in the 2020 CDP Supplier Engagement Rating (SER)
- Won the First Prize of 2021 Corporate Social Responsibility Award from Global Views Magazine
- Rolled out Employee Stock Ownership Trust (ESOT) to increase proportion of employees holding company shares
- Joined the O-RAN Alliance and launched 5G small cells, marching into global market
- Received the 2021 TSAA Sustainability Action Gold Award for its unique marine waste solution
- LITEON Ocean Recycled Plastic first to be certified on both ECVP 2809 & 746D by UL
- Named as 2021 TOP 10 Sustainability Model of Taiwan Corporates for excellence in driving low-carbon value chain by TCSA
- Included on the Dow Jones Sustainability Indices for eleven consecutive years and ranked among the 2021 DJSI World Index and Emerging Markets Index
- Included in the Constituent MSCI ESG Leaders Indexes for 8 consecutive years
- Included in the Constituent of the FTSE4Good TIP Taiwan ESG Index for 4 consecutive years
- Won the "Corporate Citizenship" Award from Common Wealth Magazine for 15th Straight Year.

2022

- Awarded “Silver Class” in the 2022 Sustainability Yearbook published by S&P Global.
- Received the highest rating of "Leadership" in the CDP Supplier Engagement Rating (SER)
- LITEON Ranked Top 5% in the 8th Corporate Governance Evaluation for Its Rigorous Sustainability Governance
- Included on the Dow Jones Sustainability Indices for Twelve Consecutive Years and Ranks Among the 2022 DJSI World Index and Emerging Markets Index
- Included in the Constituent of the FTSE4Good TIP Taiwan ESG Index for 5 consecutive years
- Included in the Constituent MSCI ESG Leaders Indexes for 9 consecutive years
- Won the “Corporate Citizenship” Award from Common Wealth Magazine for 16th Straight Year
- Won 2022 TCSA Comprehensive Performance, Sustainability Report and Climate Leadership Awards
- Received three awards of "Generation Inheritance Award", "Innovative Research and Development Award" and "Excellent Award" by New Taipei City
- As the eight founding members of the "Taiwan Climate Alliance," LITEON jointly advocate a net-zero future and assist Taiwan's supply chain of small and medium-sized enterprises to align with global carbon reduction trend.
- Become a founding member of the ESG “IMV” Alliance to advocate ESG innovation in different industries, assisting agriculture, fishery and animal husbandry to engage in sustainable actions.
- Initiated brand re-engineering and introduced new corporate color of turquoise blue (Pantone 7466)
- Zhonghe office building started reconstruction in September 2022 through urban redevelopment. It will be transformed as "LITEON Zhonghe Digitech Center" focusing on advanced fields, which will further expand innovative R&D capacity.
- LITEON accelerated its global diversified operation and smart factories implementation, phase II plant of LITEON Vietnam in Haiphong inaugurated.
- Won the “Corporate Citizenship” Award from Common Wealth Magazine for 17th Straight Year
- Received the Platinum Award for Sustainable Report, Climate Leadership Awards, Supply Chain Leadership Award, and the Talent Development Leadership Award by 2023 TCSA
- Launched "Project 555," a comprehensive plan aimed at reducing carbon emissions and product footprints by 5% annually, committed to achieving net-zero emissions by the year 2050
- Launched revolutionary liquid cooling solutions through its new brand, helping data centers handle high-performance workloads, while reducing energy and carbon footprint consumption, achieving the goal of sustainable operation of green data centers
- US subsidiary, Pii, launched cutting-edge level 3 DC EV Charging solutions from 30kW to 180kW
- Established LITEON+ a startup platform for global startup teams to connect, jointly develop more innovative ideas and business models, creating synergies for both the company and startup teams
- LITEON Kaohsiung Operation Center Phase II had started construction, and will be built into an advanced building in the future, introducing forward-looking technology and products, advanced manufacturing, and operation management synchronized globally
- Unveiled new signage of Neihu headquarters building, activating the first dynamic signage on Neihu Ruiguang Road and Tiding Boulevard, using LED and dynamic ocean waves to bring out the novel visual of LITEON new corporate identity color- turquoise blue
- The first company store, ‘LITEON Collection’, officially opened, becoming the first company store in the Neihu Science Park that is open to the public and adopts an integrated virtual and physical channel
- Established ‘LITEON WoW’, promoting gender equality and a friendly workplace, responding to DEI diversity and inclusion
- Redefining the traditions of ‘1111’ shopping activities, pioneering the ‘1111 Eco-revolving Shopping Fair’, a large-scale second-hand public welfare market, advocating circular economy

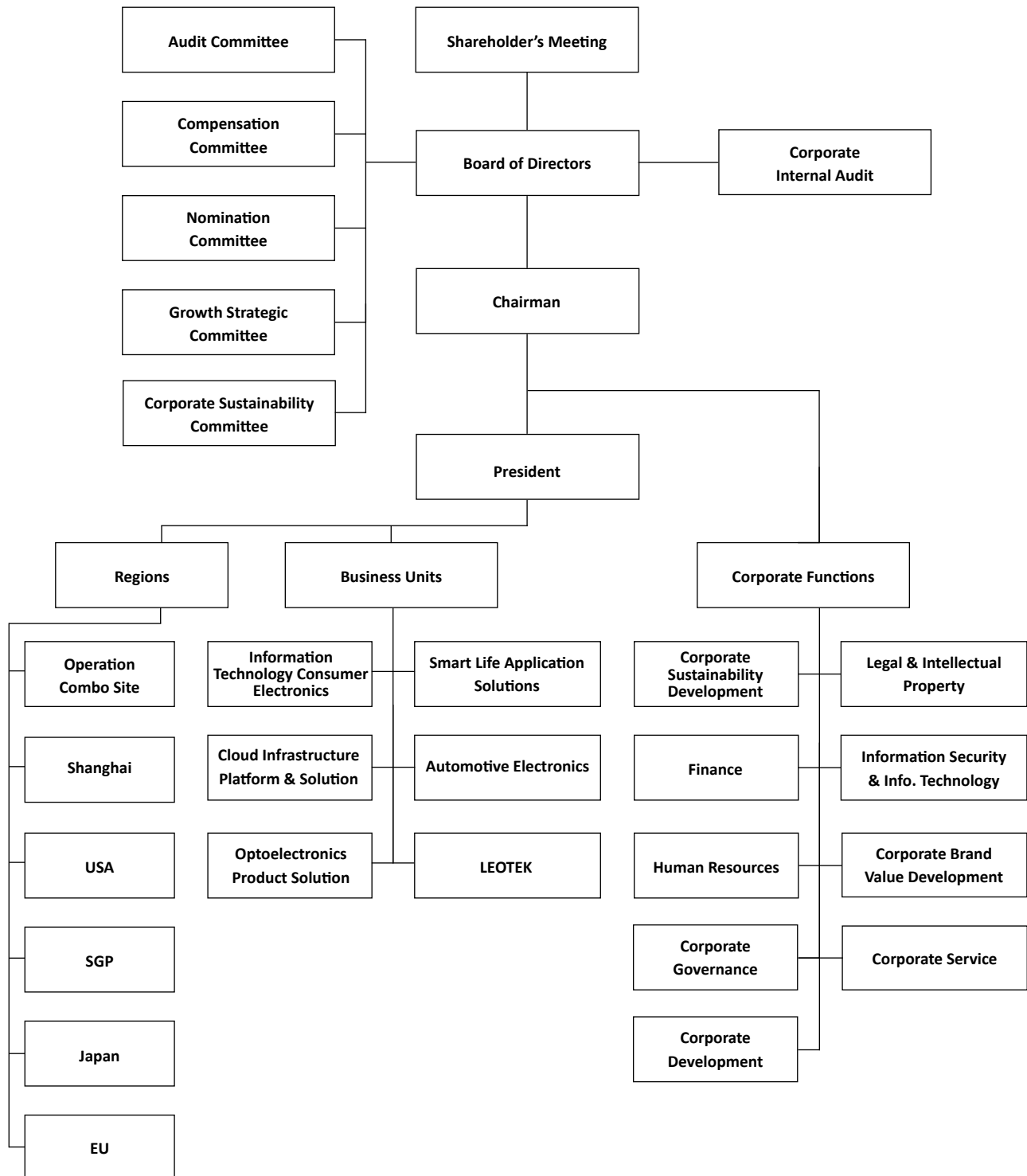
2023

- Included on the Dow Jones Sustainability Indices for Thirteen Consecutive Years and Ranks Among the 2023 DJSI World Index and Emerging Markets Index
- Included in the Constituent MSCI ESG Leaders Indexes for 10 consecutive years
- Included in the Constituent of the FTSE4Good TIP Taiwan ESG Index for 6 consecutive years

3. Corporate Governance Report

3.1 Organization

3.1.1 Organizational Chart



3.1.2 Major Corporate Functions

Departments	Responsibilities and Functions
Corporate Internal Audit	<p>Become more proactive, leveraging both assurance and advisory roles, helping management ,board of directors and stakeholders take timely action to mitigate rising risks.</p> <ul style="list-style-type: none"> • Assurance is the core value of internal auditing. While assurance is critical for core processes and significant risks, it also involves considering areas such as decision oversight, appropriateness of internal behavior, effectiveness of the three lines of defense (LoD), and supervision of digital technology. • Advising management on control effectiveness, new measures for change, strengthening risk management related to the three lines of defense, and other critical matters, including operational efficiency. • Anticipating risks and assisting the organization in understanding them, along with developing preventive measures, can transform internal audit from a retrospective reporting perspective (identifying past deficiencies) to a proactive early warning system that highlights potential pitfalls and suggests preventive actions.
Corporate Sustainability Development	<ul style="list-style-type: none"> • Establish the company’s ESG targets, strategies, and implementation plans • Follow issues of concern to different stakeholders • Coordinate internal and external communication to take more action towards sustainable development of the company • Deliver regular status updates to the Corporate Sustainability Committee
Finance	<ul style="list-style-type: none"> • Provide of professional finance, accounting, tax, credit management, and investment and merger services to support the profitability and growth of business divisions. • Implement risk management, uphold the principles of integrity, improve the transparency of the company's operations, and effectively execute financial plans. • Engage with the capital market to protect shareholders' rights and maintain good investor relations.
Human Resources	<p>The LITEON HR Center plays a crucial role in talent strategy planning and execution. The R&R include:</p> <ul style="list-style-type: none"> • Strategic Planning: Developing short, medium, and long-term talent management strategies aligned with the company’s growth direction and dynamically adapt to internal and external challenges. • Guiding Transformation: Leading cultural, organizational, system, and talent transformations to achieve long-term goals. • Cultivating Inclusive Culture: Shaping an organizational culture that embraces diversity, collaboration, sharing, and ambition. • Employer Branding: Attracting and recruiting high-quality external talent and nurturing internal potential talent through effective employer branding to strengthen talent capital and competitiveness. • People-Centric Environment: Creating an innovative work atmosphere, competitive compensation, and diverse employee benefits to foster harmonious labor relationship.

Departments	Responsibilities and Functions
Corporate Governance	<ul style="list-style-type: none"> • Develop and plan company systems and organizational structure, enhance the independence of the Board of Directors, Company transparency and compliance, and execution of internal audits and controls. • Enforce corporate governance and ensure that shareholders meetings and board meetings are called in compliance with applicable regulations and corporate governance principles. • Keep board members informed of the latest regulatory changes and developments regarding the company’s areas of business and corporate governance. • Inspecting the disclosure of material information passed by the board of directors after a board meeting or shareholders meeting in order to ensure the legality and accuracy of said material information and protect parity of investor information. • Develop annual continuing education plan for directors and organize courses in accordance with the guidelines issued by the competent authority. • Provide information on the company to the directors and facilitate effective communication between the directors and the division heads. • Provide assistance in arranging meetings between the independent directors and the Chief Audit Officer or the CPAs to facilitate understanding of the company’s financial operations.
Legal & Intellectual Property	<ul style="list-style-type: none"> • To be responsible for handling various legal matters related to operations, including contracts, disputes, litigation, mergers and acquisitions, and intellectual property rights. To provide compliance guidelines and risk management measures to facilitate business decisions and to direct and coordinate external attorneys, when necessary, in order to ensure the company's compliance and build up the company's business advantages in the legal aspects of the business. • To be responsible for the strategy and management of intellectual property rights, including the application and maintenance of patents, trademarks, and other intellectual property rights, and conducts planning and utilization of the company’s intellectual property rights to enhance the value of the company’s intangible assets and strengthen the company’s business position.
Information Security & Info. Technology	<p>To plan, construct, maintain, and operate the company's information management systems and satisfy the user demand for system implementation in order to ensure maximized returns on information related investments and reduce information and operating risks for the company while making the company more competitive. Key tasks include:</p> <ul style="list-style-type: none"> • To achieve full conversion to digital operations. • To provide accurate business management information in real-time. • To develop the network infrastructure and information security management. • To achieve the company's vision of smart manufacturing and digital transformation.

Departments	Responsibilities and Functions
Corporate Brand Value Development	<p>Sculpture LITEON brand and make influence both internally and externally with comprehensive branding development strategy. Through synergy of PR, CSR, Marcom and Design functions, CBVD helps to enhance positive impact of LITEON brand value. It makes LITEON, a tech company, not only has dimensions, but also has warmth and brand recognition, which enables inheritance and transmission of LITEON spirit.</p> <ul style="list-style-type: none"> • PR Division serves as an important bridge for communication between LITEON and its stakeholders. Through communication strategies, precise messaging, and timely crisis management, not only it strengthens corporate image by effectively conveying core values of the company but also adds value for the company by elevating corporate reputation. • CSR Division plays a key role in enhancing the company's sustainable brand image, amplifying its sustainable impact, and fostering the greater good of society by actively revealing sustainable information, engaging in dialogue and communication with critical stakeholders, and participating in social initiatives while establishing public welfare networks. • Marcom Division outlines the development strategy of brand value, shaping the consistency of internal and external perceptions of the LITEON brand. By integrating all communication channels, both online and offline, diverse digital platforms, and the company store, LITEON Collection, and by planning and executing marketing activities such as annual events and international exhibitions for business units, Marcom comprehensively enhance the all-around brand value and market competitiveness. • Design Division, centered around corporate brand and culture, tells stories through creative graphics/images and multimedia. It uses visual arts externally to create the charm and value of the LITEON brand, helping business units explore new business opportunities. Furthermore, internally, it injects brand spirit and vitality into corporate activities, showcasing corporate brand personality, and fostering employee identification and cohesion.
Corporate Service	<p>Support and integrate the New Construction Division, Factory Management Division, Occupational Safety Department, and Purchasing Department with providing the Corp with daily operational services, new building construction, and sustainable symbiosis between people and environment.</p> <ul style="list-style-type: none"> • Global New factories construction operation with introduction of modern building techniques by low-carbon, waste-reduction methods. ESG standard complied with LEED, Green Building and Smart Building certification pursue. • Coordinate between factory management team and occupational safety department worldwide to deploy and manage the smart factory facilities, and revitalize assets, to provide a safe, healthy and friendly working environment, and supervise the implementation of hygiene and safety management requirements. • Planning and defining of the purchasing process to create the value of the Company and Suppliers/Partners together.

Departments	Responsibilities and Functions
Corporate Development	<ul style="list-style-type: none"> • Global Startups ecosystem connection.: Corporate development Office connects important global startup units and partners, and introduces their resources and information into the internal network of the LITEON Group for effective sharing and utilization. Through systematic and efficient external relationship building, it achieves the management of the startup ecosystem. • Build global Startups Partnership.: Through different forms of collaboration, the corporate development Office has established partnerships with startups, enabling LITEON to stay ahead in the field of new technology • New tech and business Collaboration.: Through the corporate development Office, new innovative technologies and business collaborations are connected. • Program and Mentorship management: Through accelerator programs and mentorship resources, the corporate development office assists internal and external startups in establishing collaborative relationships, thereby generating synergistic effects both inside and outside of LITEON. • Venture Capital collaboration and management: Through venture capital cooperation, we expect to grasp the latest trends in new startup technology development and ensure the smooth and stable source of investment funds through effective management.

3.2 Board Members and Management Team

3.2.1 Information Regarding Board Members

3.2.1.1 Board Members

2024/02/29

Title/Name	Nationality	Gender Age	Date of appointment (office)	Tenure (year)	Date of initial appointment	Proportion of shareholding at the time of appointment		Proportion of shareholding at present		Proportion of shareholding by spouse and underage children		Proportion of shareholding under the title of a third party		Important experience (education)	Other positions of the company or other companies	Member of the Board of Directors had a spouse or relative within two degrees of consanguinity serving as a manager or director at LITEON.	Note 1
						Quantity	%	Quantity	%	Quantity	%	Quantity	%				
Chairman Tom Soong	R.O.C.	Male 51~60	2022.05.20	three	2017.10.19	12,120,287	0.52%	16,052,287	0.68%	989,708	0.04%	0	0%	Education: International Business Program Attendance, NTU-FUDAN EMBA Electrical Engineering, University of South California, USA Experience: Special Assistant to Chairman & Vice Chairman, LITEON CEO, LITEON Smart Life and Applications Business Group General Manager, LITEON Shanghai Operational Center CEO, LITEON New Mechanical Competence Business Group General Manager, LITEON Mechanical Competence Business Group General Manager, LITEON Networking Access Business Unit General Manager, China Bridge Express Trading Co., Ltd.	Note 2	Raymond Soong, Director, father-child relationship	N.A.
Director Raymond Soong	R.O.C.	Male 81~90	2022.05.20	three	1992.05.20	79,302,560	3.37%	79,302,560	3.37%	16,966,064	0.72%	0	0%	Education: Bachelor of Electronic Engineering, Taipei College of Technology Experience: Chief Engineer, Texas Instruments Taiwan Ltd. Chairman & Founder of LITEON Group and Lite-On Cultural Foundation Member of Board of Councilors, the Doctorate College of Technology, South California (USC) Honor: Fellow, Industrial Technology Research Institution Honorary PhD in Management, National Chiao Tung University Honorary PhD in Management, National Taipei University of Technology	Note 3	Tom Soong, Chairman, father-child relationship	N.A.
Director Ta-Sung Investment Co., Ltd. Representative: Keih-Shew Lu	R.O.C.	Male 71~80	2022.05.20	three	1998.05.19 2002.09.01	47,088,399 0	2.00% 0%	47,088,399 0	2.00% 0%	0 0	0% 0%	0 0	0% 0%	Bachelor, EE, National Cheng Kung University Master, EE, Texas Institute of Technology Honorary Doctorate of National Cheng Kung University PhD, EE, Texas Institute of Technology Asian Regional President, Senior VP, Texas Instruments Director, Nuvoton Technology Corp. Chairman, LedEngin Chairman, Lorentz	Note 4	None	N.A.

Title/Name	Nationality	Gender Age	Date of appointment (office)	Tenure (year)	Date of initial appointment	Proportion of shareholding at the time of appointment		Proportion of shareholding at present		Proportion of shareholding by spouse and underage children		Proportion of shareholding under the title of a third party		Important experience (education)	Other positions of the company or other companies	Member of the Board of Directors had a spouse or relative within two degrees of consanguinity serving as a manager or director at LITEON.	Note 1
						Quantity	%	Quantity	%	Quantity	%	Quantity	%				
Director Ta-Sung Investment Co., Ltd. Representative : Anson Chiu	R.O.C.	Male 61-70	2022.05.20	three	1998.05.19 2022.05.20	47,088,399 0	2.00% 0%	47,088,399 1,504,000	2.00% 0.06%	0 0	0% 0%	0 0	0% 0%	Bachelor of Industrial Management, Lughwa University of Science and Technology CEO, Lite-On Technology Corp. Power Conversion Business Group General Manager, Lite-On Technology Corp. Power Conversion Business Group Director, NB Business Unit, Lite-On Technology Corp. Power Conversion Business Group Honor: 2023 National Outstanding General Manager Award	Note 5	None	N.A.
Independent Director Harvey Chang	R.O.C.	Male 71-80	2022.05.20	three	2007.6.21	0	0%	0	0%	0	0%	0	0%	MBA, The Wharton School, Pennsylvania State University Bachelor, Dept of Geology, National Taiwan University Chairman of TVBS Chairman of Catchplay Media Holdings Ltd. President and CEO, Taiwan Mobile Senior VP and CFO, TSMC Chairman, China Securities Investment Trust Corp. President, China Development Trust Co. Ltd. President, Grand Cathay Securities Manager, Trust Dept., International Dept, Chiao Tung Bank	Note 6	None	N.A.

Title/Name	Nationality	Gender Age	Date of appointment (office)	Tenure (year)	Date of initial appointment	Proportion of shareholding at the time of appointment		Proportion of shareholding by spouse and underage children		Proportion of shareholding under the title of a third party		Important experience (education)	Other positions of the company or other companies	Member of the Board of Directors had a spouse or relative within two degrees of consanguinity serving as a manager or director at LITEON.	Note 1
						Quantity	%	Quantity	%	Quantity	%				
Independent Director Albert Hsueh	R.O.C.	Male 61-70	2022.05.20	three	2016.6.24	0	0%	0	0%	0	0%	MBA, Bloomsburg University, Pennsylvania, U.S.A. Master of Accounting, Soochow University Chairman of PricewaterhouseCoopers Taiwan Director, Corporate Governance Association in Taiwan Member of the Committee in charge of the examination affairs and qualification screening for professional and technologies, Examination Yuan Professor, National Tsinghua University of College of Technology Management Professor, National Taiwan University of Science and Technology, School of Management	Note 7	None	N.A.
Independent Director Mike Yang	R.O.C.	Male 61-70	2022.05.20	three	2019.06.21	0	0%	0	0%	0	0%	Arizona State University Master of Science Associate Vice President, ADI Corp. Procurement Dept.	Note 8	None	N.A.
Independent Director MK Lu	R.O.C.	Male 71-80	2022.05.20	three	2021.08.26	200,000	0.01%	0	0%	0	0%	Legal Person, Chairman of Tatung Company Chairman of Sino-American Silicon Products Inc. President of Lite-On Semiconductor Corp. President of Vishay Lite-On Power Semiconductor Corp. Vice President of Silitek Corp.	Note 9	None	N.A.

Note 1: Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (e.g. increasing the number of independent directors provided there be a majority of the members of the board of directors who are not employees or managers).

Below notes of other positions of the company or other companies only display public offering companies and important subsidiaries.

Note 2: (Chairman Tom Soong)

- Chairman and Corporate Sustainability Development Division Chief Sustainability Officer (CSO), Lite-On Technology Corp.
- Director, Co-tech Development Corp., Lite-On Singapore Pte. Ltd., Lite-On China Holding Co. Ltd., Lite-On Electronics Co., Ltd. (HK)
- Director, representative of Silitech Technology Corp.

Note 3: (Director Raymond Soong)

- Chairman, representative of Co-tech Development Corp.
- Director, Lite-On Technology Corp.

Note 4: (Director Keh-Shew Lu)

- Chairman, Diodes Incorporated Co., Ltd.
- Director, representative of Lite-On Technology Corp.
- President and CEO of Diodes Incorporated Co., Ltd.

Note 5: (Director Anson Chiu)

- Director, representative of Lite-On Technology Corp., Silitech Technology Corp., Dragonjet Corp.
- Director, Lite-On Singapore Pte. Ltd., Lite-On China Holding Co. Ltd., Lite-On Electronics Co., Ltd. (HK)

Note 6: (Independent Director Harvey Chang)

- Independent Director, Lite-On Technology Corp.

Note 7: (Independent Director Albert Hsueh)

- Independent director, Lite-On Technology Corp., Yuanta Financial Holding Co., Ltd. and Yuanta Bank, Walsin Lihwa Corp. and TTY Biopharmaceutical Manufacturers Association
- Independent Director Mike Yang
- Independent Director, Lite-On Technology Corp.

Note 9: (Independent Director MK Lu)

- Senior Vice President of Quanta Computer Inc. Cloud Computing Business Unit and Director and President of Quanta Cloud Technology Inc.
- Honorary Chairman of Actron Technology Corporation, Sino-American Silicon Products Inc.
- Independent Director, Lite-On Technology Corp.
- Director, representative of GlobalWafers Co., Ltd

3.2.1.2 Major Shareholders of the Institutional Shareholders

2024/2/29

Name of Institutional Shareholders	Major Shareholders
Ta-Sung Investment Co., Ltd.	Tom Soong (43.66%), Guangxing Investment Co., Ltd (56.34%)

3.2.1.3 Major Shareholders of the Company's major Institutional Shareholders

2024/2/29

Name of Institutional Shareholders	Major Shareholders
Guangxing Investment Co., Ltd	Tom Soong (99%)

3.2.1.4 Professional qualifications of Directors and independence of Independent Directors

2024/02/29

Name	Qualification Working experience and professional designations (Note1)	Eligibility of independent status	Number of other public companies in which the director also serves concurrently as an independent director
Tom Soong	Extensively experienced in talent selection and corporate management	Not an independent director	0
Raymond Soong	The founder of LITEON is also a pioneer in Taiwan's optoelectronic technology industry		0
Ta-Sung Investment Co., Ltd. Representative: Keh-Shew Lu	Extensive management experience in semiconductors		0
Ta-Sung Investment Co., Ltd. Representative: Anson Chiu	Abundant experience in the Asian semiconductor industry		0
Harvey Chang	Well versed in salary management, the financial profession, and business operations	All independent directors are in compliance with Article 3 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", please refer to Note 2 for details	0
Albert Hsueh	Expertise in financial accounting and corporate governance with professional qualifications as accountants and part-time professors of university schools of management		3
Mike Yang	Well versed in refinement of cloud management and deployment and in coordination of global 5G and AI networks		0
MK Lu	Has earned the nickname "the Merger King"		0

Note 1: (1) None of the provisions in Article 30 of the Company Law is applicable to the members of the board.

(2) For description of the expertise of independent directors, see the diversity status of the members of the board (p. 29~31 of the Annual Report)

Note 2: Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies

(1) The person, the spouse, and relative within the second degree of kinship, who not an employee, director or supervisor of the company or the affiliates of the company.

(2) The person, the spouse, and underage children, who not hold more than 1% of the shares or who is among the top-10 natural person shareholders.

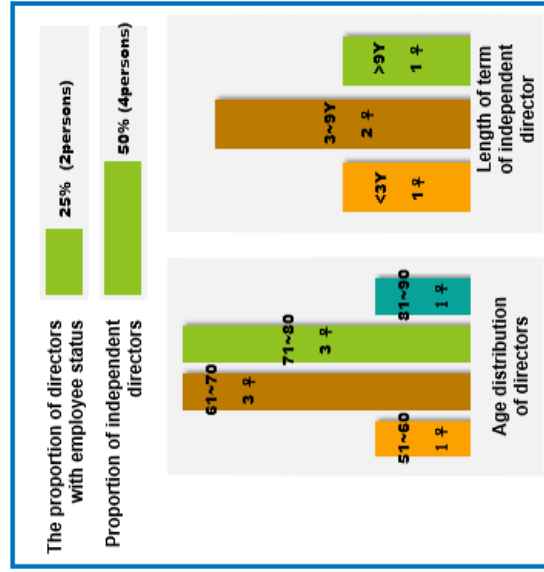
(3) Not a manager listed in (1) or a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship or closer to anyone listed in (2).

(4) Not a director or supervisor of the Company or the affiliates of the Company.

(5) Not a professional who provides audit or receives no more than NT\$500,000 in cumulative compensation in the last two years for commercial, legal, financial, or accounting services to the company or its affiliates, nor is an owner, partner, director, supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides such services to the company or its affiliates.

- (2) The independent directors possess training in accounting and audit, corporate governance, strategy, information technology, and information security:
- ① Albert Hsueh is an independent director and the convener of the Audit Committee who is trained in financial accounting and corporate governance and has extensive experience in corporate governance and management as well as skills in financial statement analysis and application.
 - ② Harvey Chang is an independent director who is an expert in finance and corporate management and has plenty of experience in salary and performance management, corporate development and related investments, all of which contribute to the company's expansion and financial planning activities.
 - ③ Mike Yang is an independent director who has an extensive background in IT and infosec. As the director of a Quanta operation center, Mike Yang has at least 30 years of practical management experience in overseeing computer system design and development, production management planning and implementation, global business expansion, innovative technology integration and application, worldwide branch establishment, international process management, and threat analysis and risk assessment for international trade and public opinion. Mike Yang is in charge of devising and promoting Internet service security and digital data protection measures to counter issues arising from innovation and quality change of business operations. Mike Yang has plenty of experience in leading and managing a team to build a management framework inside the organization, develop a safety culture, handle risk management, and propose solutions.
 - ④ MK Lu is an independent director who had been with Texas Instruments, LITEON, and Sino-American Silicon, and founded Actron Technology. He has been the lead in more than a dozen of mergers and succeeded in turning around many companies. His success in corporate management has earned him the nickname "the Merger King".

(3) Composition of Board members



Board Independence

The company actively implements the corporate governance system. In the operation and arrangement of the corporate governance system, the board of directors exercises its functions and powers in accordance with laws. The company respects the professional competencies of the directors, and all motions are discussed thoroughly before the board meetings, and the directors are consulted beforehand on major motions or other projects, and their professional advice is also sought during the meetings, which effectively raises the effectiveness of decision-making on motions and creates a good board meeting culture.

There are 4 independent directors of the company, the number of seats is more than half of the seats of directors, and the consecutive terms of 3 independent directors are not more than three consecutive terms, and they exercise their powers objectively. They review the management and control of the Company's existing or potential risks, etc., so as to supervise the effective implementation of the Company's internal control, the selection (dismissal) of certified public accountants and their independence, and the fair preparation of financial statements.

According to the Company's "Rules for Election of Directors", the cumulative voting system and candidate nomination system are adopted for the selection of directors and independent directors, and shareholders are encouraged to participate. Shareholders who hold a certain number of shares or more may submit a list of director candidates. Qualification review and confirmation of any violations listed in Article 30 of the Company Act shall be conducted and announced in accordance with the law to protect the rights and interests of shareholders, and maintain independence.

There are 2 directors who are spouses or relatives within the second degree of kinship among the directors of the company, and complies with the provisions of Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act.

3.2.2 Information Regarding Management Team

2024/02/29

Title	Nationality	Name	Gender	Date of appointment (office)	Proportion of shareholding		Proportion of shareholding by spouse and underage children		Proportion of shareholding under the title of a third party		Major Background Information	Other positions of other companies	Manager who is the spouse or kin within the 2 nd tier of the Civil Code			Remarks (Note)
					shares	%	shares	%	shares	%			Title	Name	Relationship	
President	R.O.C	Anson Chiu	Male	2013.08.19	1,504,000	0.06%	0	0%	0	0%	Refer to the information of Board Members	Refer to the information of Board Members.	None	None	None	None
Senior Vice President	R.O.C	Jerry Hsu	Male	2020.10.30	160,258	0.01%	32,057	0%	0	0%	Department of Electronic, Lunghwa University of Science and Technology VP, LITE-ON Technology Corporation.	None	None	None	None	None
Vice President	R.O.C	Steven Liao (Resigned on 2024.2.26)	Male	2020.07.16	280,978	0.01%	97	0%	0	0%	Master of Institute of EO Engineering, National Chiao Tung University AVP, LITE-ON Technology Corporation.	None	None	None	None	None
Vice President	R.O.C	John Chang	Male	2020.10.30	42,000	0%	0	0%	0	0%	EMBA, National Chiao Tung University AVP, LITE-ON Technology Corporation.	None	None	None	None	None
Vice President / Corporate Governance Officer / Board Secretariat	R.O.C	Jean Hong	Female	2015.09.07	0	0%	0	0%	0	0%	MBA, Preston University AVP, LITE-ON Technology Corporation. Honor: 2023 41st National Outstanding Manager Award Financial Manager	None	None	None	None	None
Vice President	R.O.C	Don Lin	Male	2022.12.06	106,000	0%	0	0%	0	0%	Michigan State University, Master, Electrical Engineering. AVP, LITE-ON Technology Corporation.	None	None	None	None	None
Principal Accounting Officer	R.O.C	Michelle Hsiao	Female	2022.12.06	20,400	0%	0	0%	0	0%	MBA, University of Texas at San Antonio Senior Director, LITE-ON Technology Corporation.	None	None	None	None	None

This table of other positions of the company or other company only displays offering companies and important subsidiaries.

Note :When the general manager or equivalent (the highest manager) is the same person as the chairman, is a spouse or a relative of each other, the reasons, rationality, necessity, and corresponding measures (such as increasing the number of independent directors, and should have More than half of the directors did not concurrently serve as employees or managers).

3.3 Remuneration Paid during The Most Recent Fiscal Year to Directors and Management Team

3.3.1 Remuneration of Directors, Independent Directors and Management Team

3.3.1.1 Remuneration of Directors and Independent Directors

Unit:NT\$ thousands

Title	Name	Remuneration (Note 1)						Relevant Remuneration Received by Directors Who are Also Employees				Total Compensation (A+B+C+D+E+F+G) and Ratio of Total Compensation to Net Income (%)		Compensation Paid to Directors from the Invested Company's Subsidiary (NOTE 2)				
		Base Compensation (A)		Severance Pay (B)		Directors Compensation (C)		Allowances (D)		Salary, Bonuses, and Allowances (E)		Severance Pay (F)			Employee Compensation (G)		From All Consolidated Entities	
		The company	From All Consolidated Entities	The company	From All Consolidated Entities	The company	From All Consolidated Entities	The company	From All Consolidated Entities	The company	From All Consolidated Entities	Cash	Stock		The company	From All Consolidated Entities		
Chairman	Tom Soong																	
Director	Raymond Soong																	
Director	Ta-Sung Investment Co., Ltd. Representative: Keh-Shew Lu	6,750	6,750	0	0	147,303	147,303	1,155	1,155	136,003	136,003	305	305	67,025	67,025	0	20	
Director	Ta-Sung Investment Co., Ltd. Representative: Anson Chiu																	
Independent Director	Harvey Chang																	
Independent Director	Albert Hsueh																	
Independent Director	Mike Yang	0	0	0	0	55,229	55,229	1,185	1,185	0	0	0	0	0	0	0	0	
Independent Director	MK Lu																	
			Amount : 155,208				Amount : 155,208				Ratio : 1.07%		Ratio : 1.07%		Amount : 358,541		Ratio : 2.46%	Ratio : 2.46%
			Amount : 56,414				Amount : 56,414				Ratio : 0.39%		Ratio : 0.39%		Amount : 56,414		Ratio : 0.39%	Ratio : 0.39%

1. Please describe the policy, system, standard, and structure of independent director remuneration, and describe the factors, including responsibilities, risks, and time invested, and their links to amounts of remuneration: According to Article 20-2 of the LITE-ON Articles of Incorporation, remuneration of directors of the company is determined by the board of directors by accepting the Remuneration Committee's recommendations and taking into account of each director's participation in management of the company and contribution as well as the industry standards worldwide. Moreover, Article 23 of the LITE-ON Articles of Incorporation requires that the company pay a director bonus at no more than 1.5% of the profit before tax and employee and director remuneration for the current year. Therefore, the amounts of remuneration for the company's independent directors, being based on personal performance and the company's business results and linked to future operational risks, should be considered reasonable.

2. Remuneration paid to directors for their services from the Company, all consolidated entities, and the invested companies except the above-mentioned figures: None.

Range of Remuneration to directors

Range of Remuneration	Name of Directors					
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)		Total of (A+B+C+D+E+F+G)	
	The company	From All Consolidated Entities (H)	The company	From All Consolidated Entities and Invested Companies (I)	The company	From All Consolidated Entities and Invested Companies (I)
NT\$0 ~ NT\$999,999						
NT\$1,000,000 ~ NT\$1,999,999						
NT\$2,000,000 ~ NT\$3,499,999						
NT\$3,500,000 ~ NT\$4,999,999						
NT\$5,000,000 ~ NT\$9,999,999						
NT\$10,000,000 ~ NT\$14,999,999	Raymond Soong , Ta-Sung Investment Co.,Ltd. (Representative: Keh-Shew Lu and Anson Chiu), Harvey Chang, Albert Hsueh, Mike Yang, and MK Lu	Raymond Soong , Ta-Sung Investment Co.,Ltd. (Representative: Keh-Shew Lu and Anson Chiu), Harvey Chang, Albert Hsueh, Mike Yang, and MK Lu	Raymond Soong , Ta-Sung Investment Co.,Ltd. (Representative: Keh-Shew Lu and Anson Chiu), Harvey Chang, Albert Hsueh, Mike Yang, and MK Lu	Raymond Soong , Ta-Sung Investment Co.,Ltd. (Representative: Keh-Shew Lu and Anson Chiu), Harvey Chang, Albert Hsueh, Mike Yang, and MK Lu	Raymond Soong , Ta-Sung Investment Co.,Ltd. (Representative: Keh-Shew Lu and Anson Chiu), Harvey Chang, Albert Hsueh, Mike Yang, and MK Lu	Raymond Soong , Ta-Sung Investment Co.,Ltd. (Representative: Keh-Shew Lu and Anson Chiu), Harvey Chang, Albert Hsueh, Mike Yang, and MK Lu
NT\$15,000,000 ~ NT\$29,999,999						
NT\$30,000,000 ~ NT\$49,999,999						
NT\$50,000,000 ~ NT\$99,999,999						
Over NT\$100,000,000	Tom Soong	Tom Soong	Tom Soong	Tom Soong	Tom Soong and Anson Chiu	Tom Soong and Anson Chiu
Total	8	8	8	8	8	8

* The content of the remuneration disclosed in this sheet is different from the concept of the Income Tax Act. Therefore, the purpose of this sheet is only for information disclosure but not for withholding tax.

NOTE 1: Please refer to the LITE-ON TECHNOLOGY CORP.'s official site for The Rules for Evaluating Board of Directors and Functional Committee Performance.

NOTE 2: The Compensation Paid to Directors are from the LITE-ON TECHNOLOGY CORP.'s investment companies.

3.3.1.2 Remuneration of Supervisors

Not applicable. The company has established the Audit Committee on June 21, 2007.

3.3.1.3 Compensation Paid to Management Team

Unit: New Taiwan Dollar

Title	Name	Salary (A)		Severance Pay and Pensions (B)(Note2)		Bonuses and Allowances (C) (Note3)		Employees' Profit Sharing Bonus (D)(Note4)				Total Compensation (A+B+C+D) and Ratio of Total Compensation to Net Income (%)		Compensation Paid to Directors from the Invested Company Other than the Company's Subsidiary	
		Stand-alone	Consolidated	Stand-alone	Consolidated	Stand-alone	Consolidated	Stand-alone		Consolidated		Stand-alone	Consolidated		
								Cash	Stock	Cash	Stock				
President	Anson Chiu														
Senior Vice President	Jerry Hsu														
Vice President	Steven Liao (Resigned on February 26, 2024)														
Vice President	John Chang	24,915,960	24,915,960	1,424,520	1,424,520	180,717,222	180,717,222	143,524,833	0	143,524,833	0	Amount : 350,582,535 Ratio : 2.41%	Amount : 350,582,535 Ratio : 2.41%	20,000	
Vice President / Corporate Governance Officer/ Board Secretariat	Jean Hong														
Vice President	Don Lin														
Principal Accounting Officer	Michelle Hsiao														

Note1 : These amounts did not include compensation for the period after Steven Liao resigned on February 26, 2024.

Note2 : Pensions funded according to applicable law.

Note3 : In accordance with IFRS2 "Share-Based Payment", new restricted employee shares are included in the compensation.

Note4 : Refers to the amount approved by the Compensation Committee for the employee's remuneration in the most recent year (2023).

Range of compensation to management executives

Range of compensation to management executives	Name of management executives	
	On a stand-alone basis	From All Consolidated Entities and Invested Companies(E)
NT\$0 ~NT\$ 999,999		
NT\$1,000,000-NT\$1,999,999		
NT\$2,000,000-NT\$3,499,999		
NT\$3,500,000-NT\$4,999,999		
NT\$5,000,000-NT\$9,999,999		
NT\$10,000,000-NT\$14,999,999	Michelle Hsiao	Michelle Hsiao
NT\$15,000,000-NT\$29,999,999	Jean Hong	Jean Hong
NT\$30,000,000-NT\$49,999,999	Don Lin , Steven Liao	Don Lin , Steven Liao
NT\$50,000,000-NT\$99,999,999	Jerry Hsu , John Chang	Jerry Hsu , John Chang
Over NT\$100,000,000	Anson Chiu	Anson Chiu
Total	7	7

* The definition of remuneration disclosed in this table is not identical to that of income under the Income Tax Act. Hence, this table is intended for disclosure purpose only, and should not be used for tax returns.

3.3.1.4 Employees' Profit Sharing Bonus Paid to Management Team

As of February 29, 2024

Title	Name	Stock bonus	Cash bonus	Total	As a % of net profit
President	Anson Chiu	0	143,524,833	143,524,833	0.99%
Senior Vice President	Jerry Hsu				
Vice President	Steven Liao (Resigned on February 26, 2024)				
Vice President	John Chang				
Vice President / Corporate Governance Officer/ Board Secretariat	Jean Hong				
Vice President	Don Lin				
Principal Accounting Officer	Michelle Hsiao				

3.3.1.5. The Individual Remuneration Paid to each of its Top Five Management Personnel (listed individually by name and payment type): Not Applicable.

3.3.2 Analysis Results for the Ratio of Total Remuneration to the Net Income

Respectively describe and compare the analysis results for total remunerations paid to the directors and management team in the last two years as a percentage of the net income; and describe the relevance between the remuneration policy, standards and combinations, remuneration setting procedures, and business performance:

1. Analysis results for total remunerations paid to the directors and management team in the last two years as a percentage of the net income and the relevance to business performance:

Item	Total remunerations as a percentage of net income			
	2022		2023	
	LITEON	Consolidated	LITEON	Consolidated
Directors	1.46%	1.46%	1.45%	1.45%
Management team	1.79%	1.79%	2.41%	2.41%

2. Relevance between remuneration policy for LITEON directors, management team and business performance and future risks:

Remuneration for LITEON directors is governed by Article 20-2 and Article 23 of the Articles of Incorporation and shall not exceed 1.5% of the current year profit. A reasonable amount based on the company's business performance and the contribution of individual directors to the business results should be made for the current year's remuneration for directors.

The policy of remuneration of management team follows the LITEON Compensation Management Guidelines. Remuneration is based on the average level of pay offered by competition for the same position, the authority and responsibility of the position, and is linked to the company's operational performance indicators, including financial and non-financial indicators such as Enterprise Sustainability (ESG) contribution to pay remuneration.

The procedure of setting remuneration is based on evaluation criteria in the LITEON "Rules for Evaluating Board of Directors and Functional Committee Performance" and the "Performance Management Guidelines". In addition to the company's overall business results and future operating risks and trends in the industry, the personal target completion rate and contribution to the company's business results are also taken into consideration in the calculation of a reasonable payment. Related performance evaluation and pay reasonableness is reviewed by the Compensation Committee and the board of directors. The remuneration system is reviewed as needed to reflect actual business performance and regulations and to maintain the balance between sustainable development and risk management.

Manager Performance Indicators:

Performance Indicator	Description	
Financial (70%)	Follow the company's business policies and sales targets and develop performance indicators to reflect the responsibilities of the position. Contribution to net profit before tax/Annual growth/ Budget execution/Annual revenue growth, net operating profit budget execution, etc.	
Non-financial (30%)	Sustainability (20%)	Total quality management, internal control, training and succession, risk management and information security, customer satisfaction, employee satisfaction, and carbon reduction, etc.
	Behavioral indicators (10%)	Six Core Principles/Three Target Behaviors Evaluate the performance of core functions based on the two principles of the expected number and duration of behavioral indicators exhibited by the evaluator during the evaluation period.

3. Remuneration of supervisors: Not applicable. The Company has established the Audit Committee on June 21, 2007

3.4 Implementation of Corporate Governance

3.4.1 Board of Directors

3.4.1.1 Board Meetings Attendance

The Board held 9 meetings (A) in the recent period of time (from January 1st, 2023 to February 29th, 2024) with the attendance of the directors specified as below:

Title	Name	Attend (sit in) in person (B)	Attend by proxy	Attendance rate (%) 【 B / A 】	Remarks
Chairman	Tom Soong	6	3	67	
Director	Raymond Soong	9	0	100	
	Ta-Sung Investment Co., Ltd. Representative: Keh-Shew Lu	8	1	89	
	Ta-Sung Investment Co., Ltd. Representative: Anson Chiu	8	1	89	
Independent Director	Harvey Chang	9	0	100	
	Albert Hsueh	9	0	100	
	Mike Yang	4	5	44	
	MK Lu	9	0	100	

3.4.1.2 Annotations:

(1) Securities and Exchange Act §14-3 resolutions, and others

Minutes of Board meetings where Article 14-3 of the Securities and Exchange Act is applicable and contained information on the objection or qualified opinions of the independent directors on record or in writing: none.

(2) The Board Meeting Attendance Status of Independent Director

⊙ : Attend (sit in) in person Δ : Attend by proxy

Board	Harvey Chang	Albert Hsueh	Mike Yang	MK Lu
In the 12th session of the 7th Board Meeting on Feb. 21, 2023	⊙	⊙	⊙	⊙
In the 12th session of the 8th Board Meeting on Apr. 27, 2023	⊙	⊙	⊙	⊙
In the 12th session of the 9th Board Meeting on May 30, 2023	⊙	⊙	Δ	⊙
In the 12th session of the 10th Board Meeting on Jul. 28, 2023	⊙	⊙	⊙	⊙
In the 12th session of the 11th Board Meeting on Aug. 23, 2023	⊙	⊙	Δ	⊙
In the 12th session of the 12th Board Meeting on Oct. 19, 2023	⊙	⊙	Δ	⊙
In the 12th session of the 13th Board Meeting on Oct. 30, 2023	⊙	⊙	⊙	⊙
In the 12th session of the 14th Board Meeting on Jan. 25, 2024	⊙	⊙	Δ	⊙
In the 12th session of the 15th Board Meeting on Feb. 26, 2024	⊙	⊙	Δ	⊙

(3) Recusals of Directors due to conflicts of interests: Five occasions

1. In the 7th session of the 12th Board Meeting, Chairman Tom Soong, Director Mr. Raymond Soong, Mr. Anson Chiu and Independent Director Mr. MK Lu avoided the discussion and did not vote the motion of donation to Lite-On Cultural Foundation.
2. In the 8th session of the 12th Board Meeting, Chairman Tom Soong and Director Mr. Anson Chiu avoided the discussion and did not vote the motion of the cancellation of restricted shares to employee stock awards.
3. In the 11th session of the 12th Board Meeting, Director Mr. Anson Chiu avoided the discussion and did not vote the motion of the share sale of subsidiaries.
4. In the 13th session of the 12th Board Meeting, Chairman Tom Soong and Director Mr. Anson Chiu avoided the discussion and did not vote the motion of the company generally accepts the endorsement guarantee limit of Lite-On Capital Corp.
5. In the 13th session of the 12th Board Meeting, Chairman Tom Soong and Director Mr. Anson Chiu avoided the discussion and did not vote the motion of the merger with its subsidiary, Lite-On Capital Corp.

(4) Implementation of the performance evaluation of the board of directors and functional committees:

Evaluation Cycle	Period of Evaluation	Scope of Evaluation	Method of Evaluation	Evaluation Content
Performed once a year	Jan. 01, 2023 to Dec. 31, 2023	Board Performance Evaluation	Internal evaluation of the board	① Participation in the operation of the company. ② Improvement of the quality of the board of directors' decision making. ③ Composition and structure of the board of directors. ④ Election and continuing education of the directors. ⑤ Internal control.
		The evaluation of individual directors	Self-evaluation by individual board members	① Familiarity with the goals and missions of the company. ② Awareness of the duties of a director. ③ Participation in the operation of the company. ④ Management of internal relationship and communication. ⑤ The director's professionalism and continuing education. ⑥ Internal control.
		Evaluation of the performance of functional committees (Audit/ Compensation/ Nomination/ Growth Strategy/ Corporate Sustainability Committee)	The internal evaluation of functional committees	① Participation in the operation of the company; ② Awareness of the duties of the functional committee; ③ Improvement of quality of decisions made by the functional committee; ④ Make up of the functional committee and election of its members ⑤ Internal control.

- The indexes of 2023 board and functional committee performance evaluation are determined based on the operation and needs of the Company and suitable and appropriate for evaluations by the company, subject to reviews of the Compensation Committee.
- When electing or nominating members of the board of directors, the Company base its election on the evaluation results of the performance of the board and base its determination of an individual director's remuneration on the evaluation results of his or her performance.
- The Company reported the evaluation results in the first quarterly Compensation Committee (Feb.21, 2024), Nomition Committee (Feb.21, 2024) and Board(Feb.26, 2024) meetings, the results will be a reference for enhancing the professional competence of the Board of Directors and had been announced on the company website for investors' reference.

(5) Measures taken to strengthen the functionality of the Board Targets and performance of the board's functions for last year and most recent year:

- For strengthening and accelerating the growth strategy of the Company and the whole business group, the Company has established the Growth Strategy Committee in 2010. The Committee is authorized by Board of Directors to direct and review the Company and the Group's overall growth strategies, and to preview the important investment projects, and periodically reports the resolutions to the Board of Directors.
- The Company will continue to pursue sound corporate governance and the transparency, timeliness, and fairness of financial information disclosure. In 2015, Lite-On was rated A++ by the Securities and Futures Institute during its 12th Information Disclosure Evaluation. Meanwhile, LITEON was rated top 5% of listing company in 2nd session, 6%~20% in 3rd and 7th session, top 5% in 4th to 6th and 8th to 9th sessions of Corporate Governance Evaluation arranged by Taiwan Stock Exchange (TWSE).
- To be in accordance with the international trend of sustainable governance, LITEON had passed the proposal to set up the Corporate Sustainability Committee that directly report to the Board. The committee is responsible for scheming up sustainable development policy, extended determination and supervision. ESG accountability provides the direction for operations in risk management, information security management, ethical corporate management, effective management of the RBA code of conduct, community involvement, sustainable supply chain management, sustainable product design, environmental sustainability, and stakeholder communication and information disclosure.
- The Company formulated the "Risk Management Policy and Procedures" in February 2020 in view of

strengthening corporate governance and improving the Company's management and control of risk; wherein it established risk management mechanisms which include early identification, accurate measurement, effective supervision, and rigorous controls. Within the scope of bearable risk, it prevents possible losses and continuously adjusts and improves best risk management practices based on changes in the internal and external environments, thus protecting the interests of employees, shareholders, partners, and clients, increasing the value of the Company, and achieving the principle of optimizing allocation of company resources. Furthermore, the annual risk management plan and operation were presented to the Corporate Sustainability Committee and the Audit Committee in 2023. The Audit Committee in turn presented the results to the board of directors.

5. In following the direction of corporate governance and strengthening the roles of the board, LITEON implemented the "Nomination Committee Charter" in February 2021 and passed the establishment of the "Nomination Committee". The Nomination Committee devises the criteria for directors and executive officers and seeks and nominate candidates based on these criteria. The Nomination Committee establishes and develops the organizational structure of the board and its committees. It also conducts performance evaluation for the board of directors and its committees, performance evaluation for directors and executive officers, and independence assessment of independent directors. The Nomination Committee establishes and reviews regularly continuing training programs for director and succession plans of directors and executive officers.

3.4.2 The Operation of the Audit Committee

3.4.2.1 Audit Committee Meeting Status

The main function of the Audit Committee is to supervise the following matters:

- Fair presentation of the financial reports of Lite-On Technology Corporation.
- The hiring (and dismissal), independence, and performance of certificated public accountants of Lite-On Technology Corporation.
- The effective implementation of the internal control system of Lite-On Technology Corporation.
- Compliance with relevant laws and regulations by Lite-On Technology Corporation.
- Management of the existing or potential risks of Lite-On Technology Corporation.

The Audit Committee is responsible for reviewing the following:

- The adoption of or amendments to the internal control system.
- Assessment of the effectiveness of the internal control system.
- The adoption or amendment, of the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others.
- Matters in which a director is an interested party.
- Asset transactions or derivatives trading of a material nature.
- Loans of funds, endorsements, or provision of guarantees of a material nature.
- The offering, issuance, or private placement of equity-type securities.
- The hiring or dismissal of a certified public accountant, or their compensation.
- The appointment or discharge of a financial, accounting, or internal audit officer.
- Annual financial reports which are signed or sealed by the chairperson, managerial officer, and accounting officer.
- Proposals regarding business reports and profit distribution or loss replenishment.
- Other material matters as may be required by this Corporation or by the competent authority.

The Audit Committee held 9 meetings (A) in the recent period of time (from January 1, 2023 to February 29, 2024) with the attendance of the independence directors specified below:

Title	Name	Attend (sit in) in person (B)	Attend by proxy	Attendance rate (%) 【 B / A 】	Note
Independent Director	Albert Hsueh	9	0	100	
	Harvey Chang	9	0	100	
	Mike Yang	4	5	44	
	MK Lu	9	0	100	

3.4.2.2 Annotations:

(1) Resolutions related to Securities and Exchange Act §14-5, and others

1. Issues stated in Article 14-5 of the Securities and Exchange Act of the ROC passed by the Audit Committee:

Audit Committee	Content of motion	Article 14-5 of the Securities and Exchange Act of the ROC	Minutes of Audit Committee	Company reaction base on the opinion of Audit Committee
In the 7th session of the 6th Audit Committee on Feb. 21, 2023	<ol style="list-style-type: none"> The Company's consolidated financial report of 2022. Interim dividend distribution of 2022. The Amendment to "Management of the procedures for preparation of financial statements". The certified public accountants reported to the Audit Committee the annual compensation of 2023 and refer to Audit Quality Indicators(AQI) to evaluate the independence and competence of CPA. The Company's 2022 business report. The budget of the R&D building construction in Kaohsiung. The Record date for cancellation of registration and share capital reduction involving cancellation of treasury stock repurchased by the Company in accordance with Article 13 of the Business Mergers and Acquisitions Act. The Record date for cancellation of registration and share capital reduction involving the cancellation of restricted shares to employee Stock Awards. Reviewing the report on self-assessment results for the year 2022. The amendment on the title of "Whistleblowing Guidelines" (original title: Corruption Reporting Guidelines). 	<p>v</p> <p>v</p> <p>v</p> <p>v</p> <p>v</p> <p>v</p> <p>v</p> <p>v</p> <p>v</p>	All attendees of Independent Directors have no objection	All attendees of Directors have no objection
In the 8th session of the 6th Audit Committee on Apr. 27, 2023	<ol style="list-style-type: none"> The Company's consolidated financial report of 2023Q1. No interim dividend distribution of 2023 Q1. To adjust the originally approved use of capital funds of subsidiary LITE-ON VIETNAM CO., LTD. to meet its operational needs. Issuance of new shares with restricted employee rights and list of allotted employees and the number of allotted shares in 2023. The cancellation of restricted shares to employee stock awards. The dispose JIANGXI FIRSTAR PANEL TECHNOLOGY CO., LTD. common shares hold by subsidiary. The company signed a consulting service contract with an external organization for the Project Citibreak investment case. 	<p>v</p> <p>v</p> <p>v</p> <p>v</p> <p>v</p> <p>v</p>		

Audit Committee	Content of motion	Article 14-5 of the Securities and Exchange Act of the ROC	Minutes of Audit Committee	Company reaction base on the opinion of Audit Committee
In the 9th session of the 6th Audit Committee on May 30, 2023	1. LITE-ON TECHNOLOGY USA, INC. a 100% owned subsidiary by the Company, capital injection to LITEON INC for Plano factory investment. 2.To change deal criteria of disposing VIZIO HOLDING CORP. common shares held by subsidiary.	v v	All attendees of Independent Directors have no objection	All attendees of Directors have no objection
In the 10th session of the 6th Audit Committee on Jul. 28, 2023	1. The Company's consolidated financial report of 2023Q2. 2.Interim dividend distribution of 2023 2Q. 3.The Company's 2023Q2 business report. 4.The cancellation of restricted shares to employee stock awards.	v v v		
In the 11th session of the 6th Audit Committee on Aug. 23, 2023	The share sale of subsidiaries.	v		
In the 12th session of the 6th Audit Committee on Oct. 19, 2023	To establish subsidiary in Vietnam.	v		
In the 13th session of the 6th Audit Committee on Oct. 30, 2023	1. The Company's consolidated financial report of 2023Q3.	v		
	2. No interim dividend distribution of 2023Q3.	v		
	3. The cancellation of restricted shares to employee stock awards.	v		
	4. The company generally accepts the endorsement guarantee limit of Lite-On Capital Corp.	v		
	5. The merger with its subsidiary, Lite-On Capital Corp.	v		
	6. Capital reduction through cancellation of treasury stocks.	v		
	7. Issuance of the First Domestic Unsecured Convertible Corporate Bonds.	v		
	8. Formulate the company's "Sustainability report preparation, verification and announcement reporting procedures".			
	9. The amendment of internal control and internal audit guidelines.	v		
	10.Reviewing and approving the 2024 internal audit plan	v		
In the 14th session of the 6th Audit Committee on Jan. 25, 2024	1. The company signed a consulting service contract with an external organization for the Project Titan merger and acquisition. 2. Regarding Project Titan, the company made a binding offer for the acquisition target company. 3. Due to the Project Cosmos investment project, our company signed a consulting service contract with an external organization.		All attendees of Independent Directors have no objection	The two proposals above have received unanimous approval of all attending directors. The third proposal will not have to be submitted to the board of directors until it enters the next stage.

review or audits on the Company’s financial results, and also the communication of the relevant law and regulation or any other modified issues.

2. The Audit Committee consists entirely of independent directors. The Auditors reported to the Audit Committee on the major audit matters and audit results.

Three ways of communication between the Chief Audit Officer and independent directors as below :

- (1) Communication via the Audit Committee quarterly.
- (2) Communication with the Chairman of the Audit Committee via project meeting quarterly.
- (3) Audit reports and follow-up reports reviewed by the Audit Committee irregularly.

The communication channel between the independent directors and the Chief Audit Officer functioned well. The communication between independent directors and the internal auditors are listed in the table below.

a. Communication through the Audit Committee

Meeting Dates	Communication Matters	Results
Feb. 21, 2023	<ol style="list-style-type: none"> 1. Reviewing the internal auditor’s work report for the fourth quarter of 2022 (include reviewing regulatory developments). 2. Reviewing the report for Whistleblowing of 2022. 3. Reviewing the report on self-assessment results for the year 2022. 4. The amendment on the title of “Whistleblowing Guidelines” (original title: Corruption Reporting Guidelines). 	There are no comments at this meeting.
Apr.27, 2023	<ol style="list-style-type: none"> 1. Reviewing the progress of statutory works in the first quarter of 2023. 2. Reviewing the progress of planned audit works and following-up in the first quarter of 2023. 3. Reviewing the report for Whistleblowing in the first quarter of 2023. 	There are no comments at this meeting.
Jul.28, 2023	<ol style="list-style-type: none"> 1. Reviewing the progress of annual plan of 2023. 2. Reviewing the progress of planned audit works and following-up in 2023. 3. Reviewing the report for Whistleblowing in the first half of 2023. 	There are no comments at this meeting.
Oct.30, 2023	<ol style="list-style-type: none"> 1. Reviewing the progress of annual plan of 2023. 2. Reviewing the progress of planned audit works and following-up in 2023. 3. Findings for the audit of Midway project. 4. Reviewing the report for Whistleblowing in the third quarter of 2023. 5. Reviewing and approving the 2024 internal audit plan 6. The amendment of internal control and internal audit guidelines. 	There are no comments at this meeting.
Feb.26, 2024	<ol style="list-style-type: none"> 1. Reviewing the internal auditor’s work report for 2023 (Please refer to the authorized proposal of the statement of internal control for the year 2023). 2. Planning and implementation of spot checks on audit. 3. Dual-axis transformation - Jinheng Award and subsequent benefits. 4. Reviewing the report for Whistleblowing in the fourth quarter of 2023. 	There are no comments at this meeting.

b. Project meeting between Chief Audit Officer and Chairman of Audit Committee

Date/Quarter	Communication Matters	Results
2023.3.15 the first quarter of 2023	<ol style="list-style-type: none"> 1. The project of "LITEON Audit intelligent monitoring system"-Procurement Cycle implemented as schedule. 2. The project of "LITEON Audit intelligent monitoring system 2.0"-Procurement Cycle implemented as schedule. 3. The progress of 2023 compliance education. 	There are no comments at this meeting.
2023.5.11 the second quarter of 2023	<ol style="list-style-type: none"> 1. The project of "LITEON Audit intelligent monitoring system 2.0"-Procurement Cycle implemented as schedule. 2. Improving efficiency by ChatGPT. 	There are no comments at this meeting.
2023.8.7 the third quarter of 2023	<ol style="list-style-type: none"> 1. Audits for the discipline of sites. 2. Controls for significant and special transactions. 	There are no comments at this meeting.
2023.11.15 the fourth quarter of 2023	<ol style="list-style-type: none"> 1. Reviewing the internal auditing progress for 2023. 2. The audit plan declaration items for 2024. 3. The proposal of internal audit center for 2024 : Integration of internal audit and company's operations. 	There are no comments at this meeting.

c. Audit reports and follow-up reports review

Period	Communication Matters	Results
Jan.01~Dec.31, 2023	During Jan 1 to Dec,31, 2023, the internal auditors have sent the audit reports and follow-up reports to the Audit Committee 56 times.	The Chairman of the Audit Committee has commented on each audit report. The internal auditors have followed the instructions and reported to the Audit Committee.
Jan.01~Feb.29, 2024	During Jan 1 to Feb.29, 2024, the internal auditors have sent the audit reports and follow-up reports to the Audit Committee 11 times.	The Chairman of the Audit Committee has commented on each audit report. The internal auditors have followed the instructions and reported to the Audit Committee.

3.The communication channel between the independent directors and the certified public accountants functioned well. The communication between independent directors and the certified public accountants are listed in the table below.

The Audit Committee consists entirely of independent directors. The certified public accountants reported to the Audit Committee on the major matters and financial results of their quarterly reviews/annual audits, and also the communication of the updated regulations relating to the company’s operation and finance. The certified public accountants will initiate direct communication with the committee when deemed necessary, and currently, communication is good between the parties.

Meeting Dates	Communication matters	Results
Feb. 21, 2023	The certified public accountants reported to the Audit Committee on the results and the major matters of consolidated and standalone financial reports of 2022.	Consolidated and standalone financial reports of 2022 were reported to the Board of Directors after being approved by the Audit Committee, and was publicly announced and reported to the authority as scheduled.
Apr.27, 2023	The certified public accountants reported to the Audit Committee on the results and major review matters of 2023 Q1 consolidated financial report.	Consolidated financial reports of 2023Q1 was submitted to the Board of Directors and was approved after being approved by the Audit Committee and was publicly announced and reported to the authority as scheduled.
Jul.28, 2023	The certified public accountants reported to the Audit Committee on the results and major review matters of 2023 Q2 consolidated financial report.	Consolidated financial reports of 2023Q2 was submitted to the Board of Directors and was approved after being approved by the Audit Committee and was publicly announced and reported to the authority as scheduled.
Oct.30, 2023	<ol style="list-style-type: none"> 1.The certified public accountants reported to the Audit Committee on the results and major review matters of 2023 Q3 consolidated financial report. 2.The certified public accountants reported to the Audit Committee on the planning key audit matters of 2023 Q4 and auditing planning of each period of 2024. 3.The certified public accountants submitted the list of non-assurance services that may be to be provided in next year and stated that they will follow the internal guidelines established by the company to comply with the standards of the IESBA. 	Consolidated financial reports of 2023Q3 was submitted to the Board of Directors and was approved after being approved by the Audit Committee and was publicly announced and reported to the authority as scheduled.
Feb. 26, 2024	<ol style="list-style-type: none"> 1.The certified public accountants reported to the Audit Committee on the results and the major matters of consolidated and standalone financial reports of 2023. 2.The certified public accountants reported on the amounts of the audit and non-audit service fees provided by Deloitte in 2023. 	Consolidated and standalone financial reports of 2023 were submitted to the Board of Directors and was approved after being approved by the Audit Committee, and was publicly announced and reported to the authority as scheduled.

3.4.2.3 Attendance of Supervisors at Board Meetings:

The Company has established the Audit Committee on June 21 2007 to perform the functions of the supervisors as required by law.

3.4.3 Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	V		The company has established the LITE-ON Technology Corporation Corporate Governance Best Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies. The Company’s Best Practice Principles have been passed and implemented by resolution of a board of directors meeting, and disclosed and made the principles available for download on the company website. In addition to compliance with the laws and regulations, the company’s corporate governance practices are built within an effective corporate governance framework to protect the shareholders’ rights, strengthen the board’s functions, ensure respect for stakeholders’ rights, and increase transparency.	In compliance with the Best Practice Principles
2. Shareholding Structure & Shareholders’ Rights				In compliance with the Best Practice Principles
(1) Does Company have Internal Operation Procedures for handling shareholders’ suggestions, concerns, disputes and litigation matters. If yes, has these procedures been implemented accordingly?	V		(1) The company has set up internal operation procedures and appointed a spokesperson, a deputy spokesperson, and representatives of legal department to handle shareholders’ suggestions, concerns, disputes and litigation matters. The procedures have been implemented accordingly.	
(2) Does Company possess a list of major shareholders and beneficial owners of these major shareholders?	V		(2) The company is able to track shareholding by principal shareholders who hold 10% or more of the company’s shares. The company also files the information with the authority as required.	
(3) Has the Company built and executed a risk management system and “firewall” between the Company and its affiliates?	V		(3) The company has established the Subsidiary Management Guidelines and the Operating Procedures for Management, Business, and Financial Interactions between Affiliates to keep risks between the company and its affiliates under adequate control and create a sufficient firewall.	
(4) Has the Company established internal rules prohibiting insider trading on undisclosed information?	V		(4)A. The company has implemented “the Material Insider Information Procedures” (including major data processing, transmission, confidentiality, preservation, disclosure mechanisms and insider transaction prevention, laws and regulations, etc.), expressly stipulating that directors, managers and employees must not disclose Known internal material information to others, not to inquire or collect from companies who have knowledge of the company’s internal material information. Company’s undisclosed internal material information that is not related to his or her position, and to know the company’s undisclosed internal material information for non-execution of business It must not be disclosed to others. B. The Company arranges for its directors to take 6 hours of continuing education each year; it also educates current directors on laws and regulations related to prevention of insider trading at least once per year. The "Material Insider Information Procedures" is listed as an annual compulsory education and training for all colleagues (including new recruits). It is aimed at the major violations of the company’s internal major information (such as insider trading), the huge impact that the behavior may have on the company, and the law disciplinary regulations and other propaganda were conducted to guide colleagues to review the attitudes and legal procedures that should be followed when handling important information within the company. Course briefings and video files are placed in the internal staff system throughout the year, providing a variety of learning channels for all colleagues. For course name, number of participants, and duration, please refer to "5. Operational Highlights-5.5 Labor Relations" of this annual report.	

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
<p>3. Composition and Responsibilities of the Board of Directors</p> <p>(1) Has Board of Directors established a diversification policy and a specific management goal, and has it been implemented accordingly?</p>	V		<p>(1) The company has stated explicitly its board diversity policy in the Corporate Governance Best Practice Principles. The company considers the industry and professional background and the field of work and experience of individuals and selects candidates with the knowledge, skills, and disposition necessary to perform the duties to be its directors. The company's business operations and its overall development can derive benefits from the approach. And implement the specific management objectives of directors concurrently serving as company officers not exceed one-third of the total number of the board members.</p> <p>The board of directors of the company must be composed of experts and scholars from industry, finance, business, investment, information, and communications. Over half of the board members must have industry experience, and there is at least one person in each professional field covering operational judgment, salary management, corporate governance, business management, information security, risk management, and sustainable development management; it is actively looking for one female director.</p>	In compliance with the Best Practice Principles
<p>(2) Does the company voluntarily establish other functional committees in addition to the Compensation Committee and the Audit Committee?</p>	V		<p>(2) In addition to establishing the Audit Committee(Set in 2007) and the Compensation Committee(Set in 2008) as required by law, the company has created below functional committees.</p> <p>A. The Growth Strategy committee(Set in 2010) is authorized by board of directors to direct and review the company and the Group's overall growth strategies and to preview the important investment projects.</p> <p>B. To be in accordance with the international trend of sustainable governance, LITEON had passed the proposal to set up the Corporate Sustainability Committee (Set in 2019) that directly report to the Board. The committee is responsible for scheming up sustainable development policy, extended determination and supervision. Nine subcommittees are comprised in the committee and in charge of the promotion and practice of the work in RBA, social involvement, sustainable supply chain management, environmental sustainability, green design, public relations, risk management, ethical operation and information security aspect according to the authority.</p> <p>C. Nomination Committee(Set in 2021) enables a stronger director election mechanism, and builds a board with better professionally trained members from various backgrounds. The committee is responsible for setting the criteria for qualified directors and executive officers. These criteria provide the basis for searching and nominating candidates, establishing and developing the organizational structure for the board and its committees, and devising and regularly reviewing continuing training plans for directors and director and executive officer succession plans.</p>	

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
(3) Has the Company established methodology for evaluating the performance of its Board of Directors, on an annual basis and submit the results of performance assessments to the board of directors and use them as reference in determining compensation for individual directors, their nomination and additional office term?	V		(3) The company has implemented the Rules for Evaluating Board of Directors and Functional Committee Performance, and has been performing board performance evaluation every year. The methods of evaluation include the internal evaluation of the board, self-evaluation by individual board members, and internal evaluation of the functional committee. External professional institutions or teams of experts and scholars are hired to perform evaluation every three years. The performance evaluation results of Board of Directors and Functional Committees of the Company for the year 2023 are used as a reference when electing or nominating members of the board of directors, and base its determination of an individual director's remuneration on the evaluation results of his or her performance. The Company reported the evaluation results in the first quarter Compensation Committee (Feb.21, 2024), Nomination Committee (Feb.21, 2024) and board meeting (Feb.26, 2024), the results will be a reference for enhancing the professional competence of the Board of Directors and had been announced on the company website for investors' reference.	
(4) Does the Company regularly evaluate its external auditors' independence?	V		(4) The Audit Committee of the company evaluates the independence and competency of the Certificated Public Accountants (CPA) every year. In addition to requiring the CPA to provide "declarations of impartiality and independence", the evaluation is conducted based on the independence assessment criteria specified in Note 1 and the Audit Quality Indicators (AQI) in Note 2. The company has confirmed that apart from the certification and finance and tax related handling charges between the CPA and the company, there exist no financial interest or business relationship between any of the CPA and the company, and none of the CPA's family members is in violation of the independence requirement. The company also considers the AQI, make sure that the CPA and the CPA firm have sufficient audit experience and training hours, and they have been continuously adopting digital audit tools over the past three years to enhance audit quality. The recent year's evaluation result of the CPA's independence was approved by the board of directors on February 26, 2024.	
4. Does the TWSE/TPEX listed company have in place an adequate number of qualified corporate governance officers and appoint a corporate governance supervisor to be responsible for corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with the laws, organizing board meetings and annual general meetings as required by law, and compiling minutes of board meetings and annual general meetings)?	V		Through a company resolution passed by the board of directors meeting on February 26, 2019, the company appoints Jean Hong, vice president of the Finance Department and Board Secretariat, as the corporate governance officer responsible for protecting the shareholders' rights and making the board function more effectively. Ms. Jean Hong has a minimum of ten-year experience in conducting financial operations and business meetings in a management capacity in listed companies. The main duties are the following: 1. Formulating company policies and an appropriate organizational structure to facilitate independence of the board of directors, transparency of the company, and effective implementation of compliance, internal audit and internal control. 2. Reporting to the board of directors, directors, and the functional committees on the status of corporate governance practices in the company, and checking if shareholders meetings and board meetings are called in compliance with the applicable regulations and corporate governance principles. 3. Inviting suggestions from directors prior to a board meeting to facilitate preparation of the meeting agenda; and giving a minimum of 7-day notice to all directors to attend a meeting and providing sufficient materials for the directors to familiarize themselves with the items. Giving prior notice to the individuals involved in the presence of items that involve stakeholder interest and require recusal. 4. Registering the date of shareholders meeting and preparing and filing with the authority the shareholders meeting notice, agenda, and minutes by the statutory deadline every year; and completing the procedures after an amendment of the Articles of Incorporation or an election of directors. 5. Inspecting the disclosure of material information passed by the board of directors after a board meeting or shareholders meeting in order to ensure the legality and accuracy of said material information and protect parity of investor information.	In compliance with the Best Practice Principles

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
			<p>6. Keeping board members informed of latest changes and developments in laws and regulations relevant to the company's field and regarding corporate governance.</p> <p>7. Create yearly study plans or enroll in courses based on the characteristics of the company's business activities and the education and experience of respective directors.</p> <p>8. Providing the directors with necessary company information; and maintaining an open communication channel between the directors and the department leaders.</p> <p>9. Providing assistance to arrange communication between the independent directors and the Chief Audit Officer and the certified public accountants to facilitate understanding of the company's financial operations.</p> <p>10. Other duties pursuant to the Articles of Incorporation or other contracts.</p> <p>2023 Corporate Governance Operating Status:</p> <p>1. Reporting to the board of directors, directors, and the functional committees on the status of corporate governance practices and making sure that shareholders and board meetings are called in compliance with the applicable regulations and corporate governance principles.</p> <p>2. Established the annual work plan and meeting agenda for the board of directors and functional committees, and prepared legislative proceedings. Inviting suggestions from directors prior to a board meeting to facilitate preparation of the meeting agenda; and giving 7-day notice to all directors to attend a meeting by e-mail and providing sufficient materials for the directors to familiarize themselves with the items.</p> <p>Gave prior notice to the individuals involved where there were items involving stakeholder interest and requiring recusal. Held 7 board meetings, 7 Audit Committee meetings, 3 Compensation Committee meetings, 2 Nomination Committee meetings, 2 Growth Strategy Committee meetings, and 2 Corporate Sustainability Committee meeting in 2023. The details of the above meetings are on the Company's website.</p> <p>3. Inspecting the disclosure of material information passed by the board of directors after a board meeting or shareholders meeting in order to ensure the legality and accuracy of said material information and protect parity of investor information.</p> <p>4. Keeping board members informed of latest changes and developments in laws and regulations relevant to the company's field and regarding corporate governance.</p> <p>5. Providing the directors with necessary company information; and assist directors and department heads to interact and communicate smoothly.</p> <p>6. Registered shareholder meeting date within the legally ordered period (2023 shareholder meeting was held on May 17), and the shareholders' meeting shall be completed within the time limit specified by the competent authority.</p> <p>7. Arranged 6 hours of educational training for the directors on "The function and role of financial strategy" and "Matters needing attention in corporate mergers and acquisitions".</p> <p>8. Arranged communication between independent directors and internal auditors/Certified Public Accountants during Audit Committee meetings. Summarizes can be found on the Company's website.</p> <p>9. On October 30, 2023, report the company's annual risk management operation and plan to the audit committee, and the audit committee will report to the board of directors, and arrange to report on the implementation of the integrity business to ensure the implementation of the Ethical Management Policy.</p> <p>10. Complete the performance evaluation of Board of Directors and Functional Committees of the Company for the year 2023. The Company reported the evaluation results in the first quarter Compensation Committee (Feb.21, 2024), Nomination Committee (Feb.21, 2024) and board meeting (Feb.26, 2024).</p>	

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
5. Has the Company established a means of communicating with its Stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a Stakeholders Section on its Company website? Does the Company respond to stakeholders' questions on corporate social responsibilities?	V		<p>The company places great emphasis on maintaining balanced relationship and open communication with stakeholders, including shareholders, employees, customers, and suppliers.</p> <p>1.Shareholders: In addition to annual general meetings, the company holds quarterly earnings conference and discloses relevant information in the "Investors and Shareholders" section of the company website. Furthermore, shareholders can share their comments via email: LITEONTech.IR@liteon.com, where a dedicate contact window will response to these requests.</p> <p>2. Employees:</p> <p>(1)In terms of organization, an employee relations unit and HR representatives have been assigned the responsibility of improving employer-employee communication and interaction to make the communication mechanism be improved and perfected.</p> <p>(2)In terms of execution, company-wide employee communication meetings and new hire communication meetings are regularly held by top executives. Two-way communication meetings with employees are also organized by each unit to boost employee loyalty and identification with the Company. In addition to internally published e-mails, websites and employee hot-lines, the Company also manages social networking platforms for conveying information on company activities and collecting employee feedback. These ensure open channels of communication are maintained between the Company and employees.</p> <p>3. Customers: In addition to day-to-day communication channels and regular meetings, the company utilizes the RBA-Online platform to disclose RBA self-assessment results from the factories to customers.</p> <p>4. Suppliers: In addition to daily business communication channels and regular meetings, the company also arranges supplier conferences, exchange meetings, educational training, and courses as needed each year. These initiatives aim to enhance communication with supplier partners, promote the development strategy and goals of LITEON's sustainable supply chain, and help raise the sustainability awareness of supplier partners.</p> <p>5. Furthermore, the company organizes employees and suppliers' training on topics such as corporate social responsibility, the RBA code, and greenhouse gas emission as needed.</p> <p>The company has created the LITEON Sustainability and Investors section on the company website to provide information for stakeholders. It also offers an email address, Corporate Sustainability Committee & ESG Division: LITEONTech.ESG@liteon.com, for comments.</p> <p>In 2023, the company has continued to use diversified communication channels to improve results and stimulate different social values with nine types of stakeholders. The identification of material topics at LITEON is conducted every three years and the most recent one was done in early 2023. The results of this survey will be analyzed and reported to the Corporate Sustainability Committee directly under the Board of Directors.</p>	In compliance with the Best Practice Principles
6. Has the Company appointed a professional registrar for its Shareholders' Meetings?	V		The company has appointed Yuanta Securities Co., Ltd. as registrar for our Shareholders' Meetings.	In compliance with the Best Practice Principles

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
<p>7. Information Disclosure</p> <p>(1) Has the Company established a corporate website to disclose information regarding its financials, business and corporate governance status?</p> <p>(2) Does the Company use other information disclosure channels (e.g. maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?</p> <p>(3) Does the company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating statements for each month before the specified deadline?</p>	V		<p>(1) The Company will fully disclose company's latest information, product information, financial information, sustainability report, public meeting information, human resources information, etc. in both Chinese and English on the official website for the reference of shareholders and relevant stakeholders.</p> <p>(2) Finance center, investor relations and media windows are set in the Company to take responsibility for collection and disclosure on shareholders, laws and regulations, investment, and market information. The Company also has a spokesperson system to implement and comply with relevant laws and regulations. The presentations and videos of each quarterly earnings conference will also be disclosed in the investor section of the official website for the reference of shareholders and relevant stakeholders.</p> <p>(3) The Company published and reported the annual consolidated and standalone financial report within two months after the end of a fiscal year. And the Company published and reported the financial reports for the first, second and third quarters as well as the operating statements for each month before the specified deadline.</p>	In compliance with the Best Practice Principles
<p>8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)?</p>	V		<p>1. Employee share in the Company's profits and are provided with benefits as the Company's most important partner. We cultivate a working environment unique to the corporate culture of "LITEON" for employees that includes: The Company shares surpluses with employees every year. We also actively support health promoting activities and employee care programs. Our goal is to create a high-quality workplace that takes the quality of life of individuals and families into account, and promote a positive atmosphere for teamwork so that employees can create more value at work and in their own lives.</p> <p>2. The principle of equality opportunity is embraced by the Company. An open and transparent merit-based selection process is followed during recruitment and there is no discrimination on the basis of race, gender, age, religion, nationality or political affiliation. Employees are placed in roles appropriate for their skills and we recognize the contributions of talented people from diverse backgrounds. All forms of workplace discrimination, inequality and sexual harassment are prohibited at LITEON. Related management regulations and a complaint hot-line have been set up to maintain a friendly and healthy working environment.</p> <p>3. The Company treats all customers and vendors in a fair, respectful and dignified manner. Ethics and best practice principles are also emphasized for employees, vendor, and customers.</p> <p>4. All of the company's directors and independent directors have expert knowledge and practical experience in the industry. The company organizes seminars and provides information on relevant regulations as needed. Some directors take the initiative to complete corporate governance courses, and ask the company to report their training online. Records of training completed by the directors are shown in Director Education and Training of the annual report(P.97-98).</p> <p>5. Directors and independent directors attend board meetings and give opinions on governance oversight and business decisions to achieve professional governance. The company has completed online filing of details and attendance for meetings of the board and the Audit Committee.</p> <p>6. Board meetings are conducted in compliance with the Company Act and related regulations regarding conflict of interest and recusal. Recusals of Directors due to conflicts of interests can refer to the annual report p.40.</p>	In compliance with the Best Practice Principles

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
			<p>7. The company has purchased liability insurance for the company's directors, independent directors, and key persons.</p> <p>8. The company's risk management policy is to define each risk in accordance with the company's overall operating policy, establish a risk management mechanism to identify early, measure accurately, monitor effectively and control strictly, to prevent possible losses within the range of affordable risks. Based on changes in the internal and external environment, the Company will continue to adjust and improve the best risk management practices to protect the interests of employees, shareholders, partners and customers, increase the value of the company, and achieve the principle of optimizing the allocation of company resources.</p> <p>Furthermore, the annual risk management plan and operation were presented to the Corporate Sustainability Committee and the Audit Committee in 2023. The Audit Committee in turn presented the results to the board of directors.</p>	
<p>9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures :</p> <p>The company has started taking actions and implementing measures according to the internal best-practice principles in response to the results of the Corporate Governance Evaluation</p>				

Note1: Items for assessment of the CPA's independence are show below.

Evaluation Items	Evaluation Result	Compliant with Independence?
1.Does the CPA have a direct or significant/ indirect relations with the Company in financial interests?	No	Yes
2.Does the CPA have financing or guarantee with the Company or its directors?	No	Yes
3.Does the CPA have a close business relationship and potential employer-employee relationship with the Company?	No	Yes
4.Does the CPA or members of the audit team hold the posts in the Company, such as the director, supervisor and officer or occupied a key position with significant influence on the auditing process?	No	Yes
5.Does the CPA offer non-audit service which could impact the auditing process for the Company?	No	Yes
6.Does the CPA act as a broker for the shares or other securities issued by the Company?	No	Yes
7.Does the CPA act as the Company's defense attorney or represent the Company to negotiate with any third party over any dispute?	No	Yes
8.Does the CPA have kinship with the Company's director, supervisors, or officers or any post with significantly on the auditing work?	No	Yes

Note2:The Audit Quality Indicators evaluation items

Dimension	AQI	Relevance	Evaluation result
Profession	Audit Experience	Whether senior auditors possess enough audit experience.	Auditors have sufficient audit experience.
	Training Hours	Whether auditors (CPA and managers or above titles) receive enough training.	The auditors have received enough training.
	Attrition Rate	Whether the firm maintains sufficient human resources.	Low attrition rate of senior auditors.
Quality Control	Involvement	Whether the involvement of audit team in each audit phase is appropriate.	Audit team devote appropriate audit hours to each audit phase.
Independence	Familiarity	Whether audit firm tenure affects the firm's independence.	Compliant with Independence.
Monitoring	External Inspection Results & Enforcement	Whether the firm's compliance with quality control system and engagement is satisfactory.	Compliant with laws and regulations.
Innovation	Innovative Planning or Initiatives	Whether the firm has undertaken appropriate planning or initiatives to improve audit quality.	In line with innovation ability.

3.4.4 Functional Committees

Audit committee can be found in Chapter 3. Corporate Government Report under 3.4.2 The Operation of the Audit Committee.

3.4.4.1 Compensation Committee

The Compensation Committee was established in 2009 to strengthen corporate governance and align the company with international practices. The Compensation Committee deliberates the company's compensation policies. It was the first Compensation Committee in Taiwan to be granted powers second only to those of the board of directors among publicly-listed companies at that time, something which soon became the norm for all local companies.

Duties of the Compensation Committee extend beyond employees' incentives and bonuses, to cover performance appraisals and remuneration of directors and executive managers as well. It is regulated by the Remuneration Committee and LITEON's "Regulation of Performance appraisal for Board of Directors and Functional Committee", and regularly invites third-party professional consulting companies to conduct remuneration reviews, understand the level and trends of market competitiveness, formulate salary policies, and employee incentives and compensation plans. LITEON's Compensation Committee consists of four members; all of whom are chosen from independent directors to ensure objectivity, professionalism and fairness of the committee, while avoiding any conflicts of interest those members may have with the company.

The Compensation Committee reviews the company's remuneration policies and plans for a regular basis to ensure that they sufficient to attract, motivate and retain talent. The committee reviews the performance and remuneration of directors, and managers, and evaluates employee bonuses on a yearly basis. To ensure that its compensation packages are reasonable and competitive as a whole, the company regularly invites professional consultants to conduct overall comparison and analysis of the company's compensation packages and market rates. The results are duly submitted to the Compensation Committee.

Remuneration of directors, LITEON's highest level of the governing body, is distributed according to the duties and the independence of the directors and the duties associated with serving concurrently as the committee chairman. The members of this committee shall not participate in the discussion and voting on their own individual remuneration decisions. Furthermore, the total amount paid to the directors is linked to business performance by a percentage, and there is a limit on the amount of money. The amount will be reviewed by the Compensation Committee, and may not be implemented without the board's approval.

According to LITEON'S "Compensation Committee Organizational Rules", the Compensation Committee convenes at least twice every year. A total of three Compensation Committee meetings were held in 2023.

3.4.4.1.1 Compensation Committee Members' Professional Qualifications and Independent Analysis

As of February 29, 2024

Identity	Qualification (Note1)	Relevant working years	Working experience and professional designations	Eligibility of independent status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Compensation Committee Member(Note2)
	Name				
Independent Director (Chairperson)	Harvey Chang	All have more than 20 years of work experience in business, legal, financial, accounting or corporate business.	(1) Professional qualifications, experience and independence, please refer to pages 23-31 of the director's information (2) Each member complies with Article 3 of the "Measures for the Establishment of Independent Directors of Public Offering Companies and Matters to be Followed" and Article 14-2 of the "Securities and Exchange Act" two years before their election and during their term of office.		0
Independent Director	Albert Hsueh				4
	Mike Yang				0
	MK Lu				0

Note1 : For the relevant working years, professional qualifications and experience and independence of each member, please refer to page 23-31 of the relevant content of the director's information.

Note2 : Independent Director Albert Hsueh is member of compensation committee of Yuanta Financial Holding Co., Ltd., Yuanta Commercial Bank Co., Ltd., Walsin Lihwa Corp., and TTY Biopharm Co., Ltd.

3.4.4.1.2 Compensation Committee Meeting Status

(1) The Compensation Committee consists of four members.

(2) Tenure of the Compensation Committee: May 20, 2022 to May 19, 2025.

The committee convened three times in 2023(A). Committee member attendance was as follows:

Title	Name	Attendance in person (B)	By proxy	Attendance ratio (%) (B / A)	Remarks
Chairperson	Harvey Chang	3	0	100%	None
Member	Albert Hsueh	3	0	100%	
	Mike Yang	3	0	100%	
	MK Lu	3	0	100%	

Annotations:

1. There was no recommendation of the Compensation Committee which was not adopted or was modified by the Board of Directors in 2023.
2. There were no written or otherwise recorded resolutions on which a member of the Compensation Committee had a dissenting opinion or qualified opinion.

3.4.4.1.3 2023 Main Points of Discussion by the Compensation Committee up to February 29, 2024

Date of the meeting	Main Points of Discussion	Resolution	Company reaction base on the opinion of Compensation Committee
3rd meeting of 7th committee Feb.20.2023	<ol style="list-style-type: none"> 1. Reported 2022 Annual Board and Functional Committee Performance Evaluation Report. 2. Reported on the resolution and implementation of the previous compensation committee meeting. 3. Reported on proposals for adjusting the principle of director remuneration distribution. 4. Reported 2023 proposal regarding distribution of 2022 remuneration for directors and employees' compensation followed by the discussion and decision making by Compensation Committee. 	Passed by a unanimous vote	Presented by the chairperson of the Compensation Committee to the board of directors
4th meeting of 7th committee Mar.22.2023	<ol style="list-style-type: none"> 1. Reported 2023 proposal regarding distribution of 2022 remuneration for directors followed by the discussion and decision making by Compensation Committee. 2. Reported 2023 proposal regarding distribution of 2022 remuneration for Chairman and Management Team followed by the discussion and decision making by Compensation Committee. 	Passed by a unanimous vote	Presented by the chairperson of the Compensation Committee to the board of directors
5th meeting of 7th committee Apr.27.2023	Reported 2023 issuance of employee restricted stock awards.	Passed by a unanimous vote	Presented by the chairperson of the Compensation Committee to the board of directors
6th meeting of 7th committee Feb.21.2024	<ol style="list-style-type: none"> 1. Reported 2023 Annual Board and Functional Committee Performance Evaluation Report. 2. Reported on the resolution and implementation of the previous compensation committee meeting. 3. Reported 2024 proposal regarding distribution of 2023 remuneration for directors and employees' compensation followed by the discussion and decision making by Compensation Committee. 	Passed by a unanimous vote	Presented by the chairperson of the Compensation Committee to the board of directors

3.4.4.2 Nomination Committee

In the interest of board diversity, LITEON strengthens the board of directors and the roles of directors by creating a Nomination Committee. The committee enables a stronger director election mechanism, and builds a board with better professionally trained members from various backgrounds. The committee is responsible for setting the criteria for qualified directors and executive officers. These criteria provide the basis for searching and nominating candidates, establishing and developing the organizational structure for the board and its committees, and devising and regularly reviewing continuing training plans for directors and director and executive officer succession plans.

The Committee shall call the committee meeting at least twice a year. A total of two Nomination Committee meetings were held in 2023.

1. Information on the operation of the Nomination Committee

(1) Five members of the Nomination Committee (including four independent directors).

(2) Tenure of the Nomination Committee: May 20, 2022 to May 19, 2025. The committee convened 2 meetings (A) in the recent period of time (from January 1st, 2023 to February 29th, 2024) with the attendance of the members specified as below:

Title	Name	Professional qualifications and experience	Attendance in person (B)	By proxy	Attendance ratio (%) (B / A)	Remarks
Chairperson	MK Lu	Headed more than a dozen of mergers and succeeded in turning around many companies. His success in corporate management has earned him the nickname "the Merger King".	2	0	100	Independent Director
Member	Tom Soong	Worked for years as one of the company's key operations officers before becoming the chairman; extensively experienced in talent selection and corporate management	1	1	50	
	Harvey Chang	Specialized in finance and corporate management with plenty of experience in salary and performance management, corporate development and related investments	2	0	100	Independent Director
	Albert Hsueh	Trained in financial accounting and corporate governance with extensive experience in corporate governance and management as well as skills in financial statement analysis and application	2	0	100	Independent Director
	Mike Yang	More than 25 years of experience in IT and business management, specializing in simplifying cloud management and deployment, and leading the global layout of 5G and AI	2	0	100	Independent Director

2. Main Points of Discussion by the Nomination Committee up to February 29, 2024

Date	Main Points of Discussion	Resolutions	Summary of LITEON's opinions on the Nomination Committee
In the 4th session of the 2nd Nomination Committee on Feb.21, 2023	The 2023 continuing education plan for directors.	The proposal passed unanimously.	The results were reported by the chairman of the Nomination Committee to the board of directors.
In the 5th session of the 2nd Nomination Committee on Oct.26, 2023	1.Review the succession plan for the company's managers. 2.The amendment to "Corporate governance best practice principles".	The proposal passed unanimously and was submitted to the board of directors for approval.	The results were reported by the chairman of the Nomination Committee to the board of directors.

3.4.4.3 Growth Strategy Committee

In order to enhance and accelerate the growth policies of LITE-ON Technology and LITEON Group, the Growth Strategy Committee was established in 2010. The Committee is authorized by Board of Directors to direct and review the Company's and the Group's overall growth strategies, and to preview the Company's and the Group's important investment projects. It reports its resolutions regularly to the board of directors.

The Committee shall call the committee meeting at least once every six months. A total of two Growth Strategy Committee meetings were held in 2023.

1. Information on the operation of the Growth Strategy Committee

- (1) Six members of the Growth Strategy Committee (including four independent directors).
- (2) Tenure of the Growth Strategy Committee: May 20, 2022 to May 19, 2025. The committee convened two times in the recent period of time (from January 1st, 2023 to February 29th, 2024) with the attendance of the members specified as below: (A)

Title	Name	Attendance in person (B)	By proxy	Attendance ratio (%) (B / A)	Remarks
Chairperson	Mike Yang	2	0	100	Independent Director
Member	Tom Soong	2	0	100	
	Keh Shew Lu	1	1	50	
	Harvey Chang	1	1	50	Independent Director
	Albert Hsueh	2	0	100	Independent Director
	MK Lu	1	1	50	Independent Director

2. Main Points of Discussion by the Growth Strategy Committee up to February 29, 2024

Date	Main Points of Discussion	Resolutions	LITEON's response to Growth Strategy Committee's opinions
Apr. 21, 2023	Discuss the strategic development of the company's Clean Mobility business for ten years under the IoE (Internet of Energy) blueprint, and provide feedback or suggestions.	All committee members participated in the discussion, and put forward ideas for the management team.	The results were reported by the chairman of the Growth Strategy Committee to the board of directors.
Sep. 07, 2023	Report on the Company's strategic development and direction under the Efficient Infrastructure Business (EI).	All committee members participated in the discussion, and put forward ideas for the management team.	The results were reported by the chairman of the Growth Strategy Committee to the board of directors.

3.4.4.4 Corporate Sustainability Committee

To fulfill the vision of LITE-ON Technology Corporation of being "the best partner in opto-electronics, energy conservation and smart technologies" and to support and strengthen the sustainability and corporate social responsibility related corporate governance mechanisms in the Company. In April 2019, LITEON approved the Corporate Sustainability(CS) Committee, which is managed by the Board, as the highest level of governing body for LITEON's sustainable development.

In response to changes in the environment and the concerns of stakeholders, LITEON has developed nine subcommittees based on the company's capacity and incorporated them into daily operations, to achieve a more focused and precise sustainable responsibility criterion. Therefore, LITEON's CS Committee consists of nine sub-committees, each with its own focus area. These sub-committees are Risk Management, Information Security, Ethical Operations, RBA Code of Conduct Enforcement Management, Social Engagement, Sustainable Supply Chain Management, Sustainable Product Design, Environmental Sustainability, and Stakeholder Relations.

The Corporate Sustainability Committee consists of no less than three board members appointed by the board of directors, and more than half are independent directors. They are responsible for setting the annual goals of corporate social responsibility in economic, environmental, and social aspects and regularly supervising the implementation status, leading LITEON sustainable development to improve and achieve various short, medium, and long-term goals, and regularly report implementation plans and results to the board of directors every year. The Committee shall convene at least twice a year following LITEON's "Organizational Rules for the Corporate Sustainability Committee." The Committee held two meetings in 2023.

1. Corporate Sustainability Committee meeting status

- (1) The Corporate Sustainability Committee consists of 5 members (including 4 independent directors). The independent directors of the company have industry professional backgrounds and practical experience. Among them, Albert Hsueh is an independent director specializing in corporate governance, and Mike Yang is an independent director have an extensive background in IT and infosec.
- (2) The term of 6th session of the Corporate Sustainability Committee: 2022/05/20 to 2025/05/19, there have been 2 meetings(A) held from 2023/1/1-2024/2/29 and members' attendance status is as follows:

Title	Name	Attend(sit in) in person (B)	Attend by proxy	Attendance rate (%) (B / A)	Remarks
Chairman	Tom Soong	1	1	50	
Independent Director	Mike Yang	2	0	100	
	Harvey Chang	1	1	50	
	Albert Hsueh	2	0	100	
	MK Lu	2	0	100	

2. Summary of the Corporate Sustainability Committee meetings for the most recent year (2023 to 2024/2/29)

Date	Meeting Minutes	Resolution	Follow Up
2023.04.21	<ul style="list-style-type: none"> • Key work report of each Subcommittees in 2023 • Plan for Constructing Low-Carbon Sustainable Supply Chain of LITEON • Report on Financializing Climate-Related Risks and Opportunities (TCFD) Calculation Results 	No objection from all the members present.	The chairman of Corporate Sustainability Committee reports implementation plans and results to the board of directors.
2023.11.24	<ul style="list-style-type: none"> • Summary of Each Working Group's Execution in 2023 and Planning Report for 2024 • LITEON Carbon Management Platform Plan 	No objection from all the members present.	The chairman of Corporate Sustainability Committee reports implementation plans and results to the board of directors.

3.4.5 The State of the Company's Promotion of Sustainable Development

3.4.5.1 The State of the Company's Promotion of Sustainable Development, Any Variance from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance

Promotion Item	Implementation Status		Non-implementation and Its Reason(s)
	Yes	No	
<p>1. Has the Company established and promoted a sustainable development governance structure and set up a dedicated (or non-dedicated) unit for the promotion of sustainable development, and has the Board of Directors authorized the senior management to handle relevant issues and does the Board supervise the state of affairs with respect to the preceding?</p>	V		None
<p>2. Does the company conduct risk assessments of environmental, social and corporate governance issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?</p>	V		None

Promotion Item	Implementation Status		Non-implementation and Its Reason(s)
	Yes	No	
<p>3. Environmental Issues</p> <p>(1) Has the Company set an Environmental management system designed to industry characteristics?</p>	V		None

Implementation Status

Summary

(1) LITEON continues to strengthen the company's sustainable governance functions to create a more sustainable environment. LITEON has established the Corporate Sustainability Committee directly under the board of directors as the highest guidance for LITEON's sustainable governance operations, and set goals and implement it gradually, and organize an Environmental Sustainability Subcommittee under it, with the top manager of the manufacturing department serving as the convener to improve environmental management performance and environmental risk control, to enhance the company's production department's emphasis on the environment, respond to the United Nations Sustainable Development Goals (SDGs), and set goals and gradually promote implementation.

LITEON adheres to the concept of responsible production strategy, takes the development of low-carbon products and sustainable green operation as the environmental sustainable management policy, and introduces ISO 14001, ISO 45001, ISO 50001, and establishes multiple inventory systems including ISO 14064, ISO 14067 and UL 2799 to monitor environmental information, respectively for climate change and energy, operating emission and product carbon footprint, water resources, waste and recycling and product green design and occupational safety management. We also strive to reduce emissions from operation, product design and waste to respond to stakeholders' expectations on environmental issues and enhance LITEON's resilience to sustainable issues.

Promotion Item	Implementation Status		Non-implementation and Its Reason(s)
	Yes	No	
(2) Is the Company committed to improving energy efficiency and to the use of renewable materials with low environmental impact?	V	<p>(2)LITEON improves energy efficiency and implements energy conservation and carbon reduction programs by setting energy and environmental targets, and reduces its carbon footprint and greenhouse gas emissions through the use of recycled materials and the use of raw materials in product research and development. LITEON continues to utilize energy creation, energy conservation, and energy conversion as mitigation strategies. We increase the renewable energy utilization rate, implement our energy management system, optimize the production and promote strategies of operation. We also strengthen carbon reduction investment decisions with internal carbon price strategy to realize SBT commitments.</p> <p>In terms of goal setting, LITEON has set a SBT (Science Based Target) goal to reduce its carbon intensity by 39.3% compared to 2014 by 2025. Additionally, the company has established a target to improve the energy efficiency of its power module products by 2% from 2016 to 2023. Furthermore, the company has incorporated bio-friendly design concepts into its product design, such as improving LED product design to reduce negative impacts on biological behavior and minimizing the environmental impact of its products. LITEON not only aims to improve product energy efficiency and protect biodiversity, but also conducts detailed research on the materials used in its products. For example, LITEON has utilized PCR plastic materials in its 3C power module products, keyboards, mice, and cases, and has increased the proportion of products made from recycled materials.</p> <p>At the same time, we assist brand customers to obtain a number of product EPEAT labels. The product packaging boxes are in a closed-loop model for recycling and reuse. The discarded cardboard boxes are recycled into recycled pulp and then remade into packaging boxes, continuously repeating the cycle. The goal is to reduce the use of virgin pulp and achieve carbon reduction effects.</p>	

Promotion Item	Implementation Status		Non-implementation and Its Reason(s)
	Yes	No	
(3) Has the company evaluated the potential risk and opportunity induced by climate change and deploy possible solutions to face the problem?	V		<p>(3) Regarding climate change as an important risk and opportunity, LITEON supports the Task Force on Climate-Related Financial Disclosures (TCFD) and follows its climate-related financial disclosure proposal framework in its Sustainability Report. LITEON discloses climate change information and risks and opportunities, plans countermeasures needed to face climate change, responds to the "Commit to Action" initiative jointly launched by CDP and the We Mean Business Coalition, and participate in the "Taiwan Climate Partnership" to reduce year by year Greenhouse gas emissions from organizations and products. LITEON has created a climate change risk working group which is responsible for the entity and transition risks and opportunities arising from climate change, identifying climate-related risks and opportunities, assessing the possibility of occurrence and analyzing the degree of impact, and discussing appropriate countermeasures based on the analyzed risks and opportunities.</p> <p>LITEON has established a climate change risk team to identify climate-related risks and opportunities, assess the likelihood of occurrence and analyze the degree of impact based on the physical and transformation risks and opportunities derived from climate change, and discuss appropriate issues based on the analyzed risks and opportunities. response measures. For the opportunities brought by climate change, LITEON's diversified and sustainable green products and service orientations are on the right track. LITEON actively promotes energy conservation and carbon reduction, aiming to accelerate automation and lay the foundation for intelligent manufacturing. In 2023, a total of NTD 106,025,023 was invested in the procurement of energy-saving and carbon-reducing automation equipment, high-efficiency equipment investments in the plant, and optimization of variable frequency energy-saving equipment. This initiative resulted in a total cost reduction benefit of NTD 138,779,386.</p>

Promotion Item	Implementation Status		Non-implementation and Its Reason(s)																									
	Yes	No																										
(4) Did the company collect the data of the past two years on GHG emission, water consumption and the weight of waste as well as set up related environmental impact reduction policy?	V	<p>(4) LITEON adopted ISO 14064:2018 reasonable assurance and AA1000AS then entrusted the third-party verification agency to conduct audits on GHG emission, including scope 1 to 3, water consumption and waste generation for managing the environmental impact from the company operation and practicing responsible production. The related information is provided on LITEON Sustainability Report and the website. The greenhouse gas inventory targets include plants with more than 1% of the company's revenue (including 19 global plant sites and Neihu headquarters) to effectively manage and reduce the environmental impact of operational activities and implement responsible production.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>2014 (Base Year)</th> <th>2021</th> <th>2022</th> <th>2023^{4,5}</th> </tr> </thead> <tbody> <tr> <td>Scope 1^{1, 2}</td> <td>11,241</td> <td>10,081</td> <td>7,278</td> <td>7,430</td> </tr> <tr> <td>Scope 2^{1, 2, 3}</td> <td>275,714</td> <td>216,771</td> <td>178,010</td> <td>124,288</td> </tr> <tr> <td>Emission Intensity (tonCO₂e/ million NTD revenue)</td> <td>2.04</td> <td>1.53</td> <td>1.24</td> <td>1.10</td> </tr> <tr> <td>Scope 3¹</td> <td>-</td> <td>13,332,353</td> <td>10,869,212</td> <td>13,051,626</td> </tr> </tbody> </table> <p>1 : Units of scope 1,2 and 3 data are tonCO₂e 2 : Greenhouse gases included in scope 1 and 2 include CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃ and others notified by the central authority, etc. 3 : Scope 2 information is calculated in market-based 4 : The verified data will be disclosed in LITEON's 2023 Sustainability Report 5 : The above data include LEOTEK CORPORATION</p>	Year	2014 (Base Year)	2021	2022	2023 ^{4,5}	Scope 1 ^{1, 2}	11,241	10,081	7,278	7,430	Scope 2 ^{1, 2, 3}	275,714	216,771	178,010	124,288	Emission Intensity (tonCO ₂ e/ million NTD revenue)	2.04	1.53	1.24	1.10	Scope 3 ¹	-	13,332,353	10,869,212	13,051,626	
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Promotion Item	Implementation Status		Non-implementation and Its Reason(s)																																
	Yes	No																																	
		<p>To continuously achieve the carbon reduction targets set in each year, LITEON implement the carbon reduction tracking. The reduction direction was carried out in the form of energy saving plans, purchase of renewable energy, and reduction of product life cycle emissions etc., with a cumulative power saving of 31.11 million kWh from 2019 to 2022², an estimated power saving of 19.86 million kWh in 2023, and the energy-saving method was implemented by heat recovery, process improvement etc., and purchased certified renewable energy, improved the use rate of renewable energy and achieved the energy-saving target.</p> <table border="1"> <thead> <tr> <th></th> <th>2021</th> <th>2022³</th> <th>2023²</th> </tr> </thead> <tbody> <tr> <td>Water Consumption(m³)</td> <td>2,539,346</td> <td>2,121,945</td> <td>2,066,626</td> </tr> <tr> <td>Water Consumption Intensity (m³/million NTD revenue)</td> <td>17.32</td> <td>14.26</td> <td>15.07</td> </tr> <tr> <td>General industrial waste¹</td> <td>3,679</td> <td>4,821</td> <td>3,343</td> </tr> <tr> <td>Harmful industrial waste/scrap¹</td> <td>2,392</td> <td>2,575</td> <td>1,683</td> </tr> <tr> <td>Waste from resources¹</td> <td>12,524</td> <td>18,905</td> <td>15,442</td> </tr> <tr> <td>Total waste¹</td> <td>18,596</td> <td>26,301</td> <td>20,468</td> </tr> <tr> <td>Waste intensity (ton/ million NTD revenues)</td> <td>0.126</td> <td>0.177</td> <td>0.149</td> </tr> </tbody> </table> <p>1: Unit: ton 2: The verified data will be disclosed in LITEON's 2023 Sustainability Report 3: Due to the adoption of the concept of zero landfill waste, the statistical methods and baseline year data are inconsistent.</p> <p>LITEON has set targets of carbon emission (based on the SBT criteria), water consumption, and waste disposal targets :</p> <ul style="list-style-type: none"> Carbon emission per NTD million of revenue to decrease by 39.3% by 2025 compared to the base year 2014 Net zero emissions by 2050 Water consumption set 2020 as the base year and aims to reduce 6% by 2023, subsequently, set 2023 as the base year and aims to reduce another 6% by 2026 Waste to decrease by 6% by 2025 compared to the base year of 2022 Plastics in packaging to decrease by 300 tons by 2025 compared to the base year of 2018 Product carbon footprint 5% reduction in carbon emissions for each generation 		2021	2022 ³	2023 ²	Water Consumption(m ³)	2,539,346	2,121,945	2,066,626	Water Consumption Intensity (m ³ /million NTD revenue)	17.32	14.26	15.07	General industrial waste ¹	3,679	4,821	3,343	Harmful industrial waste/scrap ¹	2,392	2,575	1,683	Waste from resources ¹	12,524	18,905	15,442	Total waste ¹	18,596	26,301	20,468	Waste intensity (ton/ million NTD revenues)	0.126	0.177	0.149	
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Promotion Item	Implementation Status		Non-implementation and Its Reason(s)
	Yes	No	
<p>4. Social Issues</p> <p>(1) Does the Company set policies and procedures in compliance with regulations and internationally recognized human rights principles?</p>	V		None

LITEON respects and supports internationally recognized human rights standards and principles, including the “Universal Declaration of Human Rights”, the “United Nations Global Compact”, and the “Declaration of Fundamental Principles and Rights at Work” of the International Labor Organization, and complies with local laws and regulations. According to the “UN Guiding Principles on Business and Human Rights”, LITEON formulates our internal human right policy. In its implementing of human rights management, LITEON adopts the Responsible Business Alliance (RBA) Code of Conduct as the management framework in its operations and on the supply chain, which allows it to identify, prevent, and reduce impact relating to human rights. LITEON has established a process for due diligence, and investigation is carried out at least once every three years; the last such investigation was conducted in 2023. In addition, internal and external audits at our facilities are carried out on a regular basis in accordance with the RBA audit process. Achievements and improvements of various performance indicators, including those of labor, ethics, environment, safety, and health, are reviewed in the annual management review meeting.

Promotion Item	Implementation Status		Non-implementation and Its Reason(s)
	Yes	No	
(2) Has the Company established appropriately managed employee welfare measures (include salary and compensation, leave and others), and link operational performance or achievements with employee salary and compensation?	V		<p>A.Compensation Employees are the most important partners for LITEON's sustainable development. In addition to protecting employees' work rights, we also provide market-competitive compensation and benefits. LITEON regularly invites professional third-party consultation companies to conduct compensation level review, understand the level and trend of market competitiveness, appropriately adjusts salary levels of employees, and has established annual bonuses, incentive bouns and employee remuneration systems...ets to reward employees for contributions and outstanding performance in order to share operating profits with employees; also, the compensation system applies equally with respect to factors such as gender, age, and race, so that employees can express their personal value and contribute through use of their strengths in an equal workplace environment. In 2023, the proportion of female employees was 44%, and the proportion of female senior executives was 13%. There is no significant difference in remuneration ratio between men and women of the Company.</p> <p>LITEON launched its "employee stock ownership trust" in September 2021, and has invited employees to become LITEON shareholders; Taiwanese employees can choose to participate according to their personal intention. A fixed amount is allocated from the monthly salary of participants, and the Company will allocate a corresponding reward and deposit it into a special trust account. The trust allows employees the opportunity to share the operational results of the Company over the long term, accumulate wealth, and create a mutually beneficial partnership.</p> <p>B.Holidays and Retired Holidays are better than the Labor Standards Law. In addition to enjoying various leave in accordance with the law, there are also group vacations. We provide employees with 7 days of Enjoy Fun Leave with full pay every year (implemented since 2024), and the number of vacation days in the annual calendar is also better than peers. LITEON makes contributions to employees' pension funds according to local regulations, regardless of where it operates in the world. Today, 100% of its employees have joined a pension plan.</p>

Promotion Item	Implementation Status		Non-implementation and Its Reason(s)
	Yes	No	
Same(2)		<p>Summary</p> <p>C.The other welfare measures are explained as follows, please see “5. Operational Highlights” of this Annual Report, which provides information on “5.5 Labor Relations”:</p> <p>(I)On-site Services and Amenities LITEON provides staff restaurants, health centers and fitness centers. In addition to health professionals available daily to provide assistance, doctors visit the health center monthly to provide face-to-face medical consultations for employees. The center is also equipped with first-aid supplies and equipment for various emergencies. And the fitness center contains a variety of weight training equipment and treadmills. The company has hired an external sports consultant to supply personal trainers who provide services and instructions. In addition to professional fitness advice, the personal trainers offer regular sports courses that will help employees relieve stress and get fit.</p> <p>(II)Health Management Programs LITEON organizes employee health check-ups every year. Based on the yearly health check, employees will be divided into three classes, low, medium, and high risk, depending on the degree of deviation from the standard values. The hospitals and nurses on site will make corresponding tracking and coaching afterward. An employee may direct any question regarding his/her checkup to the family doctor stationed at the same plant so to get a better understanding of his/her own physical conditions.</p> <p>(III)Employee Assistance Programs LITEON has been introducing Employee Assistance Programs (EAPs) that provided every employee with free, 24-hour professional, multi-lateral and highly confidential consultation services in five main areas: mental health, business administration, legal affairs, health care and finance advice to assist colleagues to deal with life problems.</p> <p>In addition, LITEON has a permanent EAP service information on the intranet homepage banner to increase publicity and exposure, so that employees can receive the most professional and timely assistance if they need anything.</p> <p>(IV)Employee Welfare Programs The Company offers annual recognition of long-serving employees, employee group insurance, marriage and childbirth subsidies, hospitalization and bereavement support, continuing education subsidies, child education subsidies, travel subsidies, festival subsidies, and statutory employee benefits to provide employees with basic care. Employees are encouraged to set up recreational clubs on their own initiative. Subsidies for clubs, physical and online lectures, and live-stream events enrich and add variety to the recreational life of employees. Employees are provided with free various types of lunch, child care plan and other benefits that exceed the statutory minimum. We are continuing to optimize our support for employees.</p>	

Promotion Item	Implementation Status		Non-implementation and Its Reason(s)
	Yes	No	
(3) Does the Company provide employees with a safe and healthy working environment, with regular safety and health training?	V		<p>A.LITEON follow local occupational health and safety regulations and provide pre-employment physical examinations and occupational safety and health education and training for new hires. Relevant health and safety education and training is also provided to active employees. The scope of such education and training covers occupational health and safety regulations, fire safety, use and management of hazardous chemicals, and first aid courses. Regarding employee health, one physical examination per year is provided above the regulatory requirements in addition to necessary health consultation and follow up. In order to prevent occupational diseases and occupational accidents, all plants have established EHS promotion task forces, which work in conjunction with internal audits and external audits. These task forces oversee environmental health and safety, and improvement actions, throughout the company. A zero workplace accident scorecard is a key operations and management indicator.</p> <p>B.In 2023, the Taiwan factory district implemented the integration of ISO 45001/ISO 14001 systems, and all plants in Taiwan and overseas underwent verification of the ISO 45001/ISO 14001 occupational health and safety management system in accordance with local regulations or clients' requirements.</p> <p>C.A total of 37 occupational accidents worldwide occurred at LITEON in 2023. The ratio is 0.1% based on 30,237 employees in total. LITEON investigated every occupational accident and identified the root causes. The company also performed necessary construction or administrative improvement or provided necessary personal health and safety equipment. Mandatory health and safety education and training and campaigns were reinforced to reduce the risk of repeat accidents.</p> <p>D. In 2023, there was a fire accident at the LITEON Zhonghe New Construction Project, but it did not cause any loss of personnel or property.</p> <p>Improvement measures: (I) Set up a person in charge for each responsible area to conduct daily self-inspection of the "Self-Inspection Record Form" for fire sources, and report back after work every day. (II) Increase the frequency of security personnel inspections at night. (III)Smoking is prohibited on the construction site. During the construction period, it should be confirmed that the on-site construction team smokes in the designated smoking area.</p> <p>LITEON's training and development programs are guided by the company's vision, strategy, and values. The corporate culture is embedded at the core of a full-developed-level and skill-specific learning structure. The five aspects of LITEON's learning structure: Leadership, Domain Knowledge, Legal Compliance, Self-Development, Talent Development. The detail description, please see "5. Operational Highlights" of this Annual Report, which provides information on "5.5 Labor Relations."</p>
(4) Has the Company established effective career development training plans?	V		

Promotion Item	Implementation Status		Non-implementation and Its Reason(s)
	Yes	No	
(5) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer or customer protection and grievance policies?	V		<p>A. In 2010, LITEON implemented the LITEON LS301 standards by following the IECQ QC 080000 system and considering the latest trends in other countries, regulations (IEC 62474 or beyond RoHS, REACH, California Bill 65, Montreal Protocol, and other directives), as well as customer needs. The LS301 standards have 100% control over all products and materials. and from time to time, it will be reconciled and revised with the versions of various business divisions. The total number of restricted substances reached 564 in 2023.</p> <p>The in-house Green product Management System (GMS) works with the Prohibited Substances management and "design development management" procedures already in place as well as the Quality Assurance, Quality Control and LS301 standards for hazardous substance management. LITEON also requires that suppliers (including contractors) comply with the LITEON Guidelines for Green Procurement and submit the Supplier Statement of Restricted Substances Compliance for material/part acknowledgment and internal control. Furthermore, LITEON states explicitly in all procurement contracts the strict requirement for materials, parts, or semi-finished goods to comply with or exceed RoHS, REACH, California Proposition 65, and Montreal Protocol. With the implementation of green supply chain management, we hope to achieve the goal of sourcing environmentally friendly materials, manufacturing and providing to our customers low-toxicity and low-pollution products to minimize any harmful impact they may have on the human body or the environment.</p> <p>B. To implement the protection of personal data and privacy rights, the company has formulated a "Privacy Policy" and "Personal Data Protection Management Measures" as guidelines for personal data protection. In response to the European Union's General Data Protection Regulation (GDPR) and Taiwan's Personal Data Protection Law and other relevant requirements of the competent authorities in recent years, the company revised the personal data protection security policy and related management measures, while continuing to introduce information technology tools and continuously improve management mechanisms to effectively maintain information security and privacy protection.</p> <p>C. Customer satisfaction is one of LITEON's core values. All the business units have cross-function teams (CFTs) providing targeted services to individual customers. These teams are responsible for sales, product R&D and manufacturing, quality, delivery, cost, and after-sales service. The CFTs can quickly propose response methods and overall solutions based on problems and feedback reported by customers. Furthermore, all LITEON business units have installed customer and consumer complaint channels to ensure consumer rights are protected.</p>

Promotion Item	Implementation Status		Non-implementation and Its Reason(s)
	Yes	No	
(6) Does the company formulate a supplier management policy that requires suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and the implementation?	V		<p>LITEON through the Sustainable Supply Chain Management Subcommittee, is responsible for formulating, promoting, monitoring, and evaluating the implementation of supply chain management policies and goals. It regularly reports its achievements to the Corporate Sustainability Committee composed of board-level members.</p> <p>LITEON adheres to domestic and international regulations and follows the Responsible Business Alliance (RBA) Code of Conduct (CoC) for the electronics industry. We have established the LITEON Supplier Code of Conduct, which requires suppliers to provide safe working environments, protect human rights, and comply with environmental standards, as well as business integrity and ethics. We also require suppliers to sign "Supplier Executive Certification of Compliance" and "Integrity Commitment", while ensuring compliance with local laws and regulations. These requirements are further cascaded down to next-tier suppliers. Also, we conduct supplier sustainability risk self-assessment questionnaires, on-site audits, responsible minerals due diligence and disclosure yearly to implement corporate social responsibility.</p> <p>Additionally, LITEON is committed to practicing sustainable development in collaboration with our supplier partners. In addition to compliance with the above standards, we provide education and training on sustainability issues and offer guidance resources to help suppliers enhance their sustainability capabilities. For instance, we assist suppliers in assessing their greenhouse gas emissions and product carbon footprints and develop strategies for energy efficiency and carbon reduction. Furthermore, we promote education and training based on the UL2799 standard, encouraging suppliers to minimize waste generation and increase resource reuse. Through these initiatives, LITEON continues to demonstrate the spirit of altruism and the common good and expects to co-create green value with our supplier chain.</p>

Promotion Item	Implementation Status		Non-implementation and Its Reason(s)
	Yes	No	
Same(6)			<p>Supplier regulation</p> <ul style="list-style-type: none"> LITEON suppliers shall comply with LITEON's Supplier Code of Conduct. LITEON suppliers are required to sign a Supplier Executive Certification of Compliance and an integrity commitment. LITEON suppliers shall comply with the Responsible Minerals Management Policy. Material suppliers shall comply with the LITEON Standard of Controlled Hazardous Substance(LS301) LITEON suppliers are required to obtain ISO 9001, IATF16949 and other international standard certifications depending on their business categories. <p>Supplier risk audit</p> <p>LITEON uses the Code of Conduct of the Responsible Business Alliance (RBA) as the management basis for labor rights, health and safety, environment, business ethics and management systems, and implements environmental, social and Risk control for corporate governance sustainability.</p> <p>Supplier training</p> <p>The supplier sustainability-related training and project meetings include climate change/energy conservation and carbon reduction/international carbon management, green product design/product carbon footprint, international environmental regulations on prohibited and restricted substances, biodiversity protection, circular economy/recycling of waste resources, responsible minerals, etc., are all important areas for LITEON and its suppliers to continue to improve.</p> <p>Supplier forum and award</p> <p>Every year, the business segments implement suitable supplier multiple supplier engagement activities, seminars, or training and project-based meetings to share the latest sustainability topics, and award suppliers with outstanding performance as encouragement.</p> <p>For related information, please refer to LITEON Sustainability Report: https://www.liteon.com/en-us/globalcitizenship/365</p>

Promotion Item	Implementation Status		Non-implementation and Its Reason(s)
	Yes	No	
<p>5. Does the company prepare sustainability reports and other reports that disclose non-financial information by following international reporting standards or guidelines? Does the company obtain third party assurance or certification for the reports above?</p>	V		<p>None</p>
<p>6. If the Company has established the sustainable development principles based on “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”, please describe any discrepancy between the Principles and their implementation: No deviations.</p>			
<p>7. Other important information to facilitate better understanding of the company’s implementation of sustainable development:</p> <p>A. International/Domestic ESG Ratings</p> <p>(1) Dow Jones Sustainability Indices (DJSI) Included on the Dow Jones Sustainability Indices for 13 consecutive years and ranks among the 2023 DJSI World Index and Emerging Markets Index</p> <p>(2) 2024 S&P Global Sustainability Yearbook Industry top 1%</p> <p>(3) Rated AA in MSCI, and included in 2023 MSCI AWCI ESG Leaders Indexes</p> <p>(4) Inclusion in the FTSE4Good Emerging Index / FTSE4Good TIP Taiwan ESG Index</p> <p>(5) Awarded “Prime Status” in ISS ESG Rating</p> <p>(6) Ranked Top 5% in the 9th Corporate Governance Evaluation</p> <p>(7) Recipient of the Commonwealth Corporate Citizen Award by the Commonwealth Magazine since 2007 for 17 consecutive years</p> <p>(8) Awarded Corporate Sustainability Report Platinum Awards, Climate Leader Award, Talent Development Leadership Award and Supply Chain Leadership Award in 2023 Taiwan Corporate Sustainability Awards (TCSA)</p>			

Promotion Item	Implementation Status		Non-implementation and Its Reason(s)
	Yes	No	
<p>B. ESG Related Certifications</p> <p>(1) Reports are based on GRI and assured by third parties to meet the GRI Standards</p> <p>(2) ISO 9001 Quality Management System</p> <p>(3) Emission reduction targets approved by Science Based Targets Initiative (SBTi)</p> <p>(4) ISO 14001 environmental management system certification</p> <p>(5) ISO 45001 occupational health and safety certification</p> <p>(6) ISO 14064-1 GHG inventory (reasonable level of assurance)</p> <p>(7) ISO 50001 Energy Management certification</p> <p>(8) ISO 22301 business continuity management systems (BCMS)</p> <p>(9) QC 080000 hazardous substance process management certification</p> <p>(10) RoHS testing services and CNAS accreditation</p> <p>(11) A total of 25 factories received Product Liability Insurance AAA Certification</p> <p>(12) ISA/IEC 62443 and ISO 27001 Information security management certification</p> <p>(13) Taiwan I Sports certification by Sports Administration, Ministry of Education</p> <p>(14) Green Building Certification</p> <p>(15) Received UL ECVP 2809 (UL Environmental Claim Validation Procedure, UL ECVP) and UL 746D (UL Recycled Plastics Certification in Yellow Card), which makes LITEON the first company in the world to be certified both in the traceability and performance of ocean plastic</p> <p>(16) 6 factories obtained UL 2799 zero waste to landfill certification with a platinum rating</p> <p>(17) RBA VAP 7.1</p>			

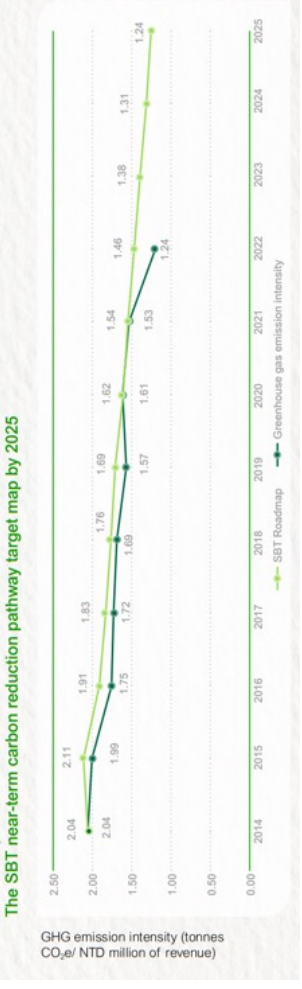
Promotion Item	Implementation Status		Non-implementation and Its Reason(s)
	Yes	No	
<p>C. Product inspection and certification</p> <p>(1) ENERGY STAR energy efficiency label</p> <p>(2) Minimum Energy Performance Standard (MEPS)</p> <p>(3) 80 PLUS energy efficiency labels</p> <p>(4) China Energy Conservation Program (CECP certification)</p> <p>(5) LITEON's photocoupler LTV-817, PLCC SMD LED LTV-089 series, desktop chassis G558L07B, and laptop power supply PA-1600-5A have been verified by a third party and obtained ISO 14040, ISO 14025 Product Environmental Footprint Declaration Compliance Statement.</p> <p>(6) Server power products PF-1153, PS-2322 and LED car light modules also obtained ISO 14067 Product Carbon Footprint Declaration Compliance Statement</p> <p>(7) The world's first UL 60730-1 energy management compliance certification for electric vehicle charger</p> <p>(8) GZ OCS has obtained the IATF16949 certification of the mobile industry quality management system</p> <p>(9) ISO 26262 for the Kaohsiung, Guangzhou, and Mexico factories</p> <p>(10) Automotive SPICE (VDA) certification</p> <p>(11) ISO 17025 (2017) laboratory quality management system and ANSI/ESD S20.20 certification for electrostatic discharge prevention</p>		Summary	

3.4.5.2 Climate-Related Information of TWSE/TPEX Listed Company

1. Implementation status of climate-related information

Item	Implementation status:
<p>1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.</p>	<p>LITEON is actively strengthening corporate governance functions related to sustainable development and environments. A Corporate Sustainability Committee that reports directly to the Board of Directors was established as the top guidance body for sustainability governance at LITEON. The Committee is chaired by the Chairperson (Chief Sustainability Officer) and is made up of five independent directors. It is responsible for setting the annual CSR targets in the economic, environmental, and social aspects, regular supervision of implementation status, leading the sustainable development of LITEON, as well as the refinement and completion of various short, medium, and long-term targets. The Committee is convened at least twice a year in accordance with the LITEON "Corporate Sustainability Committee Charter." It also makes regular reports to the Board on implementation projects and accomplishments.</p> <p>The Corporate Sustainability Committee oversees the Environmental Sustainability Sub-Committee, Product Sustainability Design Sub-Committee, and Risk Management Sub-Committee to improve environmental management performance, low-carbon product development and environmental risk control. Investigation and analysis of climate-related risks are conducted periodically.</p>
<p>2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).</p>	<p>The investigation of climate risks and opportunities was divided into short, medium and long-term. Short-term was defined as less than 2 years, medium as 2 to 6 years, and long-term as more than 6 years. A total of 16 risks and 16 opportunities were identified by LITEON with the top risk-related items being Customer (medium), Product (medium), Raw Materials (medium) and Production (medium). Opportunity-related risks included Products (long), Production (medium), Renewable Energy (long) and Technology (medium). Once these risks and opportunities were identified by LITEON, corresponding strategies were introduced to mitigate climate risk as well as boost business and climate opportunities.</p>
<p>3. Describe the financial impact of extreme weather events and transition actions.</p>	<p>Extreme weather events will impact on production lines and supply chains. An internal study in 2022 found that LITEON had 4 global operating locations situated in regions with high level of water risk. These plants subsequently invested in water-saving facilities, strengthened the recycling of water resources and expanded their corresponding insurance coverage. An emergency response plan was also devised for disaster risk mitigation.</p> <p>Transition actions include reducing greenhouse gas emissions, product requirements and supervision, low-carbon product management, product R&D, higher material costs, cost of acquiring and installing renewable energy, and other financial impacts.</p>
<p>4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.</p>	<p>LITEON places great importance on the identification, assessment, and management of climate risks. In accordance with the TCFD guidelines, risk and opportunity investigations are conducted to update the identification of risks and opportunities. Business units, Corp functions, and factory management are invited to participate in the identification of risks and opportunities, focusing on regulations, supervision, technology, compliance, market, reputation, short-term physical risks, and long-term physical risks. Communication with various units during the investigation ensures consistency in filling out the climate risk and opportunity questionnaire. A total of 329 responses related to climate risks and opportunities were collected for further analysis to identify key themes of risks and opportunities. After identifying the top 4 risks and 5 opportunities, scenario simulations and financial analyses were conducted.</p>

Item	Implementation status:
<p>5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.</p>	<p>In the scenario simulations, LITEON analyzes the impact of climate change on the company in extreme weather events based on its product and production advantages. The scenarios used include RCP 8.5 and RCP 2.6 to identify the extreme climate factors affecting LITEON due to temperature rise, including the impact of typhoons, floods, and high temperatures. RCP 8.5 is considered the worst-case scenario for quantitative and qualitative analysis, with a projected temperature increase of 4.1 degrees Celsius by 2100. Given the diversified use of LITEON products, climate analysis was referenced to determine parameters and assumptions, including energy demand and mix, pricing of key commodities/products, energy and technology efficiency, and our sites worldwide.</p> <p>In the RCP 8.5 scenario, transition risks and physical risks were selected, leading to the establishment of short-term, medium-term, and long-term goals to gradually reduce carbon emissions through carbon management and emission reduction plans. The main impacts of RCP 8.5 identified include rising temperatures and sea levels, leading to increased future floods or diseases.</p> <p>An analysis was conducted based on the International Energy Agency's 2°C scenario (2DS) to determine LITEON's potential contribution to emission reduction. The 2DS describes energy system pathways and CO2 emission trajectories, aiming for a 70% reduction in annual CO2 emissions related to energy by 2060 under strict regulations in production and operational sites. Parameters and assumptions considered include carbon pricing, energy composition including renewable energy generation, energy-saving technologies, customer demands, and policies chosen in the qualitative scenario analysis of the 2DS scenario. Analytical choices made in the analysis include the impact period, application scope to operational locations, costs, and more.</p>
<p>6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.</p>	<p>Through climate risk and opportunity identification, we have examined the internal climate-related developments of LITEON to identify physical and transition risks and opportunities and to identify potential issues that may be faced in the future, while considering past achievements in climate adaptation. Climate-related risk analysis aims to manage risks, expand, and explore future opportunities. By establishing working groups to identify the potential financial impacts of relevant issues, we aim to improve climate risk management. LITEON has established a TCFD implementation team to discuss legal, technical, market, and reputational transition risks and short, medium, and long-term opportunities. LITEON identified relevant transition risks and opportunities, including production resource efficiency, product energy efficiency improvement, energy product material sourcing, regulations, and the application of new technologies. Key stakeholders include customers, investors, and government agencies involved in greenhouse gas emission reduction. The main climate opportunities lie in responding to various green products and services trends for sustainable development. LITEON has set product targets to enhance future greenhouse gas emission reduction goals, aiming to reduce greenhouse gas emissions from its own production and products.</p>

<p>Item</p> <p>7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.</p>	<p>Implementation status:</p> <p>Internal carbon pricing was used by LITEON as an auxiliary tool for transition risk. Pricing was calculated using investments related to carbon reduction including the purchase of renewable energy/certificates, reduction in GHG emissions, and so on. A carbon pricing policy not only strengthened the Company's energy efficiency and carbon reduction measures. It will also help LITEON cope with changes in the energy market and mitigate our operating risks after the introduction of carbon emission reduction and carbon trading regulations. The policy is one of our long-term strategies for achieving net zero emissions so we may gradually increase the rates.</p> <p>LITEON set its carbon reduction science-based targets in 2019 and verified by SBTi. The carbon reduction pathway of LITEON is based on 2014 levels, aiming to achieve a 39.3% reduction in emissions per unit of revenue by 2025 and a net-zero target by 2050. The SBT carbon reduction pathway is shown in the figure below. The scope of greenhouse gas emissions in LITEON's carbon reduction pathway includes scopes one and two of LITEON's main production sites and headquarters. In 2023, LITEON purchased 88,945 International Renewable Energy Certificates (I-RECs), resulting in a total reduction of 67,897 metric tons of carbon dioxide equivalent. In terms of carbon reduction, LITEON exceeded its set reduction target in 2023 (28.51%), achieving a 38.97% reduction based on scientific targets.</p>																																							
<p>8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified</p>	<p>The SBT near-term carbon reduction pathway target map by 2025</p>  <table border="1"> <caption>GHG emission intensity (tonnes CO₂e/NTD million of revenue)</caption> <thead> <tr> <th>Year</th> <th>Greenhouse gas emission intensity</th> <th>SBT Roadmap</th> </tr> </thead> <tbody> <tr><td>2014</td><td>2.04</td><td>2.04</td></tr> <tr><td>2015</td><td>1.99</td><td>1.99</td></tr> <tr><td>2016</td><td>1.75</td><td>1.75</td></tr> <tr><td>2017</td><td>1.72</td><td>1.72</td></tr> <tr><td>2018</td><td>1.69</td><td>1.69</td></tr> <tr><td>2019</td><td>1.57</td><td>1.57</td></tr> <tr><td>2020</td><td>1.62</td><td>1.62</td></tr> <tr><td>2021</td><td>1.54</td><td>1.54</td></tr> <tr><td>2022</td><td>1.46</td><td>1.46</td></tr> <tr><td>2023</td><td>1.38</td><td>1.38</td></tr> <tr><td>2024</td><td>1.31</td><td>1.31</td></tr> <tr><td>2025</td><td>1.24</td><td>1.24</td></tr> </tbody> </table> <p>*The 2023 GHG inventory data will be disclosed in the LITEON Sustainability Report.</p>	Year	Greenhouse gas emission intensity	SBT Roadmap	2014	2.04	2.04	2015	1.99	1.99	2016	1.75	1.75	2017	1.72	1.72	2018	1.69	1.69	2019	1.57	1.57	2020	1.62	1.62	2021	1.54	1.54	2022	1.46	1.46	2023	1.38	1.38	2024	1.31	1.31	2025	1.24	1.24
Year	Greenhouse gas emission intensity	SBT Roadmap																																						
2014	2.04	2.04																																						
2015	1.99	1.99																																						
2016	1.75	1.75																																						
2017	1.72	1.72																																						
2018	1.69	1.69																																						
2019	1.57	1.57																																						
2020	1.62	1.62																																						
2021	1.54	1.54																																						
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2023	1.38	1.38																																						
2024	1.31	1.31																																						
2025	1.24	1.24																																						
<p>9. Greenhouse gas inventory and assurance status (filled out separately below in I-1).</p>	<p></p>																																							

1-1 Greenhouse Gas Inventory and Assurance Status in Recent Two-year

1-1-1 Greenhouse Gas Inventory Information

Instructions for Completing the Table:

Describing the emissions of greenhouse gases in the past two years (metric tons of CO₂e), intensity (metric tons of CO₂e per million dollars), and data coverage.

FY Year	Greenhouse Gas Emissions (metric tons of CO ₂ e)			Intensity (metric tons of CO ₂ e per million dollars)	Data Coverage
	Scope 1	Scope 2 (Market Base)	Scope 3		
2021	10,081	216,771	13,332,353	1.53	1.LITE-ON TECHNOLOGY CORPORATION 2.LITE-ON ELECTRONICS (DONGGUAN) CO., LTD. 3.LITE-ON POWER TECHNOLOGY (DONGGUAN) CO., LTD. 4.LITE-ON ELECTRONICS (GUANGZHOU) LTD. 5.LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD. 6.LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD. 7.LITE-ON ELECTRONICS (TIANJIN) CO., LTD. 8.LITE-ON NETWORK COMMUNICATION (DONGGUAN) LTD. 9.LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD. 10.LITE-ON (GUANGZHOU) AUTOMOTIVE ELECTRONICS LTD. 11.HUIZHOU LI SHIN ELECTRONIC CO., LTD. 12.SILITEK ELEC. (DONGGUAN) CO., LTD. 13.LITEON-IT OPTO TECH (BH) CO., LTD. 14.LITE-ON Electronics (Thailand) Co., Ltd. 15.LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED 16.LITE-ON VIETNAM CO., LTD.
2022	7,278	178,010	10,869,212	1.24	

The verified data for the year FY2023 will be disclosed in the 2023 Sustainability Report (<https://www.liteon.com/en-us/globalcitizenship/365>)

1-1-2 Greenhouse Gas Assurance Information

Describe the assurance status for the most recent two years as of the date of the annual report, including the scope of assurance, assurance provider, assurance standards, and assurance conclusions.

2021:

The disclosed greenhouse gas emissions 226,852 metric tonnes CO₂e (100% of total emissions) are Scope 1 & 2 and are verified by the ISO 14064-3 criteria. The level of assurance information is as follows,

Scope verified: scope 1, 2 and 3

Verification bodies: SGS Taiwan

Verification standard: ISO 14064-1: 2006

level of assurance:

- Scope 1 and 2 are reasonable assurance and Scope 3 is limited assurance

2022:
The disclosed greenhouse gas emissions 185,289 metric tonnes CO₂e (100% of total emissions) are Scope 1 & 2 and are verified by the ISO 14064-3 criteria. The level of assurance information is as follows,

Scope verified: scope 1, 2 and 3 (Cat. 3 to 5)

Verification bodies: SGS Taiwan

Verification standard: ISO 14064-1: 2018

level of assurance:

- Scope 1 and 2 are reasonable assurance and Scope 3 is limited assurance

Statement TW230029700

Greenhouse Gas Verification Statement
The Inventory of Greenhouse Gas emissions in year 2022 of
LITE-ON Technology Corporation
No. 392, Ruiyuan Road, Nahu Dist., Taipei City, Taiwan

has been verified in accordance with ISO 14064-3:2009 as meeting the requirements of

ISO 14064-1:2018

Direct emissions
7,278.22 tonnes of CO₂e
Indirect emissions
11,115,120.09 tonnes of CO₂e
Direct emissions and indirect emissions
11,122,398.31 tonnes of CO₂e

Authorized by

Stephen Pao
Knowledge Deputy General Manager
Date: 04 July 2023
Version 1
TW230029700-1-01-2023
LITE-ON Technology Corporation
No. 392, Ruiyuan Road, Nahu District, Taipei City, Taiwan
1100230982079 | 02023098200 | www.liteon.com

SGS
The Statement is not valid without the full verification report, objectives, criteria and findings issued on the Statement.

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Statement TW230030700, continued

SGS has been contracted by LITE-ON Technology Corporation (hereinafter referred to as "LITE-ON"), No. 392, Ruiyuan Road, Nahu District, Taipei City, Taiwan, for the verification of direct and indirect Greenhouse Gas emissions in accordance with

ISO 14064-3: 2009

as provided by LITE-ON Technology Corporation (hereinafter referred to as "LITE-ON"), No. 392, Ruiyuan Road, Nahu District, Taipei City, Taiwan, in the GHG Assertion in the form of GHG report covering GHG emissions of the period 01 January 2022 to 31 December 2022.

Roles and responsibilities
The management of LITE-ON is responsible for the organization's GHG information system, the development and maintenance of records and reporting procedures in accordance with that system, including the calculation and determination of GHG emissions information and the reported GHG emissions.

It is SGS' responsibility to express an independent GHG verification opinion on the GHG emissions as provided in the GHG Assertion for the period 01 January 2022 to 31 December 2022.

SGS conducted a third-party verification of the provided GHG assertion against the principles of ISO 14064-3:2009 in the period 22 February 2023 to 29 March 2023. The verification was based on the verification scope, objectives and criteria as agreed between LITE-ON and SGS on 07 November 2022.

Level of Assurance
The level of assurance for category 1 and category 2 agreed is that of reasonable assurance.
Category 3 & 6 agreed is that of limited assurance.

Scope
LITE-ON has commissioned an independent verification by SGS Taiwan of reported GHG emissions of LITE-ON arising from design and manufacture of Imaging products, Enclosures, Power supplies, Keyboards, Mouse, Motherboards, Network access product, Optic Disk Drive, Hard Disk and LEDs related activities, to establish conformance with ISO 14064:2006 principles within the scope of the verification as outlined below.

The Statement is not valid without the full verification report, objectives, criteria and findings issued on the Statement.

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The verified data for the year FY2023 will be disclosed in the 2023 Sustainability Report (<https://www.liteon.com/en-us/globalcitizenship/365>)

1-2 Greenhouse Gas Reduction Targets, Strategies, and Specific Action Plans

Outline the baseline year and data for greenhouse gas reduction, reduction targets, strategies, specific action plans, and the status of achieving the reduction targets.

To combat climate change, LITEON has launched "Project 555," a comprehensive plan aimed at reducing carbon emissions and product footprints by 5% annually, committed to achieving net-zero emissions by the year 2050. While actively reducing greenhouse gas emissions, LITEON plans to complete the greenhouse gas inventory for its consolidated financial report in 2024, with the year 2025 serving as the baseline. In terms of emission reduction strategies, LITEON aims to minimize greenhouse gas emissions through a combination of renewable energy adoption and energy-saving measures. Specifically, this includes using renewable energy sources, implementing energy-efficient equipment, optimizing processes, and other practices to reduce the company's carbon footprint. Additionally, LITEON is expanding the implementation of ISO 50001 in its facilities to enhance energy management. The progress toward annual emission reduction targets will be publicly disclosed in sustainability reports and on the official website.

In 2022, LITEON achieved a 28.51% reduction in carbon intensity compared to the 2014 baseline year. In 2023, the company further aligned with the LITEON 555 Carbon Reduction Initiative, increasing the original target of 32.24% reduction in carbon intensity to 33.51%. These efforts demonstrate LITEON's commitment to actively mitigate greenhouse gas emissions and minimize its environmental impact.

3.4.6 The State of the Company's Performance in the Area of Ethical Corporate Management, Any Variance from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance

Assessment Item	Implementation Status		Non-implementation and Its Reason(s)
	Yes	No	
<p>1. Establishment of ethical corporate management policies and programs</p> <p>(1) Does the company have a clear ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?</p>	V		Compliant with the Ethical Corporate Management Best Practice Principles.
<p>(2) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?</p>	V		
<p>(3) Does the company clearly set out the operating procedures, behavior guidelines, punishment and appeal system for violations in the plan to prevent unethical conduct, implement it, and regularly review and revise the plan?</p>	V		
			<p>(1) LITEON has stated in the LITEON Ethical Corporate Management Best Practice Principles approved by the board of directors (the "Ethics Code") that it abides by the operational philosophy of honesty, transparency and responsibility, bases policies on the principle of good faith and establishes good corporate governance and risk management mechanisms so to create a business environment for sustainable development. LITEON has also stated in the same document the commitment of the board of directors and the management team to thorough implementation of the above policies and to carrying out the policies in internal management and in business activities.</p> <p>(2) The Company set up the Corporate Sustainability Committee under the board of directors, and set up the "Ethical Operation Subcommittee" under the following. The Subcommittee regularly holds annual review meetings each year. Each team reports on the implementation plan and the improvement results thereof as well as analyzes and assesses the business activities at risk from unethical conduct. Preventive measures are separately established in accordance with the subparagraphs under Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and other operating activities that are within the scope of operations that entail rather higher risk from unethical conduct.</p> <p>(3) LITEON has detailed ethical management practices and measures to prevent unethical behaviors in the Ethics Code, the Employee Handbook, and Code of Ethics for Practitioners. These practices and measures include operating procedures, code of conduct, education and training, whistleblowing procedures, and grievance and disciplinary procedures as well as their implementation. Meanwhile, regulations are regularly reviewed and amended through the integrity management team operating mechanism.</p>

Assessment Item	Implementation Status		Non-implementation and Its Reason(s)
	Yes	No	
<p>2. Ethic Management Practice</p> <p>(1) Does the company assess the ethics records of whom it has business relationship with and include business conduct and ethics related clauses in the business contracts?</p> <p>(2) Does the company set up a dedicated unit to promote ethical corporate management under the board of directors, and regularly (at least once a year) report to the board of directors on its ethical corporate management policy and plans to prevent unethical conduct and monitor implementation?</p> <p>(3) Does the company establish policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly?</p> <p>(4) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct or hire outside accountants to perform the audits?</p>	V		<p>Compliant with the Ethical Corporate Management Best Practice Principles.</p>
	V		
	V		
	V		

Assessment Item	Implementation Status		Non-implementation and Its Reason(s)
	Yes	No	
(5) Does the company provide internal and external ethical corporate management training programs on a regular basis?	V		(5) To ensure the practices are exactly followed, the company's orientation training has included the Ethics Code in the compulsory course content and frequently mentioned in meetings. It is included in the annual compulsory course content for all employees from Year 2019. For the complete course information, please refer to "5.5 Labor Relations", which provides information on "Employee education and training and implementation."
3. Implementation of Complaint Procedures (1) Does the company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received?	V		(1) To establish an honest and transparent corporate culture, promote sound management, and safeguard the rights of whistleblowers, the Company's board of directors has formulated the "Whistleblower Guidelines." LITEON have established and publicly announced channels for reporting, including a dedicated hotline, a whistleblowing email address, and a mailing address on Company's website and internal network. These channels are available for both internal and external personnel to report incidents related to crimes, fraud, or violations. The chief audit officer serves as the point of contact for handling whistleblower cases. After consultation with the chairman of the audit committee, the chief audit officer, considering the level of the reported individual, forms an appropriate investigation team to conduct inquiries. If necessary, external experts may be invited to participate in the investigation. Contact information: Mailbox: PO Box 156-21, Jianguan Post Office, Neihu District, Taipei City 114956 Office of Chairman Reporting Mailbox By email: ethic.hotline@liteon.com Telephone: +886-2-8793 6833 The chief audit officer serves as the point of contact for handling whistleblower cases.

Assessment Item	Implementation Status		Non-implementation and Its Reason(s)
	Yes	No	
(2) Does the company establish standard operation procedures for investigating the complaints received, follow-up measures taken after investigating and ensuring such complaints are handled in a confidential manner?	V		<p>(2) LITEON has established guidelines for whistleblowing, including principles for processing, investigation procedures, accountability, improvement measures, and protection for whistleblowers, as outlined in the “Whistleblowing Guidelines.”</p> <p>Processing principles,</p> <ul style="list-style-type: none"> • Real-name tip-off: When acting on a tip-off, the whistleblowers should provide their true identity, the name of the whistleblowers, their organization, position, details of the incident, and the amount involved. This information facilitates subsequent investigations. • Anonymous tip-off: If an anonymous tip-off includes the specific details mentioned above, the internal investigation team may conduct a preliminary inquiry. However, if evidence is lacking or legal requirements are not met, the anonymous whistleblower may need to provide additional explanations or information. Failure to respond may result in the case being closed. • Insufficiently tip-off: If a tip-off lacks detailed or specific information, including relevant details about people, events, time, and location, the internal audit supervisor will still seek to understand the whistleblower’s content. They will respond within two weeks, aiming to achieve completeness in the whistleblower’s content. <p>Investigation procedures,</p> <ul style="list-style-type: none"> • If the whistleblowing content pertains to internal management or other suggestions for improving corporate governance, it should be forwarded to the relevant department’s (highest) supervisor or submitted to the Chairman, CEO, Audit Committee Chairman, and Corporate Governance Officer for reference. • If the tip-off content involves whistleblowing, illegal activities, or discoveries made through internal audits, the chief audit officer, after discussing with the Audit Committee Chairman, should form an appropriate investigation team to conduct an inquiry. If necessary, external experts may be invited to participate in the investigation. • The Legal, HR, Finance, IT, and Internal audit should provide necessary assistance to the investigation team. • If the tip-off subject involves Vice Presidents (or higher), business unit heads, or corporate headquarters functional heads, the Audit Committee should be notified. • The chief audit officer should report on the status of investigation cases to the Audit Committee by quarterly.

Assessment Item	Implementation Status		Non-implementation and Its Reason(s)
	Yes	No	
(3) Does the company adopt proper measures to prevent a complainant from retaliation for his/her filing a complaint?	V		<p>(3) LITEON has established the "Whistleblower Guidelines," which apply to both the Company and its subsidiaries. This system aims to protect whistleblowers. If a whistleblower believes he has faced adverse consequences due to reporting an incident, he can file an appeal through our designated reporting channels. The chief audit officer provides quarterly reports to the audit committee on the handling status of investigation cases.</p> <p>In 2023, a total of 12 whistleblower reports were received across the Company and its subsidiaries (compared to 23 in 2022). Out of these, 4 cases were substantiated through investigations (compared to 5 in 2022). For cases where evidence was lacking, feedback was provided to the whistleblowers. All other cases resulted in disciplinary actions based on internal regulations or strengthened colleague education, training, and control activities.</p>
4. Strengthening Information Disclosure Does the company disclose its ethical corporate management policies as well as the results of its implementation on its website and Market Observation Post System ("MOPS")?	V		<p>Information regarding business activities, organizational structures, and financial standing and performance is disclosed according to the applicable regulations and generally accepted industry conventions. LITEON follows the ethical management principles and discloses the measures it adopts and their performance on the company website and in the annual reports and prospectuses. The ethical management principles are also disclosed on the company website.</p>
5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation: No deviations.			<p>Compliant with the Ethical Corporate Management Best Practice Principles.</p>
6. Other important information to facilitate a better understanding of the company's ethical corporate management policies (e.g., review and amend its policies): (1) LITEON builds its ethical management practices on compliance with the Company Act, the Securities and Exchange Act, the Business Entity Accounting Act, and regulations governing TWSE listed companies or other business activities. (2) LITEON has implemented the Material Insider Information Procedures. The procedures require explicitly that directors, managers and employees not disclose material insider information in their knowledge to other people; inquire or collect from persons with material insider information any undisclosed information unrelated to their duties; and not disclose to other people any undisclosed material insider information acquired not through performance of their duties.			

3.4.7 If the company has adopted corporate governance best-practice principles or related bylaws, disclose how these are to be searched:

Regarding information disclosure on the company website, the "Investors - Corporate Governance" section contains rules and regulations available for inquiry and download. The contents include Corporate Governance Best Practice Principles, Major Resolutions of Board Meetings, and Procedures for Handling Material Inside Information. The website URL is <https://www.liteon.com/en-us/investor/corporategovernance>. The "Procedures for Handling Material Inside Information" above and subsequent amendments will be announced, and the latest version will be published on the corporate intranet to be available to the employees. In addition, LITEON makes the "Procedures for Handling Material Inside Information" part of the orientation programs and e-learning courses on insider trading prevention to raise awareness.

3.4.8 Other Important Information Regarding Corporate Governance

3.4.8.1 LITEON Technology Corporation Executive Succession Plan

The selection and training of successors is vital to the sustainable development of an enterprise. The purpose of the executive succession plan is to assure the corporate development link to the changes of operation environment, as well as the availability of the reserve capacity of the leaders and the management to provide human resources for the sustainable development of the organization. The executive succession plan of LITEON requires all members of the succession team (candidates) to be people of excellence in execution, and their values and personality traits must also match the expectation of the company including integrity, innovation, and the ability to earn customer satisfaction. High potential employees will be subject to rotation among different types of business, geographic regions, and functional organizations to examine their level of open-mindedness, learning capability, empathy, and performance excellence. Multilateral arrangement will also be made in different aspects of corporate management for the training of the prospective successors:

I.Executive development plan:

The Company conducts targeted, systematic, and organized training and development for the top executives of business and functional units to strengthen their performance in the four key dimensions of leadership development, innovation strategy, culture shaping, and organizational transformation. Different training methods such as workshops, success stories of external entrepreneurs, trend forums, and management succession help leaders lead their teams in realizing the short, medium and long-term targets of the organization by broadening their horizons, honing critical skill, and laying the foundations for sustainability.

II.Executive succession plan:

Candidates in the succession pipeline must demonstrate their ability to define the strategic direction, make operational decisions, delegate, and cultivate organizational talent in their respective businesses. More importantly, they must seek to excel in business and surpass their competitors. Three-year strategies and organizational talent development strategies are drawn up based on the targets for each year. Meetings and networking events are then held with the top decision-maker and management team. Business performance is then reviewed on a monthly and quarterly basis. An incubation plan is drawn up for each succession pipeline candidate based on their individual ability and the requirements of their role. Candidates undergo a variety of tailored development methods including project assignments. The top decision-making team then selects outstanding successors that show potential for key roles. Outstanding executives are also hired externally to brainstorm with the original team and flesh out the bench for successors. To expand the management dimensions and increase the international experience in the Company's succession pipelines to prepare them for key future postings, key jobs are designated for HQ functional units, business units and overseas locations for the rotation of candidates. We aim to cultivate the candidates' business perspective, prepare them for constant changes and competition in the business environment, accumulate company management and leadership skills, as well as boost the competitiveness of management candidates at each level in order to realize organizational goals and sustainability.

To execute the executive succession plan, the board of management have jointly agreed to appoint Mr. Tom Soong as the new Chairman, and also appoint Mr. Anson Chiu as the new President on July.30,2020. To lead our organization into the next level to become an international leader.

3.4.8.2 Other Important Information

In response to new or amended regulations promulgated by the securities governing authority and taking into consideration of the company's actual business needs, LITEON has completed establishment or amendment of the "Corporate Governance Best Practice Principles", the "Code of Conduct", the "Ethical corporate management best practice principles", the "Corporate Social Responsibility Best Practice Principles", the "Procedures for the Acquisition and Disposal of Assets", the "Risk Management Policy and Procedures", the "Regulation and Procedure for Board of Directors Meetings", the "Rules Governing the Election of Directors", the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees", the "Operating Specifications related to Mutual Financial and Business activities with Related Parties", the "Audit Committee Organizational Rules", and the "Rules and Procedures of Shareholders' Meeting". These rules and procedures are also disclosed and available for download on the company website.

3.4.9 Internal Control System Execution Status

3.4.9.1 Statement of Internal Control System


LITE-ON Technology Corporation
Statement of Internal Control System

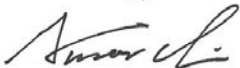
Date: February 26, 2024

Based on the findings of a self-assessment, LITE-ON Technology Corporation (LOT) states the following with regard to its internal control system during the year 2023:

1. LOT is fully aware that establishing, operating, and maintaining an internal control system are the responsibilities of its Board of Directors and management. LOT has established such a system to provide reasonable assurance in achieving objectives related to the effectiveness and efficiency of operations (including profits, performance, and safeguarding of assets), reliability, timeliness, transparency, and regulatory compliance of reporting and compliance with applicable laws, regulations, and bylaws.
2. An internal control system has inherent limitations. An effective internal control system, no matter how perfectly designed, can provide only a reasonable assurance in the accomplishment of the three objectives mentioned above. Furthermore, the effectiveness of an internal control system may change along with changes in environment or circumstances. The internal control system of LOT contains self-monitoring mechanisms, and LOT takes corrective actions as soon as a deficiency is identified.
3. LOT evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (herein referred to as "Regulations"). The internal control system evaluation criteria stated in the Regulations classify internal control into five key elements based on the process of management control: (1). control environment, (2). risk assessment, (3). control activities, (4). information and communications, and (5). monitoring. Each component further contains several items. Please refer to the Regulations for details.
4. LOT has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of the evaluation mentioned in the preceding paragraph, LOT believes that as at December 31, 2023, its internal control system (including its supervision and management of subsidiaries), which encompasses internal controls for the knowledge of the degree of achieving operational effectiveness and efficiency objectives, reliability, timeliness, transparency, and regulatory compliance of reporting and compliance with applicable laws, regulations, and bylaws, was effectively designed and operated and reasonably assured the achievement of the above-stated objectives.
6. This Statement will form an integral part of LOT's Annual Report and Prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
7. This Statement has been passed by the LOT Board of Directors' Meeting on February 26, 2024, where all of the eight attending directors expressed dissenting opinion and affirmed the content of this Statement.

LITE-ON Technology Corporation

Tom Soong
Chairman 

Anson Chiu
President 

3.4.9.2 If CPA was engaged to conduct a special audit of internal control system, provide its audit report: None.

3.4.10 Reprimands on the Company and its Staff

If there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder equity or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement: None.

3.4.11 Major Resolutions of Shareholders' Meeting and Board Meetings

3.4.11.1 Major Resolutions of Shareholders' Meeting and Implementation Status

The Company held a regular session of the General Meeting of 2023 on May 17, 2023 at the International Conference Center of Lite-On Technology Building located at No. 392, Rai Guang Road, 1/F, Neihu, Taipei. Major resolutions and the status of execution are shown below :

Item	Major Resolutions	Status of Execution
1	Adoption of 2022 Financial Statements.	The resolution had exceeded legal requirement of the voting numbers and been approved in the AGM.
2	Adoption of 2022 Earnings Distribution.	The resolution had exceeded legal requirement of the voting numbers and been approved in the AGM. (1)2022Q2 Earnings Distribution: Ex-rights (ex-dividend) record date Aug. 22, 2022 Dividend distribution date: Sep. 8, 2022 (Cash dividends NT\$ 1.5 per share) (2)2022Q4 Earnings Distribution: Ex-rights (ex-dividend) record date Mar. 23, 2023 Dividend distribution date: Apr. 21, 2023 (Cash dividends NT\$ 3 per share)
3	Amendment to "Articles of Incorporation".	The resolution had exceeded legal requirement of the voting numbers and been approved in the AGM. The revised version of "Articles of Incorporation" was implemented and announced on the Company website.

3.4.11.2 Major Resolutions of Board Meeting

2023	Major Resolutions
Feb.21	1. The results of it's operations for Fiscal Year 2022. 2. Dividend distribution. 3. Donation to Lite-On Culture Foundation. 4. The budget of the R&D building construction in Kaohsiung. 5. The cancellation of restricted shares to employee stock awards and the shares bought back from the dissenting shareholders 6. The schedule and agenda of year 2023 shareholders' meeting.
Apr.27	1. The Company's consolidated financial report of 2023Q1. 2. No interim dividend distribution of 2023 Q1. 3. The cancellation of restricted shares to employee stock awards. 4. The dispose JIANGXI FIRSTAR PANEL TECHNOLOGY CO., LTD. common shares hold by subsidiary.
May 30	1. LITE-ON TECHNOLOGY USA, INC. a 100% owned subsidiary by the Company, capital injection to LITEON INC for Plano factory investment. 2. To change deal criteria of disposing VIZIO HOLDING CORP. common shares held by subsidiary.
Jul.28	1. The Company's consolidated financial report of 2023Q2. 2. Interim dividend distribution of 2023 Q2. 3. The cancellation of restricted shares to employee stock awards.

2023	Major Resolutions
Aug.23	The share sale of subsidiaries.
Oct.19	To establish subsidiary in Vietnam.
Oct.30	<ol style="list-style-type: none"> 1. The Company's consolidated financial report of 2023Q3. 2. No interim dividend distribution of 2023 3Q. 3. The cancellation of restricted shares to employee stock awards. 4. The merger with its subsidiary, Lite-On Capital Corp. 5. Capital reduction through cancellation of treasury stocks. 6. Issuance of the First Domestic Unsecured Convertible Corporate Bonds.

2024	Major Resolutions
Feb.26	<ol style="list-style-type: none"> 1.The Company's consolidated financial report f 2023Q4. 2.Dividend distribution of 2023 Q4. 3.The revisions of the design and budget for the Kaohsiung LITEON building. 4.The Company's significant subsidiary, LITE-ON Singapore Pte. Ltd., decides to dispose of LUXVISIONS INNOVATION LIMITED.'s common stocks. 5. Subsidiary Leotek Corporation and Leotek Electronics USA LLC investment structure restructuring and capital increase.

3.4.12 Major Issues of Record or Written Statements Made by Any Director Dissenting to Important Resolutions Passed by the Board of Directors during 2023 and as of the Date of this Annual Report: None.

3.4.13 Resignation or Dismissal of the Company’s Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit, Corporate Governance and R&D:

2024.02.29

Title	Name	Date of Appointment	Date of Termination	Reasons for Resignation or Dismissal
Vice President	Steven Liao	2020.07.16	2024.02.26	Resignation

3.4.14 Continuing Education/Training
3.4.14.1 Continuing Education/Training of Directors

	Title	Name	Date		Organizer	Course name	Hours	Total hours
			Start date	End date				
1	Chairman	Tom Soong	Jul. 27, 2023	Jul. 27, 2023	Taiwan Corporate Governance Association	The function and role of financial strategy	3.0	12.0
			Aug. 11, 2023	Aug. 11, 2023	Taiwan Corporate Governance Association	Trends and risk management of digital technology and artificial intelligence	3.0	
			Oct. 30, 2023	Oct. 30, 2023	Taiwan Corporate Governance Association	Matters needing attention in corporate mergers and acquisitions	3.0	
			Nov. 10, 2023	Nov. 10, 2023	Taiwan Corporate Governance Association	ESG trends and epidemic environment talk about global and Taiwan tax reform and	3.0	
2	Director	Raymond Soong	Jul. 27, 2023	Jul. 27, 2023	Taiwan Corporate Governance Association	The function and role of financial strategy	3.0	12.0
			Aug. 11, 2023	Aug. 11, 2023	Taiwan Corporate Governance Association	Trends and risk management of digital technology and artificial intelligence	3.0	
			Oct. 30, 2023	Oct. 30, 2023	Taiwan Corporate Governance Association	Matters needing attention in corporate mergers and acquisitions	3.0	
			Nov. 10, 2023	Nov. 10, 2023	Taiwan Corporate Governance Association	ESG trends and epidemic environment talk about global and Taiwan tax reform and Corporate tax governance	3.0	
3	Director	Keh-Shew Lu	Jul. 27, 2023	Jul. 27, 2023	Taiwan Corporate Governance Association	The function and role of financial strategy	3.0	6.0
			Oct. 30, 2023	Oct. 30, 2023	Taiwan Corporate Governance Association	Matters needing attention in corporate mergers and acquisitions	3.0	
4	Director	Anson Chiu	Jul. 27, 2023	Jul. 27, 2023	Taiwan Corporate Governance Association	The function and role of financial strategy	3.0	6.0
			Oct. 30, 2023	Oct. 30, 2023	Taiwan Corporate Governance Association	Matters needing attention in corporate mergers and acquisitions	3.0	
5	Independent Director	Harvey Chang	Jul. 27, 2023	Jul. 27, 2023	Taiwan Corporate Governance Association	The function and role of financial strategy	3.0	6.0
			Oct. 30, 2023	Oct. 30, 2023	Taiwan Corporate Governance Association	Matters needing attention in corporate mergers and acquisitions	3.0	

Title	Name	Date		Organizer	Course name	Hours	Total hours
		Start date	End date				
6	Independent Director Albert Hsueh	Mar. 10, 2023	Mar. 10, 2023	Taiwan Corporate Governance Association	Weird 2023 global economic situation	1.0	21.0
		Mar. 16, 2023	Mar. 16, 2023	Institute of Financial Law and Crime Prevention	Money laundering prevention and counter-terrorism financing practices and directors' legal obligations and Responsibility promotion	3.0	
		May 18, 2023	May 18, 2023	Taiwan Securities Association	Financial Consumer Protection Act and Fair Hospitality	3.0	
		May 25, 2023	May 25, 2023	Taiwan Corporate Governance Association	Strengthening the drive for ESG from the board of directors---senior executive compensation and ESG Performance link case sharing	1.0	
		Jul. 27, 2023	Jul. 27, 2023	Taiwan Corporate Governance Association	The function and role of financial strategy	1.0	
		Aug. 30, 2023	Aug. 30, 2023	Taiwan Corporate Governance Association	ChatGPT's impact on the industry and its response	1.0	
7	Independent Director Mike Yang	Sep. 01, 2023	Sep. 01, 2023	Taiwan Corporate Governance Association	Give full play to the professional functions of independent directors with Xingli thinking	1.0	6.0
		Sep. 07, 2023	Sep. 07, 2023	Taiwan Corporate Governance Association	The help and impact of emerging information security technology on financial digital innovation	3.0	
		Oct. 13, 2023	Oct. 13, 2023	Taiwan Corporate Governance Association	Trends and risk management of digital technology and artificial intelligence	3.0	
		Oct. 30, 2023	Oct. 30, 2023	Taiwan Corporate Governance Association	Matters needing attention in corporate mergers and acquisitions	3.0	
		Dec. 28, 2023	Dec. 28, 2023	Taiwan Corporate Governance Association	Wangdao Management Accounting and Corporate Governance	1.0	
		Jul. 27, 2023	Jul. 27, 2023	Taiwan Corporate Governance Association	The function and role of financial strategy	3.0	
8	Independent Director MK Lu	Oct. 30, 2023	Oct. 30, 2023	Taiwan Corporate Governance Association	Matters needing attention in corporate mergers and acquisitions	3.0	12.0
		Jul. 06, 2023	Jul. 06, 2023	Taiwan Corporate Governance Association	The role of directors and compliance responses to management rights challenges under corporate governance 3.0	3.0	
		Jul. 11, 2023	Jul. 11, 2023	Taiwan Corporate Governance Association	Risk Management and Internal Control	3.0	
		Jul. 27, 2023	Jul. 27, 2023	Taiwan Corporate Governance Association	The function and role of financial strategy	3.0	
		Oct. 30, 2023	Oct. 30, 2023	Taiwan Corporate Governance Association	Matters needing attention in corporate mergers and acquisitions	3.0	

3.4.14.2 Continuing Education/Training of Management

Title	Name	Date	Course name	Hours
President	Anson Chiu	2023/05/03 2023/05/04	2nd Leadership Forum	14
		2023/06/15	Basic Intellectual Property Training Course	1
		2023/07/27	The Function and Role of Financial Strategy	3
		2023/07/27 2023/11/17	EDP Successful Entrepreneurs Lectures (2 sessions)	5
		2023/10/30	Matters Needing Attention in Corporate Mergers and Acquisitions	3
Senior Vice President	Jerry Hsu	2023/05/03 2023/05/04	2nd Leadership Forum	14
		2023/07/27	EDP Successful Entrepreneurs Lectures (1 session)	3
Vice President	Steven Liao	2023/05/03 2023/05/04	2nd Leadership Forum	14
		2023/07/27 2023/11/17	EDP Successful Entrepreneurs Lectures (2 sessions)	5
Vice President	John Chang	2023/05/03 2023/05/04	2nd Leadership Forum	14
		2023/06/15	Basic Intellectual Property Training Course	1
		2023/07/27	EDP Successful Entrepreneurs Lectures (1 session)	3
Vice President / Corporate Governance Officer/ Board Secretariat	Jean Hong	2023/05/03 2023/05/04	2nd Leadership Forum	14
		2023/06/09	Promote Sustainable Development of Enterprises through Risk Management - Risks of Listed Companies on the OTC Market Code of Management Practice	3
		2023/06/15	Basic Intellectual Property Training Course	1
		2023/07/27	Role of Financial Decisions in Corporate Management	3
		2023/07/27 2023/11/17	EDP Successful Entrepreneurs Lectures (2 sessions)	5
		2023/10/30	Matters Needing Attention in Corporate Mergers And Acquisitions	3
		2023/11/24	Uncovering the Mystery Behind Corporate governance: Corporate Governance Officers Operational Practices	3
Vice President	Don Lin	2023/05/03 2023/05/04	2nd Leadership Forum	14
Principal Accounting Officer	Michelle Hsiao	2023/06/15	Basic Intellectual Property Training Course	1
		2023/07/27	The Function and Role of Financial Strategy	3
		2023/07/27 2023/11/17	EDP Successful Entrepreneurs Lectures (2 sessions)	5

3.5 Information on Attesting CPA Professional Fees

Unit: NT\$ thousands

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit Fee	Non-audit Fee	Total	Remarks
Deloitte & Touche	MENG-CHIEH, CHIU SHIUH-RAN, CHENG	01/01/2023- 12/31/2023	25,070	25,646	50,716	Non-audit fees were mainly for tax-related consultation and compliance, investment-related consultation, information system related consulting services and others.

Note 1: When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: Not Applicable.

Note 2: When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reasons therefor shall be disclosed: None.

3.6 Information on Replacement of CPAs

A. Information regarding the former CPAs

Date of replacement	Approved by the Board of Directors on February 26, 2024		
Reason for replacement and explanation	The original CPAs of the Company were MENG-CHIEH, CHIU and SHIUH-RAN, CHENG, in compliance with regulatory requirements on rotation of Deloitte & Touche, the CPAs were changed to SHIUH-RAN, CHENG and CHEN-HSIU, YANG starting from 2024Q1.		
Describe whether the Company terminated or the CPAs terminated or did not accept the engagement	Parties	CPAs	The Company
	Circumstances		
	Terminated the engagement	Not Applicable	Not Applicable
	No longer accepted (discontinued) the engagement	Not Applicable	Not Applicable
If the CPAs issued an audit report expressing any opinion other than an unqualified opinion during the 2 most recent years, specify the opinion and the reasons	None		
Disagreement with the Company?	Yes		Accounting principles or practices
			Disclosure of financial reports
			Audit scope or steps
			Other
	No	V	
	Specify details		
Other disclosures(Any matters required to be disclosed under sub-items d to g of Article 10.6.A)	None		

B.Information Regarding the Successor CPAs

Name of accounting firm	Deloitte & Touche
Names of CPAs	SHIUH-RAN, CHENG and CHEN-HSIU, YANG
Date of engagement	Approved by the Board of Directors on February 26, 2024
Subjects discussed and results of any consultation with the CPAs prior to the engagement, regarding the accounting treatment of or application of accounting principles to any specified transaction, or the type of audit opinion that might be issued on the Company's financial report	None
Successor CPAs' written opinion regarding the matters of disagreement between the Company and the former CPAs	None

C.The reply letter from the former CPA regarding the Company's disclosures regarding the matters under Article 10.6.A and 10.6.B(c) of the Regulations: None.

3.7 Audit Independence

The Company's Chairman, Chief Executive Officer, Chief Financial Officer, and managers in charge of its finance and accounting operations did not hold any positions in the Company's independent auditing firm or its affiliates during 2023.

3.8 Changes in Shareholding of Directors, Managers and Major Shareholders

Unit: Shares

Title	Name	2023		As of February 29, 2024	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	Tom Soong	932,000	0	0	0
Director	Raymond Soong	0	0	0	0
Director	Ta-Sung Investment Co., Ltd.	0	0	0	0
	Representative: Anson Chiu	504,000	0	0	0
Director	Ta-Sung Investment Co., Ltd.	0	0	0	0
	Representative: Keh-Shew Lu	0	0	0	0
Independent Director	Harvey Chang	0	0	0	0
Independent Director	Albert Hsueh	0	0	0	0
Independent Director	Mike Yang	0	0	0	0
Independent Director	MK Lu	0	0	0	0
President	Anson Chiu	504,000	0	0	0
Senior Vice President	Jerry Hsu	169,000	0	(600,000) (Note1)	0
Vice President	Steven Liao (Resigned on Feb 26, 2024)	180,000	0	0	0
Vice President	John Chang	180,000	0	(111,000)	0
Vice President Corporate Governance Officer Board Secretariat	Jean Hong	0	0	0	0
Vice President	Don Lin	96,000	0	0	0
Principal Accounting Officer	Michelle Hsiao	20,400	0	0	0

Note 1: Transferred as shares under trust with discretion reserved.

3.8.1 Shares Trading with Related Parties:

Name	Reason for Transfer	Transfer Date	Transferee	Relation with the transferee	Shares	Transfer Price
Jerry Hsu	Gifting	07.11.2023	Jerry Hsu's spouse	Spouse	50,000	-
Jerry Hsu	Gifting	07.11.2023	Jerry Hsu's child	Children	21,000	-

3.8.2 Shares Pledge with Related Parties: None

3.9 Relationship among the Top Ten Shareholders

As of August 18, 2023

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees	
	Shares	%	Shares	%	Shares	%	Title (or name)	Relationship
Labor Pension fund	90,505,513	3.82%	0	0%	0	0%	None	None
Ta-Rong Investment Co., Ltd.	85,402,698	3.61%	0	0%	0	0%	Shu-Yan Tsai	Chairman
Ta-Rong Investment Co., Ltd. Chairman: Shu-Yan Tsai	7,454	0%	0	0%	0	0%	Ming-Hsing/ Ta-Sung (Investment Co., Ltd.)	Chairman
Raymond Soong	79,302,560	3.35%	16,966,064	0.72%	0	0%	None	None
Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF	79,172,000	3.34%	0	0%	0	0%	None	None
Ming-Hsing Investment Co., Ltd.	60,686,330	2.56%	0	0%	0	0%	Shu-Yan Tsai	Chairman
Ming-Hsing Investment Co., Ltd. Chairman: Shu-Yan Tsai	7,454	0%	0	0%	0	0%	Ta-Rong/ Ta-Sung (Investment Co., Ltd.)	Chairman
Yuanta/P-shares Taiwan Dividend Plus ETF	58,222,732	2.46%	0	0%	0	0%	None	None
Ta-Sung Investment Co., Ltd.	47,088,399	1.99%	0	0%	0	0%	Shu-Yan Tsai	Chairman
Ta-Sung Investment Co., Ltd. Representative: Keh-Shew Lu	0	0%	0	0%	0	0%	None	None
Ta-Sung Investment Co., Ltd. Representative: Anson Chiu	1,000,000	0.04%	0	0%	0	0%	None	None
Lite-On Technology Corporation (Treasury shares)	40,000,000	1.69%	0	0%	0	0%	Raymond Soong	Director
Fuh Hwa Securities Investment Trust Co., Ltd. Managed for Fubon Life Insurance Discretionary Account	30,773,000	1.30%	0	0%	0	0%	None	None
Barclays Capital Securities Limited- Barclays Capital Securities Limited SBL/PB(MTA)	29,908,246	1.26%	0	0%	0	0%	None	None

3.10 Ownership of Shares in Affiliated Enterprises

The shareholding of the same invested company by the Company, the directors, the supervisors, the managers or another business that is controlled by the Company directly or indirectly

As of December 31, 2023; Unit: shares; %

Invested businesses (Note 1)	The Company's investment		Investment of director, supervisor, management, and the business controlled by the Company directly or indirectly		Total Ownership	
	Shares	Share-holding ratio %	Shares	Share-holding ratio %	Shares	Share-holding ratio %
Silitech Technology Corporation	11,707,548	17.22	-	-	11,707,548	17.22
DragonJet Corporation	21,968,856	29.62	-	-	21,968,856	29.62
LITE-ON ELECTRONICS H.K. LIMITED	17,865,367	100.00	-	-	17,865,367	100.00
Lite-On Electronics (Thailand) Co., Ltd.	7,049,844	100.00	-	-	7,049,844	100.00
LITE-ON SINGAPORE PTE. LTD.	51,776,500	100.00	-	-	51,776,500	100.00
Lite-On Japan Ltd.	12,451,058	100.00	-	-	12,451,058	100.00
LITE-ON TECHNOLOGY USA, INC.	470,239	100.00	-	-	470,239	100.00
Lite-On International Holding Co., Ltd.	188,725,483	100.00	-	-	188,725,483	100.00
LTC GROUP LTD.	32,915,855	100.00	-	-	32,915,855	100.00
LITE-ON ELECTRONICS (EUROPE) LIMITED	300,000	100.00	-	-	300,000	100.00
Lite-On Technology (Europe) B.V.	612,771	100.00	-	-	612,771	100.00
Lite-On Overseas Trading Co., Ltd.	5,142,962	100.00	-	-	5,142,962	100.00
LITE-ON VIETNAM CO., LTD.	- (Note 2)	100.00	-	-	-	100.00
LITE-ON MOBILE PTE. LTD.	136,518,338	100.00	-	-	136,518,338	100.00
LITE-ON AUTOMOTIVE ELECTRONICS MEXICO, S.A. DE C.V.	294,825	99.00	2,978	1.00	297,803	100.00
EAGLE ROCK INVESTMENT LTD.	10,000	100.00	-	-	10,000	100.00
LET (HK) LIMITED	62,059,600	100.00	-	-	62,059,600	100.00
HIGH YIELD GROUP CO., LTD.	238,000	100.00	-	-	238,000	100.00
Philips & Lite-On Digital Solutions Corporation	17,150,000	49.00	-	-	17,150,000	49.00
Lite-On Automotive International (Cayman) Co., Ltd.	6,303,465	100.00	-	-	6,303,465	100.00

Invested businesses (Note 1)	The Company's investment		Investment of director, supervisor, management, and the business controlled by the Company directly or indirectly		Total Ownership	
	Shares	Share-holding ratio %	Shares	Share-holding ratio %	Shares	Share-holding ratio %
LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED	102,374,058	99.00	1,034,082	1.00	103,408,140	100.00
SKYLA CORPORATION	14,870,000	44.17	-	-	14,870,000	44.17
LEOTEK CORPORATION	60,000,000	100.00	-	-	60,000,000	100.00
LITE-ON MOBILE INDÚSTRIA E COMÉRCIO DE PLÁSTICOS LTDA.	6,507,001	2.97	212,824,231	97.03	219,331,232	100.00
CEDARS DIGITAL PTE. LTD.	1,363,200	100.00	-	-	1,363,200	100.00
LITE-ON GREEN ENERGY (SINGAPORE) PTE. LTD.	3,457,760	100.00	-	-	3,457,760	100.00
Lite-On Green Technologies, Inc.	67,000,000	100.00	-	-	67,000,000	100.00
Lite-On Green Energy (HK) Limited	3,100,000	100.00	-	-	3,100,000	100.00

Note 1: Long-term equity investment of the Company calculated according to the equity method.

Note 2: Not applicable. The firm does not issue shares. Lite-On's investments are measured as a percentage of ownership.

4. Capital Overview

4.1 Capital and Shares

4.1.1 Source of Capital

4.1.1.1 Capitalization

As of February 29, 2024

Month/ Year	Issued Price (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares (K)	Amount (NT\$ thousands)	Shares (K)	Amount (NT\$ thousands)	Sources of Capital	Capital Increased by Assets Other than Cash	Others
03/2023	10	3,500,000	35,000,000	2,362,093	23,620,930	Cancellation of treasury stock \$4,620 thousands and employee restricted stock awards \$5,280 thousands	-	03/17/2023 No. 11230034860 issued by the Ministry of Economic Affairs, R.O.C.
06/2023	10	3,500,000	35,000,000	2,368,481	23,684,810	Issuance of employee restricted stock awards \$64,840 thousands and cancellation of employee restricted stock awards \$960 thousands	-	06/12/2023 No. 11230096440 issued by the Ministry of Economic Affairs, R.O.C.
08/2023	10	3,500,000	35,000,000	2,368,352	23,683,522	Cancellation of employee restricted stock awards \$1,288 thousands	-	08/23/2023 No. 11230156120 issued by the Ministry of Economic Affairs, R.O.C.
11/2023	10	3,500,000	35,000,000	2,368,246	23,682,458	Cancellation of employee restricted stock awards \$1,064 thousands	-	11/15/2023 No. 11230212500 issued by the Ministry of Economic Affairs, R.O.C.
12/2023	10	3,500,000	35,000,000	2,353,130	23,531,300	Cancellation of shares after merger \$151,158 thousands	-	12/14/2023 No. 11230236990 issued by the Ministry of Economic Affairs, R.O.C.

4.1.1.2 Type of Stock

Unit: shares

Type of Stock	Authorized Share Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Common Stock	2,353,129,963	1,146,870,037	3,500,000,000	Listed Stock

4.1.1.3 Information for Shelf Registration: Not applicable

4.1.2 Status of Shareholders

As of August 18, 2023

	Governmental Organizations	Financial Institutions	Other Institutional Investors	Individuals	Foreign Institutional Shareholders and Individuals	Total
Numbers of Shareholders	9	44	493	147,352	1,280	149,178
Holding Shares	161,005,415	180,892,572	645,598,750	494,360,280	886,495,215	2,368,352,232
Holding Stake	6.80%	7.64%	27.26%	20.87%	37.43%	100%

4.1.3 Shareholding Distribution Status

4.1.3.1 Common Shares

As of August 18, 2023

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1~ 999	74,988	16,531,363	0.70%
1,000~ 5,000	62,074	114,957,999	4.85%
5,001~ 10,000	6,360	46,886,848	1.98%
10,001~ 15,000	1,829	22,418,890	0.95%
15,001~ 20,000	940	16,822,023	0.71%
20,001~ 30,000	795	19,823,448	0.84%
30,001~ 40,000	406	14,218,050	0.60%
40,001~ 50,000	250	11,407,675	0.48%
50,001~ 100,000	490	35,161,043	1.48%
100,001~ 200,000	310	43,972,640	1.86%
200,001~ 400,000	228	65,981,281	2.79%
400,001~ 600,000	115	56,833,240	2.40%
600,001~ 800,000	68	47,231,610	1.99%
800,001~1,000,000	43	38,987,865	1.65%
1,000,001 or over	282	1,817,118,257	76.72%
Total	149,178	2,368,352,232	100%

4.1.3.2 Preferred Shares: Not applicable

4.1.4 List of Major Shareholders

As of August 18, 2023

Shareholder's Name	Shareholding	
	Shares	Percentage
Labor Pension fund	90,505,513	3.82%
Ta-Rong Investment Co., Ltd.	85,402,698	3.61%
Raymond Soong	79,302,560	3.35%
Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF	79,172,000	3.34%
Ming-Hsing Investment Co., Ltd.	60,686,330	2.56%
Yuanta/P-shares Taiwan Dividend Plus ETF	58,222,732	2.46%
Ta-Sung Investment Co., Ltd.	47,088,399	1.99%
Lite-On Technology Corporation (Treasury shares)	40,000,000	1.69%
Fuh Hwa Securities Investment Trust Co., Ltd. Managed for Fubon Life Insurance Discretionary Account	30,773,000	1.30%
Barclays Capital Securities Limited--Barclays Capital Securities Limited SBL/PB(MTA)	29,908,246	1.26%

4.1.5 Market Price, Net Worth, Earnings, and Dividends per Share

Unit: K shares, NT\$

Item		Year	2022	2023	Current year to Feb. 29, 2024 (Note 5)
Market Price Per Share	Highest		71.30	174.50	118.00
	Lowest		54.20	63.70	105.50
	Average		64.83	101.66	110.08
Net worth per Share	Before distribution		35.36	36.59	-
	After distribution		32.34	34.08 (Note1)	-
Earnings per Share	Weighted average shares		2,285,001	2,289,246	-
	Earnings per share	Before adjustment	6.19	6.36	-
		After adjustment	6.19	6.36	-
Dividends per Share	Cash Dividend		4.5	4.5 (Note1)	-
	Stock Dividends	Stock Dividends Appropriated from Retained Earnings	-	-	-
		Stock Dividends Appropriated from Capital Reserve	-	-	-
	Accumulated Undistributed Dividends		-	-	-
Return on Investment	Price/Earnings Ratio (Note 2)		10.47	15.98	-
	Price/Dividend Ratio (Note 3)		14.41	22.59 (Note1)	-
	Cash Dividend Yield Rate (Note 4)		6.94	4.43 (Note1)	-

Note 1: Include the cash dividends for 2023Q4 which were approved by Board of Directors on February 26, 2024.

Note 2: Price / Earnings Ratio = Average Market Price / Earnings per Share

Note 3: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share

Note 4: Cash dividend Yield Rate= Cash Dividends per Share / Average Market Price

Note 5: As of the date of publication of the annual report, there is no financial report of 2024Q1 has been reviewed by certified public accountant.

4.1.6 Dividend Policy and Implementation Status

4.1.6.1 Dividend Policy

If there is net profit after tax upon the final settlement of account of each fiscal year, the Company shall first to 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 preceding surplus earning, legal reserve and capital reserve in the form of cash, such distribution is authorized to be made after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto 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 shareholders meetings according to the regulations.

In consideration of business development plan, investing environment, demand for funds, global competitiveness and the shareholders' interest, the Dividend Policy of the Company is the distribution to shareholders with the appropriation of the amount which shall be no less than 70% of the balance amount after income tax, contribution of legal reserve and contribution or reversal of special earnings reserve as required by laws, under the circumstance that there is no cumulated loss in prior years. The distribution may be executed in cash dividend and/or share dividend, and the cash dividend shall be no less than 90% of the total distributed dividends.

The dividend distribution ratio in the preceding paragraph could be adjusted taking into consideration finance, business and operations, etc.

In case there are no earnings for distribution in a certain year, or the earnings of a certain year are significantly less than the earnings actually distributed by the Company in the previous year, or considering the financial, business or operational factors of the Company, the Company may allocate a portion or all of its reserves for distribution in accordance with relevant laws or regulations or the orders of the authorities in charge.

The Company may distribute the surplus earnings or off-set losses at the close of each quarter in accordance with the Company Act. While distributing surplus earning, the Company shall estimate and reserve 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. Where such legal reserve amounts reach to the total paid-in capital, this provision shall not apply. If the Company distribute surplus earning in the form of cash, it shall be approved by a meeting of the board of directors; if such surplus earning is distributed in the form of new shares to be issued, it shall be approved by shareholders meetings according to the regulations.

4.1.6.2 Proposed Distribution of Dividend

On July 28, 2023, the Board of Directors approved the distribution of cash dividend NTD 4,656,704,464 (NTD 2.0 per share) in the second quarter of 2023, and the dividend had been paid on September 8, 2023.

On February 26, 2024, the Board of Directors approved the distribution of cash dividend NTD 5,782,824,908 (NTD 2.5 per share) in the fourth quarter of 2023, and the dividend was proposed to be paid on April 25, 2024.

The total cash dividends for 2023 was NTD 4.5 per share. In the event of repurchase of the Company's shares, transfer, conversion or annulment of treasury stocks, and exercise of employees' stock options, leading to a change in the number of outstanding shares and a consequent change in dividend yield, the chairman has been authorized to duly adjust cash payout rates.

4.1.6.3 If a material change in dividend policy is expected, provide an explanation: None

4.1.7 Effect Upon Business Performance and EPS Resulting of Stock Dividend Distribution Proposed at the Shareholders' Meeting:

The dividend distribution proposal to be submitted to the shareholders' meeting proposes cash dividends only and does not involve stock dividends. In addition, according to the Regulations Governing the Publication of Financial Forecasts of Public Companies, LITE-ON does not have to disclose the financial forecasts for 2024. Therefore, the effect on business performances, earnings per share and shareholder ROI does not apply.

4.1.8 Compensation of Directors and Employees

1. Percentages or ranges of remuneration of employees and directors under the Articles of Incorporation:

The Company shall allocate the following compensation from the profit of each fiscal year (The "profit" means "profit before income tax and employees' and directors' compensation"), however, the Company shall have reserved a sufficient amount from such profit to offset its accumulated losses (including unappropriated earnings adjustment if any):

1. Employees' compensation: no less than 1%
2. Directors' compensation: no more than 1.5%

The employees' compensation under the preceding paragraph will be distributed by shares or cash. The employees of parents or subsidiaries of the Company meeting certain specific requirements may also be entitled to such compensation. The Board of Directors is authorized with full powers to determine the terms and methods of appropriation and the Directors' compensation may only be distributed by cash.

The Company shall, upon a resolution of the Board of Directors, distribute employees' and director's compensation in the preceding two paragraphs, and report to the shareholders' meeting for such distribution. While the Company distributes surplus earnings at the close of each quarter in accordance with the Article 24 paragraph 5, the Company shall estimate and reserve the employees' compensation and directors' compensation according to the preceding paragraph. If the Company has accumulated losses, the Company shall estimate and reserve the accumulated losses to be made up first before estimating and reserving the employees' compensation and directors' compensation.

Qualification requirement of employees in the preceding second paragraph shall comply with the provisions otherwise prescribed by the competent authority in charge of securities affairs.

2. The Basis for estimating the amount of remuneration of employees and directors, for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated amount, for the current period.

- (1) Basis for estimating the amount of remuneration of employees and directors in current year Estimates are made at a certain percentage in the range specified in the Articles of Incorporation.
- (2) Basis for calculating the number of shares to be distributed as employee remuneration. The calculation is based on the closing price on the preceding business day according to the board of directors. Distributions of employee shares that amount to less than one full share will be made in cash.
- (3) Should there be any significant changes to the amounts resolved by the board of directors after the current financial period has ended, this discrepancy shall be adjusted to the expenses of the year in which the estimates are made. If a different amount is resolved, the differences are recognized as a change in accounting estimate and will be adjusted in the following year.

3. Remuneration approved by the board of directors

- (1) The remuneration for employees and directors of the company in 2023 was approved by the board of directors on February 26, 2024. The amount of employee cash remuneration was NT\$ 1,983,060,829 , and the amount of director remuneration was NT\$202,531,562 The amount of remuneration of employees and directors approved by the board of directors had no difference from the figures estimated in the 2023 financial statements.
- (2) The amount of employee bonus to be paid in stocks out of the current company-level financial report in terms of the sum of net profit after tax and employee bonus: Not applicable.

4. Distribution of remuneration of employees and directors in previous year

- (1) The amount of employee remuneration was NT\$1,925,953,321 and the director remuneration was NT\$ 196,699,127 in 2022.
- (2) The amount of remuneration of employees and directors paid had no difference from the figures estimated in the 2022 financial statements.

4.1.9 Buyback of Common Stock: None

4.2 Bonds

4.2.1 Corporate Bonds

Corporate Bond Type		The First Tranche of Unsecured Convertible corporate Bonds in Taiwan
Issue date		The bonds have not been issued yet.
Denomination		NT\$100,000 per bond
Issuing and transaction location		N/A
Issue price		The bonds have not been issued yet.
Total price		NT\$10 billion
Coupon rate		Coupon 0%
Tenor		Five years. Due Date: The bonds have not been issued yet.
Guarantee agency		None
Consignee		CTBC Bank Corporate Trust Dept.
Underwriting institution		Fubon Securities Co., Ltd.
Certified lawyer		Handsome Attorneys-at-Law / Attorney Chiu Ya-Wen
CPA		Deloitte & Touche MENG-CHIEH, CHIU and SHIUH-RAN, CHENG
Repayment method		Conversion by the bondholder to the Company's ordinary shares according to Article 10 of the Regulations Governing the Issuance and Conversion, or exercise of the sell-back right by the bondholder according to Article 19, or the Company's call back according to Article 18 of the Company Act, or the Company's buyback from the securities company's venue and cancelation. Bond repayment to bondholders in cash at full face value when due.
Outstanding principal		The bonds have not been issued yet.
Terms of redemption or advance repayment		Please refer to the Company's Regulations Governing the Issuance and Conversion of First Tranche of Unsecured Convertible Corporate Bonds in Taiwan
Restrictive clause		None
Name of credit rating agency, rating date, rating of corporate bonds		None
Other rights attached	As of the printing date of this annual report, converted amount of (exchanged or subscribed) ordinary shares, GDRs or other securities	None
	Issuance and conversion (exchange or subscription) method	Please refer to the Company's Regulations Governing the Issuance and Conversion of First Tranche of Unsecured Convertible Corporate Bonds in Taiwan
Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders' equity		According to the Company's Regulations Governing the Issuance and Conversion of First Tranche of Unsecured Convertible Corporate Bonds in Taiwan. The dilution effect would not have significant impact.
Transfer agent		None

4.2.2 Information of the convertible corporate bonds: The bonds have not been issued yet.

4.2.3 Exchangeable Bonds: None

4.2.4 Shelf Registration for Issuing Bonds: None

4.2.5 Corporate Bonds with Warrants: None

4.3 Preferred Shares

4.3.1 Preferred Shares: None

4.3.2 Preferred Shares with Warrants: None

4.4 Global Depository Receipts: None

4.5 Employee Stock Options: None

4.6 New Restricted Employee Shares :

4.6.1 Issuance of New Restricted Employee Shares

As of February 29, 2024

Type of new restricted employee shares	2022 Employee Restricted Stock Awards
Effective registration date and total number of shares	July 26, 2022 and 18,700,000 shares
Issue date	November 15, 2022 May 19, 2023
Number of new restricted employee shares issued	12,216,000 shares 6,484,000 shares
Number of new restricted employee shares still available for issuance	0 share
Issue price	None
Ratio of the number of new restricted employee shares issued to the total number of issued shares	0.52% 0.28%
Vesting conditions of the new restricted employee shares	<p>1. If an employee, after having been granted a restricted stock award, who remains on the job on the vesting date, is determined by the Company as having not violated the employment contract, employee handbook, non-competition and non-disclosure agreement of the Company or any other agreement with the Company, and has fulfilled the individual performance goals and the Company's operational goals set by the Company, proportions of the vesting shares to be granted for such employee on the vesting date each year is as follows:</p> <ul style="list-style-type: none"> i. first anniversary of the grant:30% ii. second anniversary of the grant:30% iii. third anniversary of the grant:40% <p>2. Employee's year-end performance rating shall be PL3 rating (Note: PL3 represents "Meets Expectations") and above.</p> <p>3. The Company's operational goals are either one of the follows:</p> <ul style="list-style-type: none"> i. The consolidated gross margin of the year (e.g., Year 1) prior to the end of the vesting period shall be equal to or higher than the consolidated gross margin of the previous year (e.g., Year 0), and the amount of consolidated operating profit (in Year 1) must increase by minimum 10% compared with that in the previous year (Year 0). ii. The consolidated gross margin and operating margin for the year prior to the end of the vesting period are equal to or higher than 20% and 10%, respectively.

<p>Restrictions on rights in the new restricted employee shares</p>	<ol style="list-style-type: none"> 1. Recipient shall have no right to sell, transfer (other than by laws of inheritance), pledge, mortgage, hypothecate, gift or otherwise dispose of the Shares prior to such Shares being fully vested. 2. Unvested Shares shall have the same rights to attend the Company's shareholders' meeting, submit proposals, or speak and vote at the meeting as those attached to other issued shares of the Company's common stock. However, the exercise of such rights shall be performed in accordance with the trust agreement. 3. Unvested Shares shall have the same rights to receive cash, stock dividends and distributions from capital reserve, as well as the same share subscription rights as those attached to other issued shares of the Company's common stock. However, with respect to unvested Shares, the Recipients shall have no right to withdraw the cash and stock dividends received on such Shares; such dividends shall be kept in trust in accordance with the trust agreement. 4. If any Shares vest on a date that falls within a period during which the Company is temporarily prohibited from altering its share register, including but not limited to, for reasons pertaining to Company's issuance of cash or stock dividend, conducting a rights offering, or convening shareholders' meeting pursuant to paragraph 3 of Article 165 of the Companies Act, the release of restrictions on such Shares shall be performed in accordance with the trust agreement and/or the applicable laws and regulations.
<p>Custody of the new restricted employee shares</p>	<ol style="list-style-type: none"> 1. For each Award granted under this Plan, the underlying Shares shall be deposited in a trust account immediately after such Award was granted. The Recipient shall have no right to request and shall not request, for any reason and in any way, that the trustee(s) release unvested Shares held in the trust account to such Recipient. 2. During the period that the Shares are deposited in the trust account, the Company and/or the person appointed by the Company shall, on behalf of the Recipients, have full authority to (the list is not exhaustive) negotiate, execute, amend, renew or terminate the trust agreement. The Company and/or such person shall also have full authority to (the list is not exhaustive) provide instructions regarding delivery, use or disposal of the trust property.
<p>Treatment of the new restricted shares for which the grantee fails to meet the vesting conditions after receiving or subscribing to the shares</p>	<ol style="list-style-type: none"> 1. If either (i) the Recipient has ceased their employment as of the Vesting Date, (ii) the Recipient has violated any provisions of the employment contract, work rules, non-competition, non-disclosure and/or any other agreement entered into with the Company/Affiliate, (iii) the individual and/or company-level performance requirements have not been met; or (iv) the Recipient has, in violation of subparagraph 1, paragraph 8 of this Article, demanded modification, revocation, termination, suspension or cancellation of the authorization granted to the Company as related to the trust/custody account, the Company shall have the power to repurchase for no consideration and cancel any Shares that have not vested pursuant to this Article. 2. The Company shall also repurchase for no consideration and cancel any unvested Shares in the event of voluntary or involuntary termination of the Recipient's employment.
<p>Number of new restricted employee shares that have been retired or bought back</p>	<p>859,200 shares</p> <p>0 share</p>
<p>Number of new restricted shares that have vested</p>	<p>3,427,200 shares</p>
<p>Number of unvested new restricted shares</p>	<p>7,929,600 shares</p>
<p>The ratio of the number of unvested new restricted shares to the total number of issued shares (%)</p>	<p>0.34%</p>
<p>The effect on shareholders' equity</p>	<p>Dilution of original shareholders' holding is limited</p>

4.6.2 List of Executives Receiving New Restricted Employee Shares and the Top Ten Employees with New Restricted Employee Shares

As of February 29, 2024; Unit: shares and NT\$ thousand

	Title	Name	No. of New Restricted Shares (Note 1)	New Restricted Shares as a Percentage of Shares Issued (Note 2)	Released			Unreleased						
					No. of Shares	Issued Price (NT\$)	Amount (NT\$ thousands)	Released Restricted Shares as a Percentage of Shares Issued (Note 2)	No. of Shares	Strike Price (NT\$)	Amount (NT\$ thousands)	Unreleased Restricted Shares as a Percentage of Shares Issued (Note 2)		
Chairman & Chief Sustainability Officer (CSO)	Chairman & Chief Sustainability Officer (CSO)	Tom Soong												
	President	Anson Chiu												
	Senior Vice President	Jerry Hsu												
	Vice President	John Chang												
	Vice President	Steven Liao (Resigned on 2024.2.26)												
	Vice President	Don Lin												
	Vice President	Jean Hong												
	Principal Accounting Officer	Michelle Hsiao	11,880,000	0.50%	2,314,800	0	0	0	0	9,565,200	0	0	0.41%	
	Employee	Richard Chiang												
	Employee	Reina Hu												
Employee	Vicky Liang													
Employee	Alan Liu													
Employee	Sander Su													
Employee	Simon Ong													
Employee	Lear Lee													
Employee	Daniel SE Wang													
Employee	Adam Chen													
Employee	William Bradshaw													
Employee	Riley Chuang													

Note 1: The number of New Restricted Shares including shares that have been recovered.

Note 2: The share issued is calculated based on the amended number of total shares issued approved by Ministry of Economic Affairs on December 14, 2023.

4.7 Status of New Shares Issuance in Connection with Mergers and Acquisitions: None

4.8 Financing Plans and Implementation: Not applicable

5. Operational Highlights

5.1 Business Activities

5.1.1 Business Scope

5.1.1.1 Business Activities and Revenue Breakdown

Department	Key Business Activities	Product	2023 Revenue Breakdown
Opto-electronics Department	Design, R&D, production, and sales of opto-semiconductor, automotive products and components.	LED opto-semiconductor packaging and LED lighting applications Auto electronic parts and components Auto camera modules EV chargers	21%
Cloud and AIoT Department	Design, R&D, production, and sales of datacenter, server, networking, AI, AIoT, smart devices and smart image solutions products.	Server power systems solutions Networking modules and components Smart image devices IoT devices	35%
Information Technology and Consumer Electronics Department	Design, R&D, production, and sales of applications for laptops, desktops, tablets, game consoles, consumer electronics.	Power supply Consumer electronics products Computer keyboards	44%

5.1.1.2. New products under development

- (1) High-end opto-semiconductor products
- (2) High efficiency power supply management modules
- (3) High-end camera modules and auto camera modules
- (4) Off-board EV chargers

5.1.2 Industry Overview

1. Industry overview and outlook

Most of the company's products in 2023 can be divided into three categories, opto-electronic products, Cloud & AIoT products, and IT & consumer electronics (ITCE) products. Most opto-electronic products can be separated into opto-semiconductor products and automotive electronics products, while most Cloud and ITCE products are power supply. Hence, the industry overview is described as follows with respect to these product categories.

(1) Opto-electronics – Opto-semiconductor

Light-emitting diodes (LEDs) are being used in more and more places over the last few years. New technology such as Mini LED and Micro LED are emerging with this trend. LITEON started manufacturing LEDs in 1975. With the ability of product design integration, the line focuses on the development of high-end, high entry barrier, and high value-added opto-semiconductors products. The products include visible and invisible LED components as well as outdoor lighting modules.

Visible LED products include high performance white light LED, white SMD LED, surface mounted LED (SMD LED), high power visible LED, and LED display. Products can satisfy needs ranging from spot, line, to area lighting. They can also be found in IT products, consumer electronics, auto lighting, UV LED, and other various areas. These products are widely used by leading brands in the market. Some clients have started using Mini LED in recent years. They are used mostly in gaming, smart devices and other high-end customized lighting modules. Regarding high efficiency LED products, buyers of automotive lighting products include tier one EV and traditional car brands in Europe, the Americas, and Japan.

Invisible LED products cover photocouplers, infrared components, and ambient light sensors. Photocouplers are widely used in power supply systems for industrial automation and control, green energy, 5G base stations, and EV. LITEON is the world's leading photocoupler manufacturer by shipment. Infrared sensors are used in biometrics, AR/VR, wearable devices, security monitoring, autonomous mobile robots, and are recognized for excellence by leading brands. Growing demand and LITEON's full range solutions and integration capability continue to push up shipments and revenues.

Upstream - Components/Materials

Upstream supply chain includes semiconductors, plastics, and phosphor powder. For semiconductors, major suppliers include some in Japan and some Taiwanese suppliers that have been selected as strategic partners for excellent quality and steady supply. Meanwhile, plastics and phosphor powder are sourced from a sufficiently large range of suppliers to remove the threat of supply shortage.

Midstream - Packaging service providers

The majority of international packaging service providers are Japanese suppliers. Taiwanese suppliers include LITEON.

Downstream - Products and applications

A growing awareness of energy conservation is leading to an extensive range of downstream applications, including industrial, green energy, EV, consumer electronics, and auto lighting.

(2) Opto-electronics – Automotive electronics

LITEON has more than 40 years of experience in developing and manufacturing automotive electronics products. The company leverages its core competencies in lighting and electricity to expand quickly in automotive electronics.

Regarding automotive lighting modules, LITEON continues to work with leading global automotive lighting suppliers and produce various automotive interior and exterior LED lighting modules. Resources have been put into products from interior lighting such as ambient lighting to exterior lighting, including intelligent headlight controller modules, front and rear fog light modules, signal lights, tail lights, and high mounted stop light modules, as well as optical and cooling designs, glare free headlights designs, and EMI/EMC and energy efficiency designs. These products and designs have been implemented in the products of world-famous automakers.

Automotive camera modules and sensor components are widely used in smart car devices. ADAS, driver monitoring systems (DMS), and HUDs can be customized according to clients' requirements to create different products. Software design capabilities, testing standards and equipment are also provided to improve safety and comfort.

For electric car charging solutions, LITEON relies on years of experience in power products and combines strengths in hardware, software, and firmware to provide customers with total electric car charging solutions. They can be available to commercial, residential or public venues and commercial fleets. All of these products meet European and US safety standards, and have been shipped to European and US electric car makers and charging service providers.

As the demand for automotive electronics rises, LITEON expects to see continuing increase in shipments and revenues in automotive products as the market grows.

Upstream - Components/Materials

Upstream production for LED products includes semiconductors, plastics, phosphor powder and other raw materials. Upstream production for camera modules includes lens suppliers and image sensor, voice coil motor and other optical component suppliers. Upstream production for electric car charging stations includes control IC, diodes, resistors, and EV cables.

Midstream - Automakers and ADAS and charging system suppliers

These suppliers include some of the world's largest automakers that manufactures various car parts and products. Midstream production for electric cars includes electric components/modules, charging systems, power motors/modules, automotive electronics components/modules, smart car electronics systems, battery systems, and power supply units.

Downstream - Products and applications

In addition to traditional automakers, downstream production for the automobile industry includes electric car startups that manufactures large electric passenger vehicles, electric cars, electric motorcycles, and electric bicycles. As European nations and the US start banning sale of fossil fueled cars and adopting zero emission policies, it is expected that most countries in the world will implement bans on the sale of fossil fuel cars between 2025 and 2035. These bans will fuel the growth momentum in the electric car industry. To meet electric cars' charging needs, many countries are introducing incentives to encourage charging station operators to install more charging stations, which in turn drive up the demand of EV chargers market.

(3) Cloud and ITCE products - Power supply (SPS)

Power supply units are used primarily to convert external power supply to a stable current as needed to be used by electronic products. The products are divided into four categories by current conversion method. The categories are AC/DC, DC/DC, AC/AC, and DC/AC. In particular, AC/DC covers SPS and adaptors. DC/DC is mainly used for communication converter. AC/AC is UPS. DC/AC is found in inverters. Of the four, AC/DC is the most common application.

The company merged with Li Shin in 2007. Now more than 30% of the power supply units being manufactured are high-end power management systems used in network communication, servers and other high-end enterprise cloud computing products. In addition to the existing PC market, LITEON continues to explore opportunities in high-end network communication and servers, consumer electronics, industrial, and other non-PC power supply markets.

Regarding cloud computing power applications, in addition to supplying server power supply units for brand name clients, LITEON provides high-end server power management systems for large data center clients. Not only do power management systems products integrate power and battery backup unit, but they also integrate liquid cooling thermal solutions, which provide high value-added services to clients. In addition, LITEON combines the capability of software, firmware, and hardware to create an enhanced product portfolio.

Other power supply applications include smart home, tablets, game consoles and unique power supply systems such as wireless chargers and fast chargers. LITEON will also explore opportunities in special industry grade power systems and positioning itself as a provider of one-stop power management solutions in the future to continue the revenue growth momentum in power supply units.

Upstream - Components/Materials

Upstream raw materials for SPS consist mainly of transformers, capacitors, control IC, switches, diodes, wave filters, resistors, and PCB.

Most key parts have to be imported. Taiwan is one of the major AC/DC SPS manufacturers in the world. There are a large number of suppliers of transformers, resistors, capacitors, wave filters, and PCB in the country. However, given Taiwanese suppliers provide mostly AC/DC SPS for desktop and laptop computers, most

suppliers of parts and components have only the capability to manufacture mid- and low-end products. High-end capacitors and transformers have to be imported. Furthermore, Taiwanese semiconductor manufacturers pay less attention to high power electric or electronic modules or power supply control IC and module design. As a result, semiconductor components such as control IC and diodes have to be imported.

The history of SPS development is more than 30 years old and it continues to show steady progress every year. There is a stable global supply of all key components/materials required in production. Apart from the local supply, Taiwanese manufacturers rely on high-end parts and components imported from the U.S. and Japan.

Midstream - SPS suppliers

There are more than a hundred SPS manufacturers in Taiwan. However, most of them produce AC/DC SPS products. Large manufacturer, such as LITEON, has AC/DC and DC/DC in the product lineups.

Downstream - Products and applications

The range of products and applications covers IT, communication, consumer electronics, industry and measurement, and defense and aviation. Being global in nature, these industries make SPS a widely used global product. Given its advanced IT industry, Taiwan plays a key role in the international market, and provides support and the main driver for SPS development in Taiwan.

2. Product Trends

(1) Opto-electronics - LED

LITEON entered the LED market in 1975. After entering about 50 years in the business, the Company has become the main supplier of invisible and visible LED around the globe. LITEON's ongoing investment in the development of high end opto-electronics products will include high-end photocouplers mainly used in industrial control, green energy, base station, and EV, and high efficiency multichip packaging, high reliability LED lighting components, low heat resistant packaging, smart lighting, IR LED components for biometric uses, and Infrared sensing for wearables, surveillance, robotics and etc.

Owing to growing environmental awareness, improvement of LED chips and packaging technology, and optimization of LED lighting cost, the global LED demand keeps growing. In addition to indoor/outdoor lighting applications such as traffic lights and street lamps, LED is being used in portable consumer electronics and automotive electronics. Furthermore, heavy use of LED in automotive electronics replaces traditional automotive lighting and leads to large increases in applications ranging from interior lighting to exterior lights such as rear light, turn signal light, and headlight.

(2) Opto-electronics – Automotive electronics

The automobile industry has a well-established supply chain, meanwhile, growing popularity of the Internet of Vehicle and driverless vehicles is triggering a trend to turn cars into smart cars or electric cars. Most of such transformation involves safety systems, including ADAS, driver monitoring system (DMS), adaptive driving beam headlamps and similar active safety systems as well as parking assistance and other passive safety systems. Both areas show promising potential. While traditional automakers embrace the transition to electronics, electric car makers are growing fast worldwide. The global sale of electric cars can be expected to reach 30 million cars and the penetration rate to reach 25% to 30% in 2025. As European nations and the US impose increasingly strict carbon emission requirements on automobiles and approach the complete ban of sale of fossil fuel vehicles, the electric car industry as a whole will continue to grow and in turn support growth of charging station operators and other related businesses.

(3) Cloud and ITCE products - power supply

Switch mode power supply units are gaining popularity with the rise of PC, mobile communication, and the Internet. Its growing popularity is fueling a steady growth in the SPS demand. Consumers have become much more environmentally conscious in recent years. LITEON has incorporated environmental awareness into its product lines. The company is first to complete new products such as high efficiency energy saving power supply units and smart power supply units.

Regarding power supply for servers and network communication products, the increasing demand for cloud database is leading to a higher demand for high density, high efficiency, and high wattage data center power supply systems and more rigorous requirements. LITEON has introduced battery backup units (BBUs), data center power management systems, and liquid cooling solutions to supplement hardware, software, and

firmware in order to provide systematic power management for clients. LITEON has the advantages of a technology leader and expects to continue to grow with an increasing market demand.

3. Product competitors

Product	Company
Opto-electronics – LED opto-semiconductor	Osram, Nichia, Everlight Electronics
Cloud and ITCE products-power supply units	Delta Electronics, AcBel Polytech, Chicony Power

5.1.3 Research and Development

5.1.3.1 Research and development expenses in the past two years

Unit: NT\$ thousands

Items/Year	2022	2023	2024(as of 2024/2/29)(Note)
Research and development expenses	7,440,789	8,125,546	1,137,865
As a % of total revenue	4.29%	5.48%	6.33%

(Note) The figures for 2024 are unaudited.

5.1.3.2 R&D Accomplishments in 2023

All business sectors of the LITEON Group are committed to designing products in accordance with its green policies that encompass resource conservation, higher energy efficiency, carbon reduction, reduction of environmental toxicity, and recyclability of materials and resources. With green design incorporated into all stages of the product life cycle, LITEON continues to develop new products and technologies for customers. Technologies and products successfully developed in the past year are described as follows:

Power Conversion

- (1) High power density (21.7 W/in³) PD3.1 280W NB slim power supply (The height of outline size \leq 23mm includes case). It meets 5V~48V output voltage and uses active bridge rectifier to replace bridge rectifier. The DC-DC stage use AHB topology to meet width output voltage requirement. It is used with the new PD3.1 PD IC and third-generation semiconductor component GaN device, and complies with the specifications of 2027 Erp lot6 and DoE VII no load and 10% Load efficiency.
- (2) The 65W NB power supply is designed based on green design and ESG goals. It uses highly integrated IC parts to reduce the part count and improves efficiency by 0% ~ 100% to reduce energy waste.
- (3) Design for 370W ultra low height(\leq 14mm) AIO power supply with high power density and high operating frequency. Adopt Active Bridge control to replace conventional bridge rectify diode to improve thermal and efficiency. By deploy planar transformer and Fully GaN device for key switching components, the magnetic size are reduced in further. Overall PSU efficiency is 92.4% and power density is 34 W/in³.
- (4) Successfully developed 1800W Platinum desktop power supply with 94% peak efficiency.
- (5) Developed a 372W digital high-frequency control power supply by using the GaN device as the power switching component to improve efficiency. Also design the circuit by increasing the switching frequency to reduce the size of the magnetic components. The overall size is 30% smaller than market unit. Except the component design, the PSU use extra PD IC to control circuit protection and voltage conversion to improve circuit design flexibility.
- (6) Developed a built-in 155-watt slim power supply for mini-computers, distinguishing itself from similar computer products on the market that mostly use external power adapters. This model has a total thickness of less than 11mm and utilizes magnetic component design optimization, achieving a low voltage full load efficiency of up to 93% without increasing costs. The LLC resonant capacitor is replaced with MLCC to increase tolerance under high temperature and high humidity conditions.
- (7) Develop 2800W / Titanium PSU for AI server. It can support 6 units in redundant mode. It supports fast output voltage adjustment for transient response. Its life is over 5 years.
- (8) Develop 3200W / Titanium PSU which has the highest power density in server power industry (96W/in³). It can work at the extreme environment; ambient temp is 55°C and altitude is 950m. Its life is over 5 years.
- (9) Develop 5600W / Titanium PSU which is used in the supercomputer calculating the atmospheric analysis, ballistic simulation. It can support 36 units in redundant mode. It is liquid cooling, low acoustic noise, and its life is over 5 years.
- (10) Develop 5.5kW PSU for OCP ORV3 standard. Suitable for 21 inch rack and up to 97.5% efficiency. Support hot swap power module and provide power for 48v data center system.
- (11) Develop 600kW in low liquid to liquid cooling system, suitable for next generation high power data center heat dissipation. Exhaust heat to outdoor and reduce noise in the data center.
- (12) Develop 300kW rack total solution, including PSU, BBU, PMC, ACPDU and TOR. Suitable for next generation of AI server applications.

Human Input Solutions

Input devices refer to accessories such as desktop keyboards, keypads, keyboard modules for laptops and mice. In the desktop keyboard and mice category, LITE-ON had developed Electrical hyper-fast scroll wheel mouse, Super capacitor mouse, folio keyboard and capacitance touch keyboard. In development of new products, the company continued to work on Detachable modular keyboard, click anywhere touchpad and Piezo haptic touchpad.

Enclosures

In the enterprise server chassis market, we have completed the development of Eagle Stream platform models for customers and already in mass production. In response to the market trend of integrating common chassis design and manufacturing locations diversity, corresponding solutions are also proposed to meet customer needs.

In response to the needs of cloud service providers, we focus on developing server chassis and rack cabinets with new generation specifications (OCP ORV3 & DC-MHS). Our OCP 20U multi-node high-density server chassis, the carrier module that supports the new generation solid state drive specifications (EDSFF E1 & E3), and the OCP ORV3 440U rack cabinet that has passed the heavy loading test and supports direct liquid cooling system, these products already have been evaluated and adopted by many customers.

System Solutions

Given the trend of increasing demand for data centers due to the application of AI worldwide, LITEON seeks to adopt energy-saving, carbon-reducing, and more efficient power system solutions to enhance the system efficiency, density, and reliability of data centers, and to contribute to green data centers. For rack server products that integrate core competencies of hardware, software, and cooling systems to achieve sustainable energy-saving goals and jointly practice sustainable-compatible green data centers with customers and ecological partners.

LITEON is committed to integrating technology in mechanical, power supply, cooling, and software to demonstrate its independent design capabilities for cloud computing power solutions. The solutions provided in the rack server products include high-efficiency server hardware and power supplies to ensure stable and sustainable energy supply in data centers and increase the application of renewable energy. Low-energy cooling systems and improved heat dissipation efficiency enable data centers to easily handle high-performance workloads, such as liquid cooling systems, and consider effective heat dissipation and air circulation in product design and layout. We provide energy management systems and software with precise feedback control methods that sense temperature to reduce temperature control energy consumption and improve energy efficiency. We also provide real-time feedback data and alarm mechanisms to provide real-time monitoring capabilities to manage and optimize energy use, improve energy efficiency, reduce environmental impact, reduce carbon footprint consumption, and help achieve the goal of sustainable operation of green data centers.

Electric Vehicle Charging Equipment

In the realm of AC charging stations, car manufacturers are developing wall-mounted AC charging stations to provide convenient charging services in public areas. These charging stations come equipped with the following features:

(1) Hardware Characteristics:

- 3.5-inch Display: Users can easily operate and view charging-related information.
- RFID: Users can authenticate their identity using RFID cards.
- 4G Module: The charging stations can connect to the internet, enabling remote monitoring and management.
- Credit Card Reader: Users can use credit cards for charging services.

(2) Communication Protocols:

- OCPP Protocol: Used for communication between the charging station and the backend management system.
- ISO15118 Protocol: Enables digital communication with electric vehicles.
- ISO15118 Protocol: Allows electric vehicles to feed AC power back to the home grid, facilitating an energy interconnection.
- In scenarios where the grid has no power, the charging stations have batteries and can communicate with electric vehicles using ISO15118, feeding AC power back to the grid.

In the domain of DC fast charging stations, developers have created wall-mounted and upright DC charging systems with the following characteristics:Lighting:

- (1) Output Voltage Support:
 - CCS and NACS: 150Vdc to 950Vdc
 - CHAdeMO: 150Vdc to 500Vdc
- (2) Maximum Current Fixed Current & Fixed Power Charging Mechanism: Ensures efficient and safe charging.
- (3) System Integration:
 - Complies with relevant UL & CE regulations for DC charging systems.
 - Incorporates 5, 12.1, and 24-inch screens, POS machines, RFID, Wi-Fi, and 4G module communication interfaces within different systems to meet various application requirements.
 - Implements light and ultrasonic sensors in charging station models to enhance user experience.

Electromagnetic, thermal and high frequency signal integration techniques

- (1) Develop integrated design techniques for magnetic components to reduce losses and dimensions in electronic products.
- (2) Develop optimized design techniques for circuit boards, significantly reducing losses and enhancing manufacturability in automated production.
- (3) Develop high-frequency signal integrity simulation and analysis techniques, allowing early identification and mitigation of interference in ultra-high-frequency signal transmission during product design.

Wireless Connectivity / Camera Module & System On Module

- (1) Wireless connectivity modules: In addition to existing Wi-Fi 4 / 5 / 6 & Wi-Fi Halow™ wireless connectivity modules, for high data rate throughput required of client products satisfied, we provide Wi-Fi 7 wireless communication modules that comply with the latest Wi-Fi Alliance® IEEE802.11be technology specification, and customized design services helping customers quickly realize high performance wireless networking functions in A-IOT client products.
- (2) Develop edge computing fisheye camera modules to help customers implement intelligent imaging and edge computing applications on home appliances products for smart home life achievement.
- (3) System on module with AI voice and imaging functions: For the application of industrial and commercial A-IoT imaging systems, provide high-end AI visual imaging system on module which embedded wireless communication solutions and powerful computing capabilities help customers quickly implement the next generation of multi-functional AI edge processing devices

Edge Devices

- (1) Smart gateway products: support multiple communication technologies and protocols, such as Wi-Fi, BLE, Matter, Sub-1GHz, etc. Easy paired with a variety of IoT devices and data access to cloud backend system, for customers to quickly develop value-added services. The software and hardware are designed with stability and reliability in mind, making this smart box an indispensable part of different smart application environments.
- (2) Smart door access control system: integrated various technologies to support different kind of access devices including BLE, NFC, QR CODE and biometrics recognition, it also compatible with smart surveillance camera with AI technology for high quality real-time audio/ video streaming & accurately AI alarm system to meet customer's needs of home security, it also includes IP / IK rating design considerations to provide physical protection, implemented cyber security mechanism for attacks prevent, provide customers with a safe and secure solution.
- (3) The 8K smart box is a smart HDMI switch. It supports the latest video and audio formats. For the best user experience, it has passed the HDMI certification to support most high-end video players and game console. Integrates with the video and audio streaming recognition capabilities, when combined with the lighting system, it provides outstanding immersive audio-visual experiences.

Camera Devices

Surveillance IP cameras: From professional surveillance to smart home camera, from indoor to outdoor environments, we provide surveillance IP camera total solutions which support functions of long-distance night vision, various optical zoom, ultra-high resolution, water-proof, vandal-proof, high-quality and stable live streaming with continuous recording.

This year, we developed cameras with LED Floodlight and PIR functions those also support multi-power source such as AC / DC adapter and Power Over Ethernet (POE) for easy setup, not only increasing the diversification of camera products but also providing end customers more convenient and safer home protection.

Networking

(1) Switch (network switch)

In response to the AP penetration rate of Wi-Fi 6, Wi-Fi 6E, and Wi-Fi 7 increasing year by year, Lite-On Technology continues to develop enterprise-level Power over Ethernet (PoE) switches. The key points of the appeal are to provide faster transmission speed and greater power. In addition, Lite-On Technology has also focused on developing similar industrial wide-temperature Power over Ethernet (PoE) switches for traffic control centers in smart cities.

- Power over Ethernet (PoE). Nowadays, Lite-On's Switch + POE technology has reached the highest level of IEEE 802.3bt type 4, which means that each network port can provide 90W to the powered device. Meet the power consumption requirements of Wi-Fi 6, Wi-Fi 6E, and Wi-Fi 7 APs.
- Multi-Gigabit network, designed in accordance with the IEEE 802.3 standard, Multi-Gigabit network allows consumers to achieve 2.5Gbps transmission speed on existing Cat-5e network cables, and 5Gbps and 10Gbps transmission on Cat-6A network cables speed, so that the connection bandwidth performance of 802.11ax (Wi-Fi 6 / Wi-Fi 6E) and 802.11be (Wi-Fi 7) will not be wasted.
- Similar industrial-grade wide-temperature Power over Ethernet (PoE) switch, with an operating environment temperature of -40°C ~ +70°C and a waterproof and dustproof rating of IP30, suitable for deployment in traffic control systems at intersections , and can provide power to IP surveillance cameras through Ethernet.

Successfully developed the following products:

- A. 16 ~ 48 ports Layer3 Gigabit/PoE network switch
- B. 12 ~ 24 ports Layer3 Multi-Gigabit/PoE network switch
- C. 8 ports Layer3 similar industrial-grade Gigabit/PoE network switch

(2) WiFi AP

In 2024, it is the inaugural year of wifi7. Liteon Technology is actively engaged in the research and development of wifi7 wireless products. Wifi7 surpasses the limitations of wifi6 providing faster transmission speeds and low latency. This is designed to meet the demands of applications requiring high-resolution video, offering a smoother network streaming experience for virtual and augmented reality as well as gaming enthusiasts. Liteon leverages internal resources for hardware design, software development, network security and device management platforms, providing a comprehensive wifi7 solution in the future. Liteon aim to focus on new technology integration, listen to customer needs, and deliver products that better align with market demands.

Below are a few of completed development products:

- A. Enterprise 4x4 3 bands access point
- B. Enterprise 2x2 3 bands access point
- C. Home 2x2 3 bands mesh router

5G small cell

LITE-ON Technology has been deeply engaged in wireless mobile communication technology for many years, and establishing core capabilities in the integration of software and hardware. We are committed to the development of highly open and interoperable 5G O-RAN Small cell solution, and collaborate with customers and partners to create a global 5G ecosystem.

LITE-ON Technology has cultivated a strong technical foundation in the 5G field, advancing from conceptual verification to comprehensive implementation in the specialized network. We have successfully collaborated with international clients to deploy applications in various domains, including European smart hospitals and Japanese smart factories. This effort aims to optimize and meet the diverse needs of customers in 5G private network deployment, constructing efficient and low-energy consumption network applications. Commercial launched product lines listed as following:

- (1) All-in-one Small cell (Sub-6GHz: n77/n78/n79)
- (2) O-RU (Sub-6GHz/mmWave)
- (3) O-RAN Element Management System: EMS, Non-RT RIC, Near-RT RIC, rAPP, xAPP.

Automotive Electronics

- (1) In the field of automotive lighting, we have actively engaged in the development of high-pixel intelligent headlamp systems and control software. These systems can dynamically adjust the light pattern more precisely based on the trajectory of oncoming vehicles, providing enhanced safety for driving. In response to the green energy design trend, we have made significant breakthroughs in streamlining power supply design and improving efficiency. Additionally, our ongoing efforts in heat dissipation design and verification technology have led to successful development of multiple intelligent headlamp products, which have been integrated into production of European, American, and Japanese car models in 2023.
- (2) Driver Monitoring System (DMS) is a crucial component within the Advanced Driver Assistance Systems (ADAS). As various countries progressively include DMS as standard equipment in new vehicle models, our ongoing development of an infrared-illuminated, million-pixel DMS camera design has successfully met the functional and reliability testing requirements specified by multiple OEMs. Additionally, it complies with the ISO26262 Road Vehicle Functional Safety Standard, achieving an ASIL B level. We anticipate that this product will enter mass production in 2024.
Simultaneously, to meet future market demands for the Occupant Monitoring System (OMS), our business unit is currently developing a wide-angle camera module using VCSEL as an alternative light source. This module is designed to fulfill system functionality requirements and is scheduled for customer validation in the second quarter of 2023.

Optoelectronic Semiconductors Components and their Component Modules

Products are dedicated to the development of miniaturized component packaging, integral optoelectronic semiconductor packages, and component modules of optoelectronic semiconductors. To meet the customer's requirement for product miniaturization, the developed optoelectronic semiconductor packaging and testing technologies integrate optical light-extraction technologies, thermal management, in-line process stress prediction, IC circuit integration, and mechanism precision design to provide ultra-bright, thin and small size, and low power consumption products. The optoelectronic semiconductor modules are developed for the application of the end customer by closely joining development with customers. Also, the development of optoelectronic semiconductors and LEDs is aggressively involved in the fields of smart home appliances, wearable devices, automotive electronics, smart sensing, cloud computing, 5G and AIoT, etc., and committed to developing green and environmentally friendly designs, to become the best business partner for global customers in the development of photovoltaic energy-saving and smart technology innovation applications. Successfully developed technologies and products as,

- (1) For high-performance optocouplers, LITEON keep expand the portfolios of high-speed optocouplers; IPM, IGBT gate drivers and isolation amplifiers for the industrial inverter, photovoltaic inverter & servo motor; photo-relays that are smaller than traditional mechanical relays with higher reliability; and automotive optocouplers which used in on-board charger, battery management system, inverter control of electric vehicles. In order to meet the higher system voltage requirement on electric vehicles, LITEON has adopted the 3rd generation semiconductor – silicon carbide (SiC) MOSFET to realize photo relay with 1800V load voltage, which is ideally suited for automotive and energy storage battery management system. LITEON is also the first automotive optocoupler manufacturer to get the AEC-Q102 certificate of LED automotive specification by the Automotive Electronics Council in the world.
- (2) Complete the development of commercial/industrial LiDAR and achieve high-performance packaging through excellent heat dissipation management.
- (3) Complete the development of efficient multi-wavelength integrated light sources for surveillance and realize multi-functional applications.
- (4) Smart cockpit application, for DMS driving monitoring system, provide AECQ VCSEL emitter solutions that comply with vehicles regulations to establish a safe driving environment.
- (5) Entering the long-distance surveillance market through infrared VCSEL.
- (6) Establish a large-angle multi-zone lighting solution that can be customized for different detection needs to create a intelligent system.
- (7) Development completed for miniaturized integrated skin heat rate sensor by stacking chip on top of another IC to reduce overall package size to fulfill wearable small form factor requirements.
- (8) The Mini LEDs with unique structure for special lighting pattern feature. At the same time, high reflectivity materials are developed for high performance and brightness miniaturization LEDs to satisfied thin backlight source brightness and uniformity solution.

- (9) Optoelectronic semiconductor component modules with an encapsulation process are compatible with the IR-reflow process, the function of colorful white light, IC controlling, self-illumination LED, optical angle design SMD lamp to meet customer's requirement by improving the efficiency of the mass production, saving energy, colorful program, and specified optical angle by design. The function of colorful white light has also developed a unique phosphor technology to customize the special light spectrum. SMD lamp with optical lenses exhibit good weather resistance and can be used for outdoor signage application with a small angle (high directionality) requirement.
- (10) LITEON take a technology breakthrough in UVC by launch a 130mW high power UVC LED G06 to enable air sterilization in air purifier or air conditioned. As the lasting operation in appliances, G06 is able to meet the 35,000hrs lifetime to replace Halogen lamp by its miniature size, high design flexibility and environmental as ESG expects. The UVC G06 is also a good solution for water purifier in both of home appliance and industrial. And we also develop a small size with high power which is called W36. Beyond the technology, there is also UVC LED G35 which is certificated by AEC-Q102 for automotive air purify currently.
- (11) The head lamp is the most critical category among the Automotive lighting application. LITEON is successful to deliver a high power LED H3S applied to motorcycle head lamp of international brand. The H3S LED emits the 1120 lumens white light for driving safety and stylish design. Meanwhile, the head lamp LED for passenger car is under OEM customer approval to the new car model launched in next half of 2024. The Matrix LED for ADB head lamp is also under developing to prove LITEON determination in automotive application.
- (12) Optoelectronic light guide component modules are committed to the development of optical structures and light mixing modules. To meet the customer's requirement of uniformity and light efficiency, the developed technology integrates optical path design, microstructure design, material formulas, and process design to provide a high efficacy light guide device with good optical uniformity, that is suitable for status displays and dynamic ambience lighting in various devices

Lighting

- (1) Continuing to develop newly designed Cobra Head and Flood Light networked fixtures in the North American market to meet the demands of the North American outdoor lighting market, with high efficacy, lightweight, streamlined design, and intelligent networking features, while following the energy-saving and carbon-reducing principles of ESG product design. We will continue strengthening our competitiveness in the USA street lighting market and area lighting.
- (2) The ECOridge development of Eco-friendly luminaires for the Taiwanese market has been completed. ECO Ridge is characterized by excellent light pattern design, low-blue light spectrum design, intelligent control with internet connectivity, and an aesthetic design for lighting fixtures. It meets the lighting requirements and contributes to protecting the ecological environment by combining low-blue light, high efficacy, and biodiversity-friendly features. We will continue to enhance our competitiveness in Taiwan's street lighting market.
- (3) The upgrade of the TM series and the development of PA3 luminaires for Taiwan's high-efficiency roadway lighting products have been completed. These intelligent luminaires are designed for Taiwan's general roads, expressways, and bridges. Their efficacy reaches over 180lm/W. With the highest level in the industrial of 2-direction full shielding low-glare design, salt spray-resistant polyester powder coat finish, high-reliability luminaire design, and a streamlined aesthetic design in white color, these luminaires will be seamlessly integrated into the street scene of smart cities. This effort will further enhance our competitiveness in the Taiwan street light market.
- (4) For the LED traffic light products, we launched a new generation of 12-inch square pedestrian light sets (Walking person/ Hand combination lights & countdown lights), which completed the last piece of the puzzle for the basic US traffic light models with IL (incandescent look) type traffic lights. This will replace the existing pixel type 12-inch square pedestrian lights and further expand the market share. For temporary traffic lights, the US market is still mainly vehicle traffic control signal lights. This year, we completed the development of the US DC 12V pedestrian light, which provides a pedestrian light option for temporary intersection traffic signal installation and offers a further choice to protect the pedestrian rights of way.
- (5) LED Outdoor Human-Centric Lighting Products: These products integrate materials and optical technology to strike the optimal balance between energy-efficient high brightness and comfortable visual usage. Applying New Light Guide Technology to a POC Product in industry-academia cooperation with National Tsing Hua University.
- (6) Smart IoT Controller Products: Leveraging the extensive streetlight maintenance experience of LEOTEK, these controllers incorporate dedicated streetlight fault detection and power outage detection features. Additionally, they enhance surge protection capabilities to adapt to varying international power conditions, further reducing the occurrence of anomalies. This results in the true realization of smart streetlight applications.

- (7) Built-in Smart IoT Controller Product: It integrates with LEOTEK GCK streetlight products with an embedded smart IoT controller, significantly reducing the cost of streetlight networking applications. Additionally, it incorporates dedicated streetlight fault detection and power outage detection functions and connects to an AI roadway cloud control management system, effectively enabling smart streetlight networking applications.

Energy storage related products

- (1) Develop a US-standard 10kW hybrid solar inverter (HPVI).
- (2) Develop an ESS split-type energy storage system (including HPVI, Battery system), battery system and energy management system (EMS) integration.
- (3) Develop a smart control panel Smart Panel and switch panel Switch Box, which can automatically switch the power source (such as: grid, solar, energy removal system, etc.) and provide household electricity according to the priority order.
- (4) Develop a cloud-based energy management system with prediction algorithms (solar, load or electricity price, etc.) and optimal scheduling method for energy storage systems.
- (5) Develop a cloud-based charging station management system based on AI optimization algorithm, which complies with OCPP1.6 and OCPP2.0.1 standards, and facilitates operators to present charging station information and combine energy management system (EMS) to perform optimal power saving setting adjustment.

5.1.3.3 Future R&D Plans

The categories above and new businesses will continue to be given equal weight in R&D projects so to meet customer expectations and market demand. Flagship R&D projects can be found in Chapter 7. Review of Financial Conditions, Financial Performance, and Risk Management under the Analysis of Risk Management.

5.1.4 Long-term and Short-term Development

The short-, medium-, and long-term business development plans of LITE-ON can be approached from product prospects and market prospects as follows.

1. Product prospects

Short term

Continue to work on improving product quality and learning new product specifications and structures in order to ensure product specifications are up to date and applicable, shorten the cycle from product design and order acceptance to delivery, create more flexibility in international delivery, satisfy customer demand for products and services, and become mutually supportive partners with customers to maintain a steady stream of orders.

Medium term

Focus investing R&D resources into enhancing the product portfolio, and continue to develop new zero-pollution, high-performance products and improve the production process for higher production efficiency. Work closely with customers by supplying reliable, advanced products and develop steady long-term customer relationships.

Long term

Raise the standards for R&D and invest more in patent applications, develop a complete product line, and improve the production process to increase product yield and quality. Look toward trends in technologies and extend the product reach into new fields and applications. Move forward from supplying parts and components to offering system integration that satisfies the global demand for total solutions in key markets. Take products to the next tech level while building a global logistics management and delegation system to establish by integration a stable, permanent international marketing network. Create more financial administration functions overseas and improve the performance of overseas sales centers as part of the ongoing effort to strengthen core competencies. Use open communication channels and management systems to connect the business units and facilitate cooperation to make efficient use of group resources and maximize synergy.

2. Market prospects

Short term

Maintain the quality of existing products while investing aggressively in the development of new high-end products. Stay highly competitive by providing complete products and services that customers and the market need.

Medium term

Enhance customer services on an ongoing basis, and provide total solutions in different end markets, thereby gaining a larger global market share in existing products.

Long term

Achieve higher economies of scale, actively explore sales opportunities around the world, and strengthen the global network for high-end products and services by diversifying markets to reduce the impact of any one market or changes in the economic outlook.

5.2 Market and Sales Overview

5.2.1 Market Analysis

1. Main product distribution regions

Unit: NTD '000, %

Region/Year		2023	
		Sales	Percentage (%)
Domestic Sales		742,126	0.50
Exports	Americas	42,800,605	28.85
	Europe	14,441,562	9.74
	Asia	90,023,133	60.69
	Other	326,029	0.22
Total		148,333,455	100.00

2. Market shares

Most of LITEON's products enjoy the leading position in the market. In terms of LED components, the opto-semiconductor production value ranks top seven globally, and among which, the photocoupler shipment is No.1 globally. Power supply is widely used in different ICT products, cloud computing data centers and servers. LITEON is the global top two power supply manufacturer.

3. Future market supply and demand and growth potential

Based on market reports from several research institutions, the Company has made future market size and growth estimates for its major products/services as follows:

Main product	Estimated market size in 2024	Estimated CAGR (%) in upcoming 3 to 5 years
Opto-electronics - LED	approx. US\$ 20.4 bn	~4%
Power supply	approx. US\$ 34.3 bn	~6%

(1) Opto-electronics products – Opto-semiconductor supply and demand

The geopolitics and global central banks continuing to tighten their monetary policies and consumer demand to weaken in 2023. Most of our high end opto-electronic products are classified as invisible applications, which were less affected compared to the industry.

In terms of invisible light products, the infrared sensor market continued to expand. Products such as eye tracking, 3D sensors, and biometrics and their applications in popular areas including AR/VR metaverse, automotive ADAS system, onboard sensors (driver monitoring system), and security system saw rapid growth.

For photocouplers, data from market research institutions showed that the market would grow from US\$3.0 billion in 2022 to US\$5.0 billion in 2030, at a CAGR of 7%.

For automotive LED, according to TrendForce, even though inflation in Europe and the US was slowing down in 2023, the global economy remained weak. However, advanced technologies related to ADB headlights, Mini LED taillights, full-width taillights, logo lamps, and (intelligent) ambient lights will jointly push the automotive LED market value.

(2) Supply and demand of power supply

According to a report published by the market research firm IDC, the vast and aging installed base of commercial PCs surpassing the four-year mark by 2024 is expected to necessitate a refresh, coinciding with the pressing demand to migrate toward Windows 11. The total PC market of 2024 should see a moderate growth compared to 2023.

Despite the expected sudden drop in consumer demand, inventory adjustment, and deteriorating macroeconomic conditions in 2023, the PC output will stay above the pre-pandemic level. It is expected that AI and com-

mercial PC will enter the next cycle in 2024, and the PC market will maintain a moderate growth for the next five years. Meanwhile, PC power supply units should be able to follow the PC market and maintain an upward trend.

Regarding power supply units for AI servers and networking products, the combination of a rising demand for cloud computing, a fast-growing number of cloud databases, and specification upgrades toward high density, high efficiency, and high wattage will continue to fuel the demand for high-end power supply units.

4. Competitive niche, favorable and unfavorable factors for future development, and the company’s response to such factors:

(1) Favorable factors

LITEON is equipped with excellent R&D and design capabilities. The Company can provide customers with a complete range of total integrated solutions (excluding channel marketing) in parts and components, opto semiconductor, server, cloud computing and data center, automotive electronics, AIoT and smart applications, IT and other peripherals as well as one-stop services. In addition to having an integrated supply chain, the Company invests extensively in R&D on an ongoing basis and utilizes its abundant resources to improve product quality and develop new products. LITEON works to differentiate itself from traditional EMS/ODMs and make itself the first-choice supplier for customers.

(2) Unfavorable factors and countermeasures

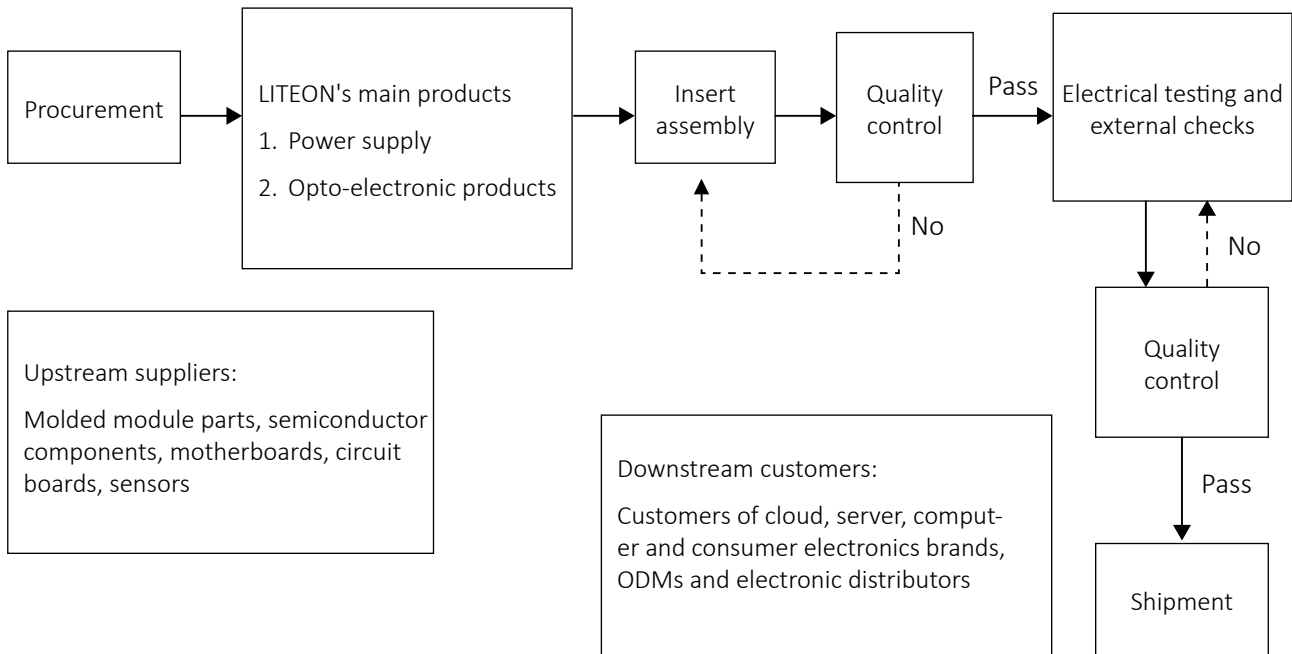
Unfavorable factor	Countermeasure
Impact of changes in global economic outlook and geopolitics	Find new customers, develop new products, increase technical capabilities, expand global capacity, and strengthen local production capability to counter changes in the global economic outlook and geopolitics.
Impact of exchange rate changes on profit	A complete set of foreign exchange hedging measures are already in place to counter changes in exchange rates.
Volatility in prices of oil and raw materials	Enter long term agreements with suppliers to provide a steady supply at stable prices to counter volatility in raw material prices.

5.2.2 Production Procedures of Main Products

1. Important Applications of main products

Main product	Applications
Opto-electronics products - LED	Isolation, sensors, light sources, and related applications. Isolation products consist of photocouplers, which are mainly used in industrial control, green energy, 5G infrastructures, and electric car charging systems. Sensors are used in security monitoring, wearable devices, AR/VR, and self-moving robots. Light sources are used in computers and peripherals, consumer and industrial indicator lights, LED lighting, vehicle lighting, indoor/outdoor display panels, UV sterilization, and creative display with mini LED in IT equipment.
Power supply	Power management system in data center, servers, and networking applications Power supply in corporate and personal computers, communications, network communications, game consoles, smart home devices, consumer electronics and industrial automation facilities..

2. Production process for main products



5.2.3 Supply Status of Main Materials

All LITEON factories around the world have stable long-term relationships with their affiliated factories and raw material suppliers. Therefore, suppliers are able to supply at the most competitive prices and forms. It allows LITEON to maintain a long-term advantage in product cost and to provide the best services for its customers.

5.2.4 Major Suppliers and Customers

5.2.4.1 Major Suppliers

Not applicable as the Company's procurement from a single supplier does not exceed 10% of its total procurement in the last two calendar years.

5.2.4.2 Major Customers

Unit: NT\$ thousands

Item	Company	2023			2022			
		Amount	% of Net Sales	Relation with Issuer	Company	Amount	% of Net Sales	Relation with Issuer
1	Client A	15,439,034	10.41	Third Party	Client A	-	-	-
2	Others	132,894,421	89.59	-	Others	173,456,216	100.00	-
	Net Sales	148,333,455	100.00	-	Net Sales	173,456,216	100.00	-

Note1: None of the customers accounted for more than 10% of our net sales in 2022.

Note2: One major customer accounted for more than 10% of our net sales in 2023.

Note3: As of the date of publication of the annual report, there is no financial report of 2024Q1 has been reviewed by certified public accountant.

5.2.5 Production in the Last Two Years

Unit: Capacity/Output (K set); Amount (NT\$ thousands)

Output	Year	2023			2022		
		Capacity	Output	Amount	Capacity	Output	Amount
Major Products							
Opto-electronics		20,705,334	16,052,065	24,058,778	23,019,355	17,859,288	26,619,594
Information Technology and Consumer Electronics		427,756	274,666	54,102,571	517,848	355,335	77,700,005
Cloud and AIoT		67,348	45,718	40,844,801	91,402	51,682	38,447,835
Total		21,200,438	16,372,449	119,006,150	23,628,605	18,266,305	142,767,434

Note 1: Capacity refers to the company's quantities that can be produced using existing production facilities in normal operations, after consideration of necessary suspensions of operations, human resources, holidays and other such factors.

Note 2: This form is based on the parent company's global consolidated statistics.

5.2.6 Shipments and Sales in the Last Two Years

Unit: Shipments (thousand sets) / Net Revenue (NT\$ thousands)

Shipments and Sales	Year	2023				2022			
		Local		Export		Local		Export	
		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Major Products									
Opto-electronics		4,579	491,830	16,309,559	30,093,811	2,257	388,448	18,388,326	33,960,743
Information Technology and Consumer Electronics		766	200,483	572,103	65,650,027	1,015	255,846	717,662	81,857,337
Cloud and AIoT		37	49,813	88,081	51,847,491	1,790	225,342	124,830	56,768,500
Total		5,382	742,126	16,969,743	147,591,329	5,062	869,636	19,230,818	172,586,580

5.3 Human Resources

Employee statistics in the past two years up to publication date.

As of February 29, 2024

Year		2022	2023	2024 (as of Feb 29)
Number of employees	Managers/Professionals/Clerical	12,817	11,014	10,833
	Technician/Operator	19,413	18,553	16,932
	Total	32,230	29,567	27,765
Average Age		33.0	33.4	34.2
Average Years of Service		5.1	5.2	5.5
Education	Ph.D.	0.3%	0.3%	0.3%
	Masters	6.1%	8.2%	8.2%
	Bachelor's Degree	27.9%	28.8%	28.3%
	Senior High School	17.8%	19.0%	20.5%
	Below Senior High School	47.9%	43.7%	42.7%

Note: The above information does not include outsourcing labor.

5.4 Environmental Protection Expenditure

5.4.1 Loss due to environmental pollution in 2023 up to publication date in 2024:

In the last year and as of the date of publication, no penalty for the significant environmental violation.

5.4.2 Countermeasures:

LITEON commits to designing and manufacturing products that are friendly to the environment and to educating employees on the importance of environmental protection in order to implement responsible production and effectively control air pollution, hazardous waste, energy use and noise generated during the design and manufacturing process. In addition, LITEON continually improves our environmental management system to define operational procedures for environmental control and to monitor the progress of its implementation. We have set up the carbon emission reduction and waste reduction goals beyond the regulation and in coordination with international trends. We enforced the company's governance capacity on environment-related risks to minimize the impact on the environment in the operation and practice the corporate's sustainable development.

5.5 Labor Relations

5.5.1 Employees are the Group's most important partner in achieving sustainable development.

To ensure employees' rights are protected, the Group has installed open two-way communication channels and complaint hotlines aimed to protect employees and their rights. The Group also provides complete career development plans and a friendly workplace. It supports a variety of activities and employee care programs to build a working environment that belongs to the "LITEON" corporate culture for employees. The employee benefits, continuing education, training, retirement systems and their implementation as well as employer-employee agreements and various measures to protect employees' rights are described below.

1. Employee benefits and implementation

The ongoing investment in employee benefits are aimed at employees' needs in work and life as well as health and safety. In addition to wages and salaries, employees receive a range of non-work-related allowances and benefits for themselves and their families. These programs encourage employee loyalty and team spirit in the Group. The company provides the following benefits and mental/physical health promotion programs:

- (1) LITEON launched its "employee stock ownership trust" in September 2021, and has invited employees to become LITEON shareholders; Taiwanese employees can choose to participate according to their personal intention. A fixed amount is allocated from the monthly salary of participants, and the Company will allocate a corresponding reward and deposit it into a special trust account. The trust allows employees the opportunity to share the operational results of the Company over the long term, accumulate wealth, and create a mutually beneficial partnership.
- (2) An employee remuneration system is in place for the company to share its success with its employees.
- (3) The Employee Welfare Committee has been established according to the law for the purpose of working to enhance employee benefits and emergency assistance programs.
- (4) The group insurance plan provides an additional layer of protection for employees.
- (5) Worker safety, environmental protection, and health and safety education are part of the on-the-job training.
- (6) Tokens of appreciation are given out on the Chinese New Year, Labor Day, the Dragon Boat Festival and the Mid-Autumn Festival in addition to individual birthday gifts.
- (7) Provide employees with travel subsidies and community subsidies every year to enrich the leisure life of employees and support for employees to form different social clubs are available to encourage a work-life balance.
- (8) Employees are provided with free various types of lunch, child care plan and other benefits that exceed the statutory minimum. We are continuing to optimize our support for employees.
- (9) Employees are provided with 7 days of Enjoy Fun Leave every year (implemented in 2024), without providing proof of leave, and are fully paid, allowing employees to achieve a work-life balance.
- (10) A continuing education allowance is available every year to encourage employees to seek self-improvement and upgrade skills in all areas of life.
- (11) The Employee Assistance Programs offers counseling as well as mental health, business administration, legal affairs, health care, and finance advice.
- (12) Combining Family Day with charity, we are hosting the 'EcoRevolve Shopping Fair' on Nov. 11th, 2024. In addition to inviting colleagues to lead their children and their family members to sort out the good things that are idle at home, they also participate in a charity market, giving it educational significance and jointly creating a cycle of kindness and economy.
- (13) Health-, management-, or charity-themed lectures are given every year for employees to enrich their life and broaden their visions in leisure hours.

2. Employee education and training and implementation

(1) LITEON Group's commitment to learning and development

Employees are LITEON's most important assets, and training is the key to ensuring growth of human capital. It has been stated as part of the Group's mission statement that "the purpose of training is to improve employees' management and professional competency; enhance teamwork performance and organizational efficacy to achieve sustainable corporate development and operation. As a result, learning and development receive the highest

degree of emphasis at LITEON.

(2) LITEON Group's learning structure

LITEON's training and development programs are guided by the company's vision, strategy, and values.

The corporate culture is embedded at the core of a full-developed, level-specific and skill-professional learning structure.

The five aspects of LITEON's learning structure:

- Leadership
- Domain Knowledge
- Legal Compliance
- Self-development
- Talent Development



In terms of course planning, LITEON focuses on improving employees' professional skills and achieving the company's mission and vision. First, we work to optimize the employee onboarding experience so to help employees gain a deeper understanding of LITEON and our direction. In addition to the legal compliance courses and different leadership development courses, they are provided to suit employees on different levels. In terms of leadership management, the EDP (Executive Development Program) focuses on the four key areas of leadership development, innovation strategy, cultural shaping, and organizational transformation. Different training methods such as workshops, success stories of external entrepreneurs, trend lectures, and management succession help leaders lead their teams in realizing the short, medium and long-term targets of the organization by broadening their horizons and honing critical skills. For self-development, a variety of learning resources are available through LITEON Lectures, LITEON Reading, O365 workplace skills, Quality Management Courses and various digital learning resources (Learning Center platform and LITEON TV). Furthermore, there are specific talent development programs (e.g. ACE Program, NBA Camp (New Brave Adventurer Camp), NBA A Program and "ONE PIECE" trainings) intended for certain groups. These programs utilize training resources effectively to develop the next generation of leaders for the company. It is hoped that employees can be able to apply their training effectiveness and improve on their works in both theory and practice. Hence, employees from varieties of organizational levels will seek self-development with specific goals and enhance organizational effectiveness, thereby achieving the company's operational targets and fulfilling LITEON's mission and vision of sustainable development.

(3) Training implementation

- In 2023, LITEON Group delivered 1,167,819 hours of training. On average, each employee attended 39.5 hours.

RBA code of conduct course in 2023

Locations	Total of attendees	Percentage of total employee	Total training hours
Taiwan	4,135	85%	37,181
Mainland China	20,848	100%	156,388
Other Overseas	2,885	75%	19,305
Total	27,868	94%	212,874

Note. The courses cover the Responsible Business Alliance (RBA) Code of Conduct, the LITEON Human Rights Policy and Ethical Corporate Management Principles, internal audit and control courses, occupational health and safety courses, and energy conservation and carbon reduction campaigns.

Anti-Corruption including material insider information, anti-trust and compliance courses in 2023

Locations	Total of attendees	Percentage of total employee	Total training hours
Taiwan	4,135	85%	27,650
Mainland China	20,848	100%	62,712
Other Overseas	1,522	39%	9,464
Total	26,505	90%	99,826

- Total training expenses in 2023 were NT\$ 202 million which includes actual cost and opportunity cost (the payroll for attendees working hours).

3. Retirement and implementation

LITEON makes contributions to employees' pension funds according to local regulations, regardless of where it operates in the world. Today, 100% of its employees have joined a pension plan. In Taiwan, the pension policy complies with the Labor Standards Act where contributions are made regularly to employees' pension accounts. In China, employees are insured according to local regulations, and is fully funded to provide for employees' retirement needs in order to secure a comfortable lifestyle after retirement. For employees in Thailand, companies establish pension policies and make employees' pension contributions in compliance with local regulations. The human resource department regularly reviews the list of soon-to-be-retiring employees, and will inquire about their plans for retirement and help them make career plans.

In Taiwan, pension schemes are governed either by the Labor Standards Act (the old scheme) or the Labor Pension Act (the new scheme) of the Republic of China. Employees who came on board on or before June 30, 2005, are entitled to carry forward their tenure of service from the old scheme to the new scheme. Under the old scheme, the company contributes 2% of employees' monthly salaries into a pension account held with the Central Trust of China. This reserve has accumulated to NT\$ 940 million to date, and is fully funded to provide for employees' retirement needs. Under the new scheme, the company contributes 6% of employees' monthly salaries into their personal pension accounts; In addition to the monthly 6% contributions made by the employer, employees may also choose to contribute another 0%~6% of their salaries into their pension accounts.

4. Labor-management agreement status:

LITEON values the employer and employee relationship. The company works to strengthen communication between employees and their supervisors on work targets, skills and behaviors regarding their units and individuals. Large-scale international communication meetings and new hire communication meetings are also regularly hosted by top executives in person for the direct communication of company targets, culture and values. Regular employer-employee meetings take place to gather and deliver feedback and suggestions from employees and facilitate a friendly employer-employee relationship that unites the employer and employees toward the same goals. The company makes communication channels available to employees so that all employees are able to give their comments or suggestions at any time.

5. Freedom of association and collective bargaining

LITEON's policy on freedom of association and collective bargaining follows and complies with the freedom of association rules in RBA 7.0 (2021). In conformance with local law, respect the right of all workers to form and join trade unions of their own choosing, to bargain collectively and to engage in peaceful assembly as well as respect the right of workers to refrain from such activities. Workers and/or their representatives shall be able to openly communicate and share ideas and concerns with management regarding working conditions and management practices without fear of discrimination, reprisal, intimidation or harassment. LITEON respects employees' freedom of association and allows employees to form trade unions. Union representatives are elected by employees, and represent the employees in regular engagement with the management. Meanwhile, the unions gather information, call regular meetings, discuss counter measures, and organize union events, such as group travel and employee care programs. The unions also work to protect the rights of employees and maintain a stable and healthy employer-employee relationship. LITEON protects employees' freedom of association and right of collective bargaining. Many LITEON locations around the world have formed unions, including Taiwan, China (Changan, Guangzhou, Changzhou, Beihai, Huizhou, Tianjin, Shijie, and Shanghai), Thailand, Vietnam, and Mexico. As for locations where no union has been formed, all employees are fully protected in the same way by local laws and rights endowed by labor contracts. Furthermore, LITEON provides employees with a wide range of communication channels as described above in order to ensure and maintain that employee feedback can be fully expressed. Meanwhile, the unions have not expressed the need for collective bargaining, and so no collective agreement has been entered into.

6. Protection of employee rights and implementation

The Employee Welfare Committee, the Pension Supervision Commission, and the Safety and Health Committee are established to regularly review contributions to and utilization of the Employee Welfare Fund, contributions to and utilization of the pension plan, and adoption of health and safety behaviors and habits. Internal education and training courses and other regular and ad hoc communication meetings all serve to reiterate the company's policies, programs, and various benefits.

7. Employee code of conduct

The company uses its intranet website to convey clearly to its employees the benefits and programs implemented by the company over the years. The employee code of conduct is also stated clearly on the website. It is mainly

described as follows:

- (1) Company employees may not give or accept any gifts intended to improperly influence normal business or decisions.
- (2) Customers and company employees may engage in reasonable social activities within the course of the business contact in so far as such activities are clearly for business purposes and are respectable in tone.
- (3) Company employees shall avoid any improper actions, and under any circumstances, company employees shall not offer or accept any form of kickbacks or request improper benefits.
- (4) Duty of confidentiality: Employees, during employment and after termination of employment, may not disclose or give to any third party any trade secrets of LITEON (including its affiliates) or a third party that are developed or acquired during employment.
- (5) Intellectual property rights: All intellectual property or other related rights created or completed by employees performing their duties by use of LITEON's tangible or intangible resources shall be the exclusive property of LITEON or individuals designated by LITEON.

LITEON builds its success on its core values, "Customer Satisfaction," "Excellence in Execution," "Innovation," and "Integrity". The company leaves no stone unturned in its pursuit of a positive and friendly employer-employee relationship and a win-win situation for all parties involved.

5.5.2 In the last two years and as of the printing date of the annual report, there have been no significant labor disputes.

However, the Company was fined for the following labor inspection results: NT\$1,000,000 issued on 01/06/2023 for the attendance of workers on a daily basis not recorded to the minute (Labor Standards Act Article 30 Paragraph 6). NT\$90,000 issued on 03/17/2023 for not prepared worker attendance records (Labor Standards Act Article 30 Paragraph 5). NT\$144,000 issued on 04/19/2023 for the attendance of workers on a daily basis not recorded to the minute (Labor Standards Act Article 30 Paragraph 6). NT\$100,000 issued on 06/02/2023 for the extension of working hours exceeding permitted limit (Labor Standards Act Article 32 Paragraph 2). NT\$1,000,000 issued on 01/12/2024 for the attendance of workers on a daily basis not recorded to the minute (Labor Standards Act Article 30 Paragraph 6).

The Company's Attendance Management Measures comply with the law and specify rules for overtime and attendance. Employees can apply for leave and overtime online through the system. With regard to the fine due to working hours, we have examined operating procedures and manpower allocation management, so that the matter that was found in violation will meet regulatory requirements.

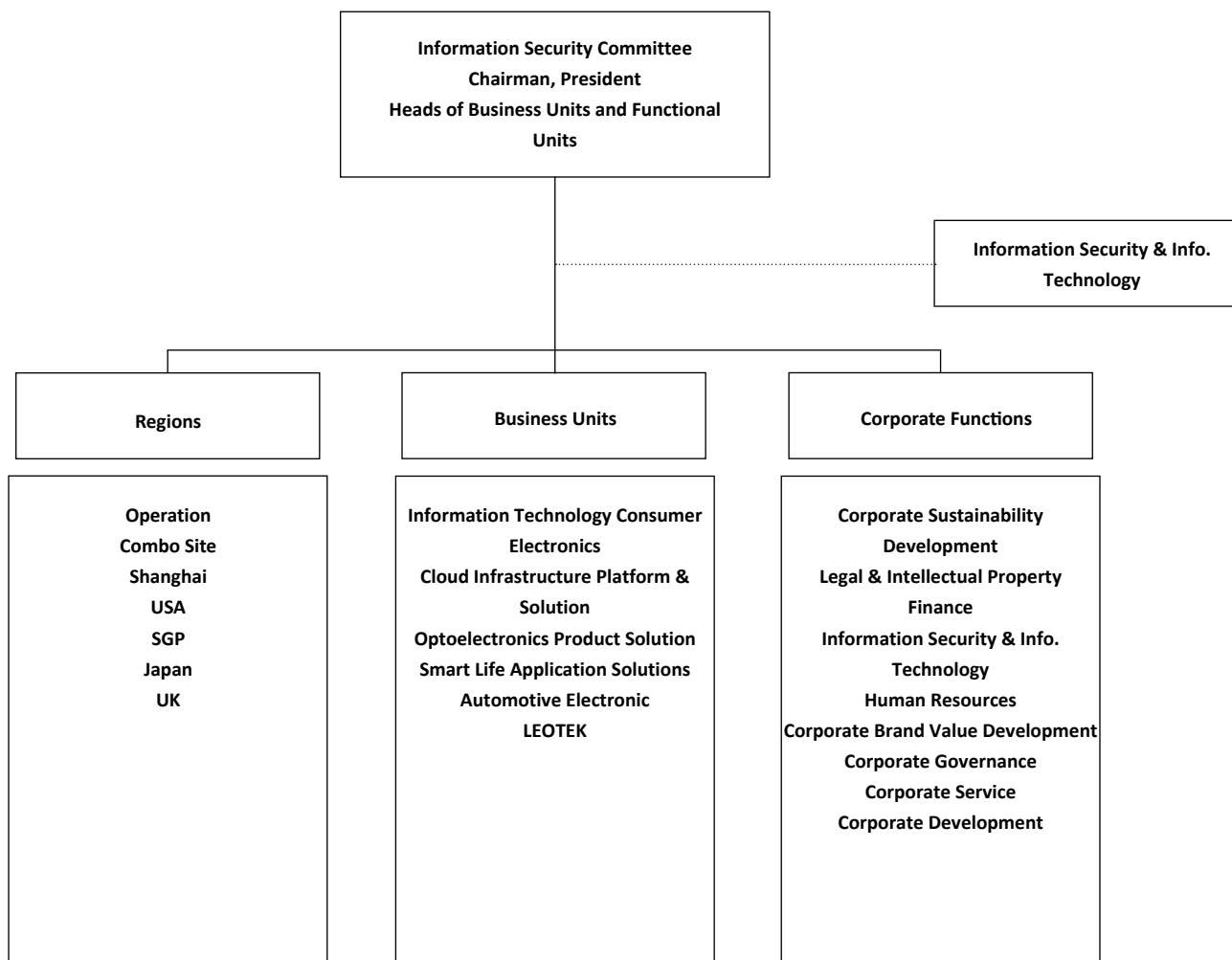
LITEON was fined for not having a record of commuting to and from work. In this regard, LITEON has explained to the Department of Labor that the office staff adopts the self-management model between supervisors and employees and respects each other. LITEON has always strictly followed the laws and regulations. Considering that the company's business bases in Taiwan are divided into North, Central and South, personnel exchanges are frequent; overseas bases are also all over the world. In order to facilitate the development of global business, the company agrees that supervisors and employees can adjust the appropriate attendance time according to business needs. At the same time, in order to comply with legal regulations, starting from 2024, LITEON record employee attendance records through system construction and improvement of access control card machines. Since March, it has fully complied with legal regulations.

5.6 Cyber Security Management

Ensure the high availability, integrity and confidentiality of the company's information system operations, implement network and system information security control and protection measures to protect the sensitive information of customers and stakeholders, and provide management with key and timely management information to improve decision-making quality, and reduce company operations and information security risks.

1. Information Security Risk Management Framework

An information security management system based on the ISO27001 international information security standard has been introduced across the board by LITEON. A cross-department and cross-functional Information Security Committee chaired by the company chairman and president was also established. A dedicated information security unit was set up with responsibility for the management of information security technologies, information security compliance, enforcing the Company's information security management system, identify internal/external topics in information security management as well as stakeholder requirements and expectations on information security for the Company, carry out information security protection tasks, responding to information security events, recovery after information security events, prevent information security events, and reduce the damage from information security events. The unit also reports regularly to the Information Security Committee on the latest developments in information security promotion at the Company, as well as the allocation of investments in information security resources.



2. Information Security Policy

LITEON attaches great importance to the security and privacy of all stakeholders, including internal employees, external customers (clients, suppliers, consultants and partners, etc.), shareholders and operation-related information assets, in order to ensure the confidentiality, integrity, availability and legality of information assets. And to avoid internal and external deliberate or accidental threats. Taking into account the company's business needs, we obtained the ISO 27001 information security management system certification in 2020. In order to implement the information security management mechanism of the industrial control environment of the production line, LITEON has obtained the ISA/IEC 62443 certificate in 2022 and has gradually implemented the information security management requirements for strengthening the industrial control environment.

Regarding the protection of customer privacy and confidential information, the company concludes a confidentiality contract with the party or supplier receiving the confidential information before it is necessary to disclose the customer's confidential information to the outside world, so that the customer's privacy and confidential information are protected by law. In addition, in terms of internal control, all employees of the company also have complete confidentiality obligations to the company through contractual regulations and have established complete information security policies and management methods to implement hierarchical confidentiality management and strictly control the entry and exit of company documents. Control to ensure that confidential and sensitive documents are not improperly leaked and used.

3. Detailed Plan for Information Security Management and Resources Invested

(1) Information Security Management and Audit Mechanism

In order to implement the information security management mechanism and ensure the confidentiality, integrity and availability of information assets, LITEON follows the ISO 27001 international standard and uses the PDCA cycle operation model to establish, implement, maintain and improve the information security management system, and obtained ISO 27001 information in 2020. The security management system has verified and established an information security compliance team, which includes a total of ten colleagues from the Information Security information center and more than thirty information security representatives selected from public institutions and functional units to jointly promote and confirm the effectiveness of information security management measures. Based on the IEC62443 industrial control standard, an industrial control information security management and control system is established and a systematic information security management and control mechanism is introduced.

which includes a total of ten colleagues from the Information Security information center and more than thirty information security representatives selected from public institutions and functional units to jointly promote and confirm the effectiveness of information security management measures.

(2) Information Security Technology Control and Deployment

- A.Regularly perform system vulnerability scans and third-party external security ratings to prevent hackers from intruding and stealing company confidential information through system vulnerabilities.
- B.Through the information security monitoring mechanism (Security Operation Center, SOC), real-time monitoring and identification of information security incidents are carried out to strengthen the contingency handling of information security incidents. Establish a complete information system security protection network from the perspective of endpoint, network, and cloud security protection, including endpoint management and network behavior analysis of personal information devices (such as desktop computers, laptops, tablets, and smart phones, etc.) , cloud platform management to implement the protection of employee personal data, company confidential information, customers and suppliers, etc.
- C.The Azure Information Protection (AIP) mechanism was introduced to ensure the protection of LITEON Data. Data access and protection for office work and Work from Home (WFH) reduced the risk of information being compromised while employees are working off-site. Cloud digital stools such as Microsoft Office365, encryption, identification, authorization principles, and remote secure access mechanisms help to protect the personal information of employees and confidential corporate correspondence.
- D.The IEC62443 industrial control standard served as the basis for the establishment of industrial control information security controls. System information security management mechanisms were introduced with enhanced security management for production IT equipment to protect against anomalies that impact on productivity and reduce the risk of production interruptions due to external attacks on the production environment. These information security measures include user authentication and permissions management for industrial control devices, industrial control network partitioning and connection restrictions, virus and hacker protection measures for industrial control equipment (e.g., monitoring of network anomalies, anti-virus flash drives, and online IPS protection), portable device control, and backup mechanism for critical equipment.

(3) Information Security Education and Training

To enhance the information security awareness of our employees, the Company defined the “Personnel Information Security Requirements and Education and Training Management Procedure” to serve as basis for management.

A.Promotion of Information Security Awareness: Information security-related information is announced and promote through various channels and meetings when appropriate to enhance the information security awareness of employees.

B.Information Security Education and Training:

a. New hires are required to sign the Code of Professional Ethics and undergo information security education and training upon arrival to familiarize them with the Company’s information security policy and requirements.

b. Implement regular information security education and training for employees every year. All colleagues should complete 1 hour of information security education training every year. We also plan information security and privacy-related education and training courses of different natures for different roles and functional personnel, including information security awareness training, privacy protection education and training, internal major information processing procedures, etc. Through continuous training, the company's employees' security awareness is enhanced and internalized in various operations to implement the safest and most stringent information security protection.

C.In addition to education and training organized by the Company, information security representatives and auditors at each unit must also attend external training events or forums to learn about protective mechanisms for information security and the latest types of information security threats to strengthen the information security protection capabilities at LITEON.

D.Random social engineering exercises are conducted each year to strengthen the information security awareness of employees.

(4) International Certification

A.LITEON obtained ISO/IEC 27001 information security management system certification in 2020 and established an information security audit team to confirm the appropriateness and effectiveness of information security management measures and continuously verify and maintain the validity of the certificate, it passed the review audit in 2023.

B.ISA/IEC 62443 certification was obtained by LITEON in 2022. The information security management mechanisms of industrial control equipment in the production environment were also strengthened in accordance with international information security requirements for industrial control.

4.Losses and Potential Impact of Major Information-Communication Security Events, and Response Measures

In the most recent year and as of the publication date of the annual report, LITEON's operations have not incurred any related financial compensation or losses arising from major information security incidents. In 2023, there were no complaints related to infringement of customer privacy or loss of customer information.

LITEON is committed to protecting the security and privacy of operation-related information assets of internal and external parties and attaches great importance to the defense of information security threats from internal and external parties. It continues to follow up on the updates of information-related regulations and domestic and foreign information security threat information, so as to Timely adjust the operation and monitoring of various information security management and control mechanisms to reduce the operational impact of enterprises due to information security threats, implement information security responsibilities, and achieve sustainable development of the enterprise.

5.7 Important Contracts

Nature of Contract	Contracting parties	Commencement date/expiration date	Content	Limitation clauses
Manufacturing and sales agreements	Multinational corporations, including but not limited to 3C and IT industries.	Since June 2, 2003	Design, manufacturing, and sales of LED Opto-semiconductors packaging and lighting applications, auto electronic parts and components, auto camera modules, EV chargers, server power systems solutions, networking modules and components, power supply, computer keyboards and other related parts or components of the said product.	Confidentiality clauses
Licensing agreements	Several patent owners or Licensors (including but not limited to optoelectronics, IT, keyboard and the related technical fields).	Since January 20, 2004	License and the payment or collection of royalty.	Confidentiality clauses

6. Financial Highlights and Analysis

6.1 Five-Year Financial Summary

6.1.1 Condensed Balance Sheet and Statement of Comprehensive Income

6.1.1.1 Condensed Balance Sheet (Consolidated)

Unit: NT\$ thousands

Item		Financial Summary for The Last Five Years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		146,852,680	140,583,805	147,110,891	164,953,214	155,618,441
Property, Plant and Equipment		19,171,374	18,389,054	18,889,587	19,078,678	18,392,467
Intangible assets		5,947,819	4,840,696	3,675,676	3,692,521	2,837,525
Other assets		14,660,630	12,253,682	13,867,265	12,057,324	12,123,827
Total assets		186,632,503	176,067,237	183,543,419	199,781,737	188,972,260
Current liabilities	Before distribution	109,397,843	99,599,336	107,915,125	111,781,109	98,001,423
	After distribution	116,919,139	107,590,713	113,691,138	118,747,388	103,784,248 (Note 2)
Non-current liabilities		2,593,270	2,326,387	2,754,767	6,013,501	5,903,425
Total liabilities	Before distribution	111,991,113	101,925,723	110,669,892	117,794,610	103,904,848
	After distribution	119,512,409	109,917,100	116,445,905	124,760,889	109,687,673 (Note 2)
Equity attributable to owners of the parent company		72,459,775	73,589,675	72,341,068	81,356,005	84,380,596
Share Capital		23,508,670	23,508,670	23,508,670	23,630,830	23,531,300
Capital surplus	Before distribution	21,819,350	21,613,574	21,836,342	22,706,153	22,734,080
	After distribution	21,819,350	21,613,574	21,836,342	22,706,153	22,734,080
Retained earnings	Before distribution	33,120,165	35,547,654	36,753,852	41,731,318	44,673,713
	After distribution	25,598,869	27,556,277	30,977,839	34,765,039	38,890,888 (Note 2)
Other equity		(4,717,096)	(5,808,909)	(6,056,988)	(3,243,884)	(3,831,534)
Treasury shares		(1,271,314)	(1,271,314)	(3,700,808)	(3,468,412)	(2,726,963)
Non-controlling interests		2,181,615	551,839	532,459	631,122	686,816
Total equity	Before distribution	74,641,390	74,141,514	72,873,527	81,987,127	85,067,412
	After distribution	67,120,094	66,150,137	67,097,514	75,020,848	79,284,587 (Note 2)

Note 1: The financial statements have been audited by independent auditors.

Note 2: The amount approved by Board of Directors on February 26, 2024.

6.1.1.2 Condensed Statement of Comprehensive Income (Consolidated)

Unit: NT\$ thousands (Except EPS: NT\$)

Item \ Year	Financial Summary for The Last Five Years (Note 1)				
	2019	2020	2021	2022	2023
Operating Revenue	177,954,166	157,133,623	164,827,947	173,456,216	148,333,455
Gross Profit	27,337,664	27,383,699	30,497,529	33,262,432	32,668,082
Operating Income	9,345,222	10,206,194	13,042,139	15,072,860	14,516,276
Non-operating Income and Expenses	3,018,616	2,395,727	4,590,108	2,772,929	3,849,503
Profit Before Income Tax	12,363,838	12,601,921	17,632,247	17,845,789	18,365,779
Net Profit	9,405,517	9,829,204	13,929,486	14,187,403	14,598,787
Other Comprehensive Income (Loss) for the period, Net of Income Tax	(1,432,532)	(1,386,601)	(376,443)	3,576,981	(707,519)
Total Comprehensive Income	7,972,985	8,442,603	13,553,043	17,764,384	13,891,268
Net Profit Attributable to Owners of the Parent Company	9,374,899	10,016,038	13,886,552	14,151,016	14,570,616
Net Income (Loss) Attributable to Non-controlling Interests	30,618	(186,834)	42,934	36,387	28,171
Total Comprehensive Income Attributable to Owners of the Parent Company	7,973,221	8,668,264	13,558,786	17,661,812	13,846,160
Total Comprehensive Income (Loss) Attributable to Non-controlling Interests	(236)	(225,661)	(5,743)	102,572	45,108
Earnings Per Share(Note 2)	4.03	4.31	6.01	6.19	6.36

Note 1: The financial statements have been audited by independent auditors.

Note 2: Earnings per share was calculated basis on weighted average number of ordinary shares outstanding. Earnings per share computation was adjusted retroactively for earnings and capital surplus transferred to capital and share capital split.

6.1.1.3 Condensed Balance Sheet (Standalone)

Unit: NT\$ thousands

Item	Year	Financial Summary for The Last Five Years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		49,081,132	44,377,741	45,818,310	49,264,429	41,709,692
Property, Plant and Equipment		7,885,540	8,240,165	8,986,767	9,794,480	10,750,740
Intangible assets		5,528,836	4,748,110	3,556,210	3,580,319	2,725,363
Other assets		83,518,030	86,092,633	95,826,487	106,099,216	105,059,143
Total assets		146,013,538	143,458,649	154,187,774	168,738,444	160,244,938
Current liabilities	Before distribution	71,902,318	68,217,947	79,773,874	82,053,295	71,166,341
	After distribution	79,423,614	76,209,324	85,549,887	89,019,574	76,949,166 (Note 2)
Non-current liabilities		1,651,445	1,651,027	2,072,832	5,329,144	4,698,001
Total liabilities	Before distribution	73,553,763	69,868,974	81,846,706	87,382,439	75,864,342
	After distribution	81,075,059	77,860,351	87,622,719	94,348,718	81,647,167 (Note 2)
Total equity		72,459,775	73,589,675	72,341,068	81,356,005	84,380,596
Share Capital		23,508,670	23,508,670	23,508,670	23,630,830	23,531,300
Capital surplus	Before distribution	21,819,350	21,613,574	21,836,342	22,706,153	22,734,080
	After distribution	21,819,350	21,613,574	21,836,342	22,706,153	22,734,080
Retained earnings	Before distribution	33,120,165	35,547,654	36,753,852	41,731,318	44,673,713
	After distribution	25,598,869	27,556,277	30,977,839	34,765,039	38,890,888 (Note 2)
Other equity		(4,717,096)	(5,808,909)	(6,056,988)	(3,243,884)	(3,831,534)
Treasury share		(1,271,314)	(1,271,314)	(3,700,808)	(3,468,412)	(2,726,963)
Total equity	Before distribution	72,459,775	73,589,675	72,341,068	81,356,005	84,380,596
	After distribution	64,938,479	65,598,298	66,565,055	74,389,726	78,597,771 (Note 2)

Note 1: All financial statements have been audited by independent auditors.

Note 2: The amount approved by Board of Directors on February 26, 2024.

6.1.1.4 Condensed Statement of Comprehensive Income (Standalone)

Unit: NT\$ thousands (Except EPS: NT\$)

Item \ Year	Financial Summary for The Last Five Years (Note 1)				
	2019	2020	2021	2022	2023
Operating Revenue	120,871,430	99,553,624	106,254,835	115,569,314	96,338,184
Gross Profit	13,137,573	12,745,111	12,945,851	17,084,819	19,002,638
Operating Income	2,537,949	3,370,419	4,288,165	5,856,884	7,610,265
Non-operating Income and Expenses	8,021,488	8,002,637	11,867,942	8,528,975	9,100,404
Profit before Income Tax	10,559,437	11,373,056	16,156,107	14,385,859	16,710,669
Net Profit	9,374,899	10,016,038	13,886,552	14,151,016	14,570,616
Other Comprehensive Income (Loss) for the period, Net of Income Tax	(1,401,678)	(1,347,774)	(327,766)	3,510,796	(724,456)
Total Comprehensive Income	7,973,221	8,668,264	13,558,786	17,661,812	13,846,160
Earnings Per Share (Note 2)	4.03	4.31	6.01	6.19	6.36

Note 1: The financial statements have been audited by independent auditors.

Note 2: Earnings per share was calculated basis on weighted average number of ordinary shares outstanding. Earnings per share computation was adjusted retroactively for earning and capital surplus transferred to capital and share capital split.

6.1.2 Significant Commitment Affect Financial Analysis Consistency and Influence of Financial Statement: None

6.1.3 Auditors' Opinions from 2019 to 2023

(1) Independent auditors' names and their audit opinions for the past five years

Year	CPA firm	Name of CPA	Audit Opinion
2019	Deloitte & Touche	Cheng-Tsai Tsai, Meng-Chieh Chiu	An Unqualified Opinion
2020	Deloitte & Touche	Meng-Chieh Chiu, Cheng-Tsai Tsai	An Unqualified Opinion
2021	Deloitte & Touche	Meng-Chieh Chiu, Cheng-Tsai Tsai	An Unqualified Opinion
2022	Deloitte & Touche	Meng-Chieh Chiu, Shiuh-Ran Cheng	An Unqualified Opinion
2023	Deloitte & Touche	Meng-Chieh Chiu, Shiuh-Ran Cheng	An Unqualified Opinion

(2) The reasons and explanations for replacement of the certified public accountant: the predecessor CPA, Cheng-Tsai Tsai, is retired, so starting from 2022Q2, the successor CPAs are Meng-Chieh Chiu and Shiuh-Ran Cheng.

6.2 Five-Year Financial Analysis

6.2.1 Consolidated Financial Analysis

Item		Year	Financial Analysis for the Last Five Years (Note)				
			2019	2020	2021	2022	2023
Financial structure (%)	Debt Ratio		60.01	57.89	60.30	58.96	54.98
	Ratio of long-term capital to property, plant and equipment		402.86	415.83	400.37	461.25	494.61
Solvency (%)	Current ratio		134.24	141.15	136.32	147.57	158.79
	Quick ratio		111.51	114.86	104.59	120.84	130.91
	Interest earned ratio (times)		15.65	36.86	80.33	25.03	13.23
Operating performance	Trade receivable turnover (times)		4.19	4.18	4.18	4.25	4.13
	Average collection period		87.11	87.32	87.32	85.88	88.37
	Inventory turnover (times)		5.06	5.04	4.45	4.37	4.00
	Trade payable turnover (times)		3.07	2.95	3.00	3.06	2.70
	Average days in sales		72.13	72.42	82.02	83.52	91.25
	Property, plant and equipment turnover (times)		8.97	8.37	8.84	9.14	7.92
	Total assets turnover (times)		0.93	0.87	0.92	0.91	0.76
Profitability	Return on total assets (%)		5.24	5.57	7.84	7.71	8.12
	Return on stockholders' equity (%) (Note2)		13.04	13.72	19.03	18.41	17.58
	Pre-tax income to paid-in capital (%)		52.59	53.61	75.00	75.52	78.05
	Profit ratio (%)		5.29	6.26	8.45	8.18	9.84
	Earnings per share (NT\$) (Note3)		4.03	4.31	6.01	6.19	6.36
Cash flow	Cash flow ratio (%)		18.06	17.63	11.27	22.51	27.82
	Cash flow adequacy ratio (%)		121.73	119.48	93.06	111.97	130.84
	Cash reinvestment ratio (%)		11.88	9.33	-0.37	12.82	12.10
Leverage	Operating leverage		1.49	1.40	1.32	1.30	1.30
	Financial leverage		1.10	1.04	1.02	1.05	1.12

Note 1: The financial information were audited by the independent accountants.

Note 2: Equity attributable to owners of the Parent company.

Note 3: Earnings per share was calculated basis on weighted average number of ordinary shares outstanding. Earnings per share computation was adjusted retrospectively for earnings and capital surplus transferred to capital.

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%):

- (1) Decrease in Interest earned ratio : Due to the rise of borrowing interest rates, the finance costs increased this year.
- (2) Increase in Profit ratio : Due to the growth of high-value businesses, the optimization of supply chain resilience, and the improvement of operational efficiency.
- (3) Increase in Cash flow ratio : Due to the increase in net cash inflow generated from operating activities, and repayment of short-term loans.

6.2.2 Stand-Alone Financial Analysis

Item		Year	Financial Analysis for the Last Five Years (Note 1)				
			2019	2020	2021	2022	2023
Financial structure (%)	Debt Ratio		50.37	48.70	53.08	51.79	47.34
	Ratio of long-term capital to property, plant and equipment		939.84	913.10	828.04	885.04	828.58
Solvency	Current ratio (%)		68.26	65.05	57.44	60.04	58.61
	Quick ratio (%)		57.99	55.79	47.68	51.57	49.09
	Interest earned ratio (times)		23.86	58.45	171.93	26.54	13.67
Operating performance	Trade receivables turnover (times)		3.47	3.30	3.47	3.71	3.50
	Average collection period		105.18	110.60	105.18	98.38	104.28
	Inventory turnover (times)		12.29	12.80	13.19	13.78	11.52
	Trade payables turnover (times)		2.82	2.64	2.84	2.93	2.57
	Average days in sales		29.69	28.51	27.67	26.48	31.68
	Property, plant and equipment turnover (times)		15.57	12.35	12.34	12.31	9.38
	Total assets turnover (times)		0.82	0.69	0.71	0.72	0.59
Profitability	Return on total assets (%)		6.59	7.03	9.38	9.04	9.50
	Return on stockholders' equity (%)		13.04	13.72	19.03	18.41	17.58
	Pre-tax income to paid-in capital (%)		44.92	48.38	68.72	60.88	71.01
	Profit ratio (%)		7.76	10.06	13.07	12.24	15.12
	Earnings per share (NT\$) (Note 2)		4.03	4.31	6.01	6.19	6.36
Cash flow	Cash flow ratio (%)		10.01	7.81	8.36	12.22	18.65
	Cash flow adequacy ratio (%)		93.06	89.79	60.11	70.47	73.86
	Cash reinvestment ratio (%)		0.45	-2.89	-7.87	0.88	1.77
Leverage	Operating leverage		1.36	1.23	1.21	1.21	1.18
	Financial leverage		1.22	1.06	1.02	1.11	1.21

Note 1: The financial information were audited by the independent accountants.

Note 2: Earnings per share was calculated basis on weighted average number of ordinary shares outstanding. Earnings per share computation was adjusted retrospectively for earnings and capital surplus transferred to capital.

Analysis of Deviation over 20% for the last two years:

1. Decrease in Interest earned ratio : Due to the rise of borrowing interest rates, the finance costs increased this year.
2. Decrease in Property, plant and equipment turnover : The decrease was attributable to the company disposal of Image department's business, which make the decrease in net sales this year.
3. Increase in Profit ratio: Due to the growth of high-value businesses, the optimization of supply chain resilience, and the improvement of operational efficiency.
4. Increase in Cash flow ratio and Cash reinvestment ratio : Due to the increase in net cash inflow generated from operating activities, and repayment of short-term loans.

*Glossary

1. Financial Structure

(1) Debt Ratio = Total Liabilities / Total Assets

(2) Ratio of Long-term Capital to Property, Plant and Equipment = (Shareholders' Equity + Noncurrent Liabilities) / Net Property, Plant and Equipment

2. Solvency

(1) Current Ratio = Current Assets / Current Liabilities

(2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities

(3) Interest Earned Ratio = Earnings before Interest and Taxes / Interest Expenses

3. Operating Performance

(1) Trade receivables turnover (times) = Net Sales / Average Trade Receivables

(2) Average collection period = 365 / Trade receivables turnover

(3) Inventory Turnover = Cost of Sales / Average Inventory

(4) Trade Payment Turnover = Cost of Sales / Average Trade Payables

(5) Average Days in sales = 365 / Average Inventory Turnover

(6) Property, Plant and Equipment Turnover = Net Sales / Average Net Property, Plant and Equipment

(7) Total Assets Turnover = Net Sales / Average Total Assets

4. Profitability Analysis

(1) Return on Total Assets = (Net Income + Interest Expenses * (1 - Effective Tax Rate)) / Average Total Assets

(2) Return on Equity Attributable to Shareholders of the Parent = Net Income Attributable to Shareholders of the Parent / Average Equity Attributable to Shareholders of the Parent

(3) Pre-tax Income to Paid-in Capital Ratio = Income before Tax / Paid-in Capital

(4) Net Margin = Net Income / Net Sales

(5) Earnings Per Share = (Net Income Attributable to Shareholders of the Parent - Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding

5. Cash Flow

(1) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities

(2) Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operations / Five-year Sum of Capital Expenditures, Inventory Additions, and Cash Dividend

(3) Cash Flow Reinvestment Ratio = (Cash Provided by Operating Activities - Cash Dividends) / (Gross Property, Plant and Equipment + Long-term Investments + Other Noncurrent Assets + Working Capital)

6. Leverage

(1) Operating Leverage = (Net Sales - Variable Cost) / Income from Operations

(2) Financial Leverage = Income from Operations / (Income from Operations - Interest Expenses)

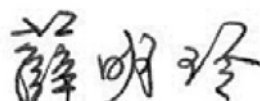
6.3 Audit Committee's Report for the Most Recent Year

AUDIT COMMITTEE REPORT

To: Shareholders' Annual General Meeting for Year 2024, Lite-On Technology Corporation

The Board of Directors has prepared and submitted to the undersigned, Audit Committee of Lite-On Technology Corporation the 2023 Business Report, Financial Reports(consolidated and standalone) and the proposal of distribution of earnings. The Financial Statements have been duly audited by Certified Public Accountants Meng-Chieh Chiu and Shiuh-Ran Cheng of Deloitte Touche Tohmatsu International Taiwan. The above Business Report, Financial Statements and the proposal of distribution of earnings have been examined and determined to be correct by the undersigned. This Report is duly submitted in accordance with Article 14-4 of Securities and Exchange Law and Article 219 of the Company Law.

The Audit Committee, Chairman:



Mr. Albert Hsueh
February 26 2024

6.4 Consolidated Financial Statements for the Years Ended December 31, 2023 and 2022, and Independent Auditors' Report

Please refer to the attachment on page 200-295 of this Annual Report.

6.5 Standalone Financial Statements for the Years Ended December 31, 2023 and 2022, and Independent Auditors' Report

Please refer to the attachment on page 296-384 of this Annual Report.

6.6 Financial Difficulties for the Company and its Affiliates

The Company should disclose the financial impact to the Company if the Company and its affiliated companies have incurred any financial or cash flow difficulties in 2023 and as of the date of this Annual Report: None.

7. Review of Financial Conditions, Financial Performance, and Risk Management

7.1 Financial Status

Unit: NT\$ thousands

Item	Year	2022	2023	Difference	
				Amount	%
Current Assets		164,953,214	155,618,441	(9,334,773)	(6)
Property, Plant and Equipment		19,078,678	18,392,467	(686,211)	(4)
Intangible Assets		3,692,521	2,837,525	(854,996)	(23)
Total Assets		199,781,737	188,972,260	(10,809,477)	(5)
Current Liabilities		111,781,109	98,001,423	(13,779,686)	(12)
Non-current Liabilities		6,013,501	5,903,425	(110,076)	(2)
Total Liabilities		117,794,610	103,904,848	(13,889,762)	(12)
Share Capital		23,630,830	23,531,300	(99,530)	(0)
Capital Surplus		22,706,153	22,734,080	27,927	0
Retained Earnings		41,731,318	44,673,713	2,942,395	7
Total Equity		81,987,127	85,067,412	3,080,285	4

1. Effect of changes on the company's financial condition (deviation over 20% and difference amount over NT\$ 10 million) and related impact: The decrease in Intangible Assets was mainly due to impairment loss on goodwill in 2023.
2. If the impact is significant, indicate future plan on financial position: Not applicable.

7.2 Financial Performance

7.2.1 Analysis of Financial Performance

Unit: NT\$ thousands, %

Item \ Year	2022	2023	Increased (Decreased)	Rate of Variance (%)
Operating Revenue	173,456,216	148,333,455	(25,122,761)	(14)
Cost of Goods Sold	140,193,784	115,665,373	(24,528,411)	(17)
Gross Profit	33,262,432	32,668,082	(594,350)	(2)
Operating Expenses	18,189,572	18,151,806	(37,766)	(0)
Operating Income	15,072,860	14,516,276	(556,584)	(4)
Non-operating Income	2,772,929	3,849,503	1,076,574	39
Profit Before Income Tax	17,845,789	18,365,779	519,990	3
Income Tax Expense	3,658,386	3,766,992	108,606	3
Net Profit for the Year	14,187,403	14,598,787	411,384	3

7.2.1.1 Analysis of Deviation over 20% for the last two years:

The increase in Non-operating income was mainly due to net loss on financial assets at fair value through profit or loss resulting from shares of VIZIO HOLDING CORP. in 2022, and the shares were all disposed in 2023.

7.2.1.2 Major impact on financial performance and Future Plan on Financial Performance: not applicable.

7.2.2 Sales Volume Forecast and Related Information

1. Based on market reports from several research institutions, the Company has made future market size and growth estimates for its major products/services as follows:

Main product	Estimated market size in 2024	Estimated CAGR (%) in upcoming 3 to 5 years
Opto-electronics- LED	approx. US\$ 20.4 bn	~4%
Power supply	approx. US\$ 34.3 bn	~6%

2. Competitive niches and long-term outlook

The Company is equipped with excellent R&D and design capabilities and able to provide critical products and total integrated solutions in cloud computing, Opto-electronics, and automotive electronics. The Company also has the advantage of an integrated supply chain and extensive R&D experience. The focus remains on developing new products and providing customers with the best services so to distinctly differentiate the company from traditional EMS/ODMs. The Company's efficient, sophisticated management team operates globally and can be relied on to increase the competitive advantages.

7.3 Cash Flow

7.3.1 Cash Flow Analysis for the Current Year

Unit: NT\$ thousands

Cash Balance 01/01/2023 (1)	Net Cash Flow from Operating Activities (2)	Cash Outflow (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Leverage of Cash Deficit	
				Investment Plans	Financing Plans
91,065,529	27,265,558	25,589,054	92,742,033	None	None

- (1) NT\$27,265,558 thousands net cash generated by operating activities: mainly from net income, depreciation expenses and changes in other receivables.
- (2) NT\$3,339,904 thousands net cash used for investing activities: primarily for net purchase of property, plant and equipment.
- (3) NT\$22,045,215 thousands net cash used in financing activities: primarily for cash dividend payment and repayment of bank loans.
- (4) Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies: NT\$203,935 thousands.

7.3.2 Remedy for Cash Deficit and Liquidity Analysis

Item \ Year	2022	2023	Variance (%)
Cash Flow Ratio (%)	22.51	27.82	23.59
Cash Flow Adequacy Ratio (%)	111.97	130.84	16.85
Cash Reinvestment Ratio (%)	12.82	12.10	-5.62

Analysis of financial ratio change:

- (1) Cash Flow Ratio raised: Mainly due to the reduction of current liabilities in 2023 compared to 2022.
- (2) Cash Reinvestment Ratio declined: Mainly due to the increase in working capital in 2023 compared to 2022.

7.3.3 Cash Flow Analysis for the Coming Year

Unit: NT\$ thousands

Cash Balance 01/01/2024 (1)	Estimated Net Cash Flow from Operating Activities (2)	Estimated Cash Outflow (Inflow) (3)	Estimated Cash Surplus (Deficit) (1)+(2)-(3)	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
92,742,033	20,575,000	16,401,000	96,916,033	None	None

- (1) NT\$20,575,000 thousands Estimated Net Cash Inflow from Operating Activities: mainly from net income for the coming year.
- (2) NT\$5,812,000 thousands Estimated Net Cash Outflow from Investing Activities: primarily for purchase of property, plant and equipment.
- (3) NT\$10,589,000 thousands Estimated Net Cash Outflow from Financing Activities: primarily for cash dividend payment.
- (4) Remedial Actions for Cash deficit and Liquidity Shortfall: As a result of positive operating cash flows and cash on-hand, remedial actions are not required.

7.4 Major Capital Expenditure Items

7.4.1 Major Capital Expenditure Items and Source of Capital

Unit: NT\$ thousands

Project	Actual or Planned Source of Capital	Total Capital	Actual or Expected Capital Expenditure		
			2022	2023	2024
Production Equipment and Facilities	operating cash inflows	4,684,834	1,684,394	798,288	2,202,152
R&D Equipment	operating cash inflows	3,271,131	902,480	558,738	1,809,913
IT Equipment and Expansion	operating cash inflows	460,066	248,608	163,892	47,566
Building(Note)	operating cash inflows	7,165,116	1,218,455	1,715,706	4,230,955
Others	operating cash inflows	55,683	28,819	14,451	12,413
Total		15,636,830	4,082,756	3,251,075	8,302,999

Note : The plants under construction include the Zhonghe plant, Phase 2 plant in Kaohsiung Manufacturing Center, and the Kaohsiung LITEON building, and the Vietnam plant, with budgets totaling NT\$15,901,831 thousand. As of 2024, NT\$5,709,436 thousand has been invested. The remaining NT\$10,192,395 thousand is expected to be invested from 2025 to 2027.

7.4.2 Expected Benefits: Not applicable

7.5 Long-term Investment Policy and Results

Investment Policy in Last year, Main Causes for Profits or Losses, Improvement Plans and the investment Plans for the Coming Year:

LITEON will continue focusing on core businesses growth. The investment will also follow core development strategy of the company and dispose non-core investment on suitable timing.

7.6 Analysis of Risk Management

7.6.1 Risk Management Framework

Finance:

1. Cash security and interest rate risk prevention

Cash management includes debt and risk control, fund utilization control, and investment size control.

- (1) Global cash inventory is performed regularly and any abnormality is followed up. The objective is to increase return on cash, improve profitability, and prevent impairment of assets due to external disasters.
- (2) Calculate AR/AP estimates on a monthly basis to facilitate cash planning.
- (3) Levels of authorization are established in accordance with the SOPs, and payments are ERP encrypted and then paid via electronic banking services to ensure more secure payments.
- (4) Optimal cash and asset structures are reviewed regularly for cash planning purpose and to achieve optimal cash allocation.

2. Exchange rate risk prevention

- (1) The company monitors foreign currency denominated positions, revenue target completion rate, and inventory changes on a daily basis.
- (2) Current month YTD and month end foreign exchange gains and losses are calculated on a daily basis.
- (3) Financial forecast models are created for foreign exchange positions to enable real-time hedging.
- (4) Differences in position forecast and reasons for foreign exchange gains and losses are examined on a monthly basis. The objective is to keep track of the net balance after offsetting of foreign currency denominated assets and liabilities and reduce operational risks arising from foreign exchange volatility.

3. Property Safety, Product Liability and Risk Prevention Activities

- (1) Arrange sufficient and appropriate general insurance to cover the risk properly.
- (2) Regular insurance training classes and seminars are held to address the property risk, cargo transportation risk, product liability and the other risk. The objective is to ensure the related departments and factories are fully aware the risk and able to eliminate the risk and reduce potential risk in advance.
- (3) Routine Cargo Transportation Risk Survey, Product Liability Risk Survey, Property Safety Survey to the factories.
- (4) Execute the Risk Grading to each factory by outside risk consultant and follow up the improvement.
- (5) Support the targeted factory to build its Business Continue Management System (BCMS).

4. Reduction of the credit risks and default payments from customers can be achieved through the following measures

- (1) Regularly conduct credit checks on customers and analyze the characteristics of their respective industries to effectively manage credit ratings.
- (2) Regularly review customer credit lines and payment terms to minimize exposure and optimize payment periods.
- (3) Conduct annual credit reviews to assess customers' business activities and changes in risk conditions, and arrange for credit insurance if necessary.
- (4) Monitor shipments against credit lines and closely track the payment schedule of accounts receivable to ensure timely recovery and minimize credit risk from customers.
- (5) Organize regular training sessions on credit risks and enhance risk management awareness across all business units.

Operation Controlling:

Assist the business units carrying out long-term and annual business planning, and establish the internal operating information management system to help the management to effectively control the important operating key factors as well as operating performance risks while properly allocating and controlling resources for optimization of overall operating results according to the company's development strategy.

Legal:

Legal Department is responsible for assessing legal risks, including: identifying contract risks by reviewing contracts, offering advice to management strategy, providing legal consultation and advice regarding internal systems, compliance, dispute resolution, mergers and acquisitions, intellectual property management, and overseeing production, utilization and disposal of the corporate seals in order to reduce the overall legal risks.

Auditor:

Formulate and implement the annual audit plan based on results of the risk assessments. Assess the effectiveness of the design and execution of internal control and assist the risk management organization and business units in designing risk management based on control processes.

Strategic M&A:

Based on LITEON Group's development strategy, industry trend, global economic dynamics and correspond with the Group's business tactic plan. Focus on five sectors which include smart home, automotive electronics, 5G, cloud application and smart grid. By evaluating the synergies and potential returns of new investments or mergers and acquisitions, continuing monitoring the performance of existing investment and implement group management methodology to reduce investment risks.

Corporate Brand Value Development Division:

Sculpture LITEON brand and make influence both internally and externally with comprehensive branding development strategy. Through synergy of PR, CSR, Marcom and Design functions, CBVD helps to enhance positive impact of LITEON brand value. It makes LITEON, a tech company, not only has dimensions, but also has warmth and brand recognition, which enables inheritance and transmission of LITEON spirit. Furthermore, it acts as the bridge that connects the company with the media and the general public. Effectively convey thorough information to external parties to ensure timely, accurate, and transparent disclosure in order to avoid operational risks caused by corporate image.

Investor Relations:

Act as the bridge that connects the company with investors. Effectively convey operational and business-related information to stakeholders to ensure timely, accurate, and transparent disclosure. It enables investors to have full access to material information regarding to the company's business operations in an open, fair, and just environment.

Human Resources:

Responsible for human resources management and development; planning human resources policies and implementation; human capital plans development; design for employee development and training; design competitive compensation and package; localization & local talent development; employee's personal data protection and control in order to reduce the risk of human resources that may cause damage to the company.

7.6.2 Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

1. Impact of interest rate fluctuation on the company's profit and response measures:

LITEON takes a safe and steady approach to the cash management policy. Apart from a safe level of working capital, LITEON holds idle funds as term deposits in the bank. LITEON, as of December 31, 2023, has NT\$ 25.5 billion, or 13% of the total assets, in bank loans. LITEON, given its commitment to improve its capital structure, boosts medium and long-term working capital, and reduces risks in interest rate changes, assesses regularly funds available in the market and interest rates offered by banks, and selects financing methods with caution. In addition to preferred interest rates, LITEON also undertakes financial derivative transactions for hedging purpose at appropriate times.

2. Impact of foreign exchange volatility on the company's profit and response measures:

A. Sources of exchange gains/losses:

LITEON's revenues, accounts payable, and accounts receivable arising from purchases and sales are predominantly denominated in US Dollars. Foreign currency denominated assets and liabilities offset each other, thereby significantly reducing the foreign exchange volatility risk and creating a natural hedge. Furthermore, LITEON trades derivatives only for the purpose of hedging. Gains and losses generated by foreign exchange rate changes are generally offset by gains and losses in the underlying assets. These hedges reduce the effect of foreign currency exchange rate movements on its assets and liabilities. Net exchange gain/loss and net gain on financial assets at fair value through profit or loss as a percentage of operating revenue and of operating profit as of December 31, 2023 are shown in the table below:

Unit: NT\$ thousand

Item\Year	2023
Net exchange gain/loss and Net gain on financial assets at fair value through profit or loss (A)	2,147,786
Operating revenue (B)	148,333,455
Percentage of operating revenue (A)/(B)	1.45%
Operating profit (C)	14,516,276
Percentage of operating profit (A)/(C)	14.80%

As shown in the table above, the net exchange gain/loss and net gain on financial assets at fair value through profit or loss were 1.45% and 14.80% of the operating revenue and the operating profit, respectively, in 2023.

B. Response measures to foreign exchange volatility:

LITEON hedges its foreign currency assets and liabilities by spot, forward, or derivatives as needed according to the prevailing foreign exchange rate trends. LITEON also performs careful and regular assessments in response to volatile foreign exchange rates, adjust and haggle with customers or suppliers as needed to mitigate the foreign exchange volatility risk. Given LITEON does not engage in any foreign exchange transactions unrelated to the core business or for trading purpose, all foreign exchange transactions are undertaken for hedging only.

3. Impact of inflation on the company's profit and response measures:

Taiwan's annual CPI increased 2.50% in 2023. The general CPI excluding fruits, vegetables, and energy (core CPI) increased 2.58%. In 2023, weather-induced surges in prices of vegetables and fruit caused the annual growth rate of the consumer price index (CPI) to trend back up, whereas the annual growth rate of the core CPI (i.e., excluding vegetables, fruit, and energy items) continued to edge down. The Central Bank forecasted the annual growth rates of the CPI and the core CPI to ease to 1.89% and 1.83% in 2024, respectively.

It is expected that inflation will be effectively kept under control in the future and not be able to have much impact on LITEON's profit.

7.6.3 Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Governing Loaning of Funds, Making of Endorsement / Guarantees, and Derivatives Transactions

7.6.3.1 The Company did not engage in any high-risk or high-leveraged investments.

7.6.3.2 Policies of Governing Loaning of Funds and Making of Endorsements/Guarantees

(1) Total amount of financing and limit for advance

- (a) The total amount of loans available by the Company in favor of all borrowers shall not exceed 40% of the net worth of the Company as stated in the most recent financial statement.
- (b) In financing a subsidiary where the Company holds less than 50% of its common shares directly or indirectly, the aggregate amount of loans and the maximum amount permitted to such a single subsidiary shall not exceed 5% of the net worth of the Company as stated in the most recent financial statement. For a subsidiary where the Company holds more than 50% of its common shares directly or indirectly, the aforementioned restriction shall not be applicable; however, the aggregate amount of loans and the maximum amount permitted to such a single subsidiary shall not exceed 40% of the net worth of the Company as stated in the most recent financial statement.
- (c) In financing a company or proprietor where the Company has business transactions, unless otherwise provided, the aggregate amount of loans and the maximum amount permitted to such a single company shall not exceed 5% of the Company's net worth as stated in the most recent financial statement, and the maximum amount permitted to such a single company shall not exceed the total amount of business transactions with such a borrower in one year.
- (d) In financing between the Company's 100% directly or indirectly owned foreign subsidiaries, or the Company's 100% directly or indirectly owned foreign subsidiaries finance to the Company, the aggregate amount of loans and the maximum amount permitted to such a company will not be subject to the limitation of 40% of the net worth of the lender as stated in the most recent financial statement, but still needs to establish a lending limit.

(2) Endorsements/ Guarantees Amount

Amount of an endorsements/ guarantees is subject to the following limits:

- (a) The total amount of endorsements / guarantees rendered by the Company shall not exceed 40% of the net worth shown on the Company's latest financial statements. The grand total amount of endorsements / guarantees rendered by the Company and its subsidiaries to the outside corporations shall not exceed 40% of the net worth shown on the Company's latest financial statements as well. The total amount of the endorsement/guarantee provided by the Company to any individual entity shall not exceed 30% of the Company's net worth.
- (b) In case of endorsements / guarantees by the Company to a firm where the Company holds over 50% of the voting power either directly or indirectly, or by the firm directly or indirectly holds more than 50% of the voting shares of the Company or endorsements / guarantees with companies where the Company holds over 90% of the voting power either directly or indirectly, the total amount of individual endorsements / guarantees shall not exceed 10% of the net worth shown through the Company's latest financial statements.
- (c) The total amount of individual endorsements/guarantees granted by the Company to a single company or among the Company and companies where the Company holds over 90% of the voting power either directly or indirectly shall not exceed 10% of the net worth shown through the Company's latest term financial statements. Where the Company grants endorsements / guarantees to a corporation where the Company maintains a business relationship, unless otherwise prescribed in other Regulations, the amount of individual endorsements / guarantees shall be confined to the total amount of business transaction accumulated over the past twelve months and shall not exceed 10% of the net worth shown through the Company's latest financial statements.

7.6.3.3 Policies of Governing Loaning of Funds and Making of Endorsements/Guarantees of Subsidiaries

When a subsidiary making loans to and endorsements/guarantees for others, the aggregate amount and the maximum amount permitted to such a single company is subject to the subsidiaries' own regulation.

7.6.3.4 No loss was occurred from making of endorsements/guarantees to others.

LITEON, as of December 31, 2023, no loss was occurred from making of endorsements/guarantees to 100% owned subsidiaries.

Making of endorsements/ guarantees to	Relationship	Actual Amount (NTD\$K)	Nature	Note
Lite-On Green Energy B.V.	100% owned subsidiaries	318,701	Contractual obligations	No loss occurred

7.6.3.5 Derivatives Transactions

- (1) The policies and response measures established by the company's Asset Acquisition or Disposal Procedures shall apply.
- (2) Hedges are based on the net position that is the residual difference between assets and liabilities. In addition, foreign exchange hedges take into account positions necessary to facilitate operating activities in the future.
- (3) The purpose of derivatives trading should be to ensure the company's operating profits and avoid risks arising from exchange rate or interest rate or asset value volatility. All foreign exchange transactions should be made for hedging purpose only. Non-hedging-related transactions will not be undertaken.

7.6.4 Summary of LITEON’s Major Future R&D Projects and Corresponding Budget

R&D projects and progress

No.	Latest R&D project	Progress	Additional budget required (NT\$ '000)	Expected time of mass production	Key factors for project success
1	Minimal parts count 65W adapter design	10%	1,500	2024	(1) Highly integrated Flyback IC (2) Highly integrated SR IC (3) Highly integrated PD IC
2	330W PD3.1 48V High power density adapter (20W/in ³)	10%	2,000	2024	(1) High power efficiency (AcB+CrM PFC+AHB) (2) GaN implement (3) Cooling design
3	400W ultra slim and high power density(40W/in ³) AIO power supply	20%	2,000	2025	(1) High frequency LLC design and implement (2) GaN device deploy and high frequency magnetics material study (3) Planar transformer design optimization (4) Cooling material study and ME structure optimization (5) Active EMI Filter
4	1.8kW high power density desktop power supply	10%	3,000	2026	(1) Totem Pole PFC and Full Bridge LLC design for peak 96% efficiency design (2) Cooling material study and ME structure optimization (3) Active EMI Filter
5	1300W platinum plserver PSU	20%	3,000	2025	(1) Efficiency increasing (2) Heat dissipation materials and mechanism optimization (3) Factory process optimization and improvement (4) Digital power development logic and control (5) Design for the cost (cost optimization)
6	ATX3.1 1.6KW gaming power supply with 80+ platinum efficiency level	10%	3,600	2025	(1) Efficiency increasing (2) Heat dissipation materials and mechanism optimization
7	650W Titanium Slim CRPS	5%	5,000	2025	(1) Digital power FW develop capability (2) Improve 50% load Efficiency to 96.5% (3) Component meeting thermal and EMI/EMC requirement"
8	1600W Titanium Slim CRPS	10%	8,000	2025	(1) Digital power FW develop capability (2) Improve 50% load Efficiency to 96.5% (3) omponent meeting thermal and EMI/ EMC requirement
9	Low-profile 380W display PSU	10%	12,000	2025	(1) Planar transformer technique & magnetic component simulation (2) Wide-bandgap semiconductor application and new EMI technique

No.	Latest R&D project	Progress	Additional budget required (NT\$ '000)	Expected time of mass production	Key factors for project success
10	480W titanium PSU with an analog solution	10%	5,000	2025	(1) High-efficiency magnetic component design (2) Topology & ASIC selection (3) Cost competitiveness
11	EMI & filter CAD development	30%	3,000	2025	(1) Software maintenance (MAXWELL & SIMPLIS) (2) EMI theory
12	>10 ration peak current (based on 50w/ 60w)	25%	2,500	2024	(1) design new chip (2) Peripherals components select and deisgn (3) Cost & form factor competitiveness
13	Electrical hyper-fast scroll wheel mouse	80%	2,000	2024	(1) Product promotion (2) Cost competitiveness
14	Super capacitor mouse	90%	2,000	2024	(1) Product promotion (2) Cost competitiveness
15	Folio keyboard	80%	2,000	2024	(1) Product promotion (2) Production Process Yield Issues. (3) Cost competitiveness
16	Capacity keyboard	60%	3,000	2025	(1) Product promotion (2) Cost competitiveness
17	Detachable modular keyboard	30%	3,000	2025	(1) Product promotion (2)Cost competitiveness
18	Click anywhere touchpad	60%	4,000	2025	(1) Product promotion (2) Cost competitiveness
19	Piezo haptic touchpad	80%	4,000	2024	(1) Product promotion (2) Cost competitiveness
20	800W Titanium server PSU	5%	10,000	2024	The electrical stress performance for output short.
21	3200W Titanium server PSU	25%	25,000	2024	At high temp, low input voltage condition, the thermal performance for components.
22	BMP brick power module	5%	70,000	2024	At low system air flow condition, the thermal performance for components.
23	5.6KW cold-plate power supply	25%	50,000	2024	In redundant mode, the thermal performance and current sharing performance
24	Develop 5.5kW power supply for shelf application	60%	25,000	2024	(1) Peak efficiency over 97.5% (2) Award project (3) Cost meet target
25	600kW CDU(Cooling Distribution Unit) development	80%	10,000	2024	(1) Award project (2) Cost meet target

No.	Latest R&D project	Progress	Additional budget required (NT\$ '000)	Expected time of mass production	Key factors for project success
26	300kW rack total solution	50%	25,000	2024	(1) Award project (2) Cost meet target
27	OCP ORV3 liquid cooling rack solution with AI server supporting	80%	5,000	2024	GPU thermal capacity, PUE power efficiency, production capacity & flexibility, and cost competitiveness
28	OCP DC-MHS 2OU Multi-Node server chassis	80%	2,000	2024	Modularization & common design, design modification flexibility, cost competitiveness, and liquid cooling supporting
29	OCP DC-MHS 2OU dual sockets server chassis	10%	5,000	2025	Modularization & common design, design modification flexibility, cost competitiveness, and liquid cooling supporting
30	E1 (15mm) / E3 (1T, 2T) standard SSD carrier development	80%	1,000	2024	Fully automatic production capability, maximum compatibility, and cost competitiveness
31	ORV3 2U/4N Rackmount Server	30%	40,000	2025	(1) Development and verification of software and hardware integration (2) System cooling design
32	40A travel charging pile with convertible plug for US	50%	8,000	2024	(1) Structural Design Capability of Mechanisms (2) Cost competitiveness
33	48A AC Charging Pile (Economy Version)	10%	10,000	2025	(1) UL & PTCRB certification (2) Design & Management of cloud data base (3) Cost competitiveness
34	80A AC Charging Pile (Gen3.0 Version)	5%	12,000	2025	(1) PTCRB certification (2) Design & Management of cloud data base (3) Cost competitiveness
35	30KW DC power module (Gen3.0 Version)	15%	11,000	2025	(1) High power density design (2) Optimization of heat dissipation structure (3) Optimized structural design of magnetic components (4) Cost competitiveness
36	240KW DC Charger Station.	20%	16,000	2025	(1) System cooling design and optimized (2) Cost competitiveness
37	480KW DC Charger Station.	10%	40,000	2025	(1) System cooling design and optimized (2) Cost competitiveness
38	11KW bidirectional charging station.	30%	11,000	2025	(1) The formulation of bi-directional control strategy (2) Familiarity with bi-directional charging regulations (3) Topology and heat dissipation design

No.	Latest R&D project	Progress	Additional budget required (NT\$ '000)	Expected time of mass production	Key factors for project success
39	Electromagnetic Integration Technology	50%	10,000	2024	Mastery of material characteristics and performance.
40	Reliability Simulation and Analysis Techniques	15%	15,000	2024	Accuracy in critical components.
41	Wireless Signal Module Radiation Interference Analysis Techniques	5%	10,000	2025	Proficiency in electromagnetic wave theory and accurate modeling of wireless modules.
42	AIOT Smart Gateway	90%	3,000	2024	<ul style="list-style-type: none"> (1) Support multiple communication method and protocol, such as Wi-Fi, BLE, Matter, Sub-1GHz (2) Robust communication and excellent connectivity performance (3) Cost effective design and manufacturing automation production line. (4) Stable and reliable system performance (5) Regulatory certifications compliance
43	Smart Access Control System	20%	20,000	2025	<ul style="list-style-type: none"> (1) Support diversity options of door access control peripherals (2) Reliable & real-time intruder alarm with AI predict. (3) Robust communication and excellent connectivity performance (4) Efficiency power system design and thermal solutions implementation (5) Regulatory certifications compliance
44	8K Smart Box	90%	3,000	2024	<ul style="list-style-type: none"> (1) Hardware & software system integration (2) Cost effective design and manufacturing automation production. (3) Effective thermal solutions (4) Excellent video performance for customer satisfied (5) Regulator certifications compliance
45	AI Vision Enhancement	50%	12,000	2024	<ul style="list-style-type: none"> (1) Computing power required of AI Model (2) Efficiency of AI Model (3) Performance of AI Vision enhancement (4) Accuracy of recognition by AI

No.	Latest R&D project	Progress	Additional budget required (NT\$ '000)	Expected time of mass production	Key factors for project success
46	Smart Surveillance IP Camera	10%	12,000	2024	(1) Robust design of HW / SW / ME & Optical system integration (2) Cost effective design and manufacturing automation production. (3) Reliable optical lens design & stable vision performance delivery (4) Robust IP/IK rating design and excellent connectivity performance for customer satisfy (5) Regulator certifications compliance
47	Indoor Tri-band frequency WiFi7 wireless base station	50%	20,000	2024	(1) Software and hardware integration (2) Performance tuning and verification
48	Outdoor Tri-band WiFi7 wireless base station	10%	40,000	2024	(1) Software and hardware integration (2) Performance tuning and verification (3) AFC (automated frequency coordination) functions implement
49	Enterprise Switch	45%	77	2024	Power supply safety certification schedule
50	Industrial-grade Gigabit/PoE network switch	63%	6,518	2024	(1) Mass production schedule of industrial-grade IC (2) Development and verification of software and hardware integration
51	High-End Enterprise Switch	10%	18,000	2024	(1) Development and verification of software and hardware integration (2) Chipset mass production schedule
52	5G O-RAN Small Cell	80%	168,000	2024	(1) Software feature development with relevant new international standards. (2) Software and hardware integration with new technologies. (3) System performance tuning and verification (4) Mechanism design and thermal verification.
53	5G Small Cell EMS (Element Management System and APP Solution)	85%	10,000	2024	(1) System modularization (2) xAPP development
54	High Pixel Intelligent Headlamp System	50%	16,000	2024	(1) Light source evaluation and validation (2) Power efficiency design (3) Thermal design and verification (4) Embedded software development

No.	Latest R&D project	Progress	Additional budget required (NT\$ '000)	Expected time of mass production	Key factors for project success
55	1-Megapixel driver monitoring camera module	75%	10,000	2025	(1) Optical lens design (2) Precisely component allocation and assembly (3) High performance cooling structure design (4) IR illumination design
56	High-Performance optocouplers and digital isolators for EV and green energy	10%	184,000	2024	R&D of IC design, packing process, materials, and design for high voltage operation conditions.
57	Multifunctional and efficient light source for security applications	20%	18,000	2024	Development of key materials and efficient packaging structures
58	OMS passenger safety monitoring VCSEL	20%	23,000	2025	Optical lenses, Robust packaging structures and system integration.
59	High Power 3D Sensing Technology	20%	21,000	2025	Development of key manufacturing processes and efficient packaging structures
60	RGB+Flicker Sensor	60%	6,000	2025	IC design for high sensitivity RGB and FIFO feature
61	Temperature Sensor	70%	3,000	2025	IC design for long distance and high accuracy
62	Miniaturization package & module	60%	30,000	2024	Mass transfer with high precision and repair technology, highly reliable sources of chip supply
63	SMT type light guide component	70%	3,000	2024	High-temperature resistant material, adhesion of heterogeneous material
64	Insert housing	30%	5,000	2025	High-temperature resistant material, adhesion of heterogeneous material, mechanical structure design
65	Mini SMT CBI	70%	3,000	2024	Breakthrough the existing assembly concept, improve process efficiency and stable quality. Level 1/2/3
66	Self-luminous Lamp	65%	6,500	2024	Energy saving and carbon reduction Lamp and application in innovation decorative lights and Traffic sign market
67	All in One SMD Lamp	10%	18,500	2024	According to customers' requirement, it can support flexible view angle design with multi dome lens. SMT package is suitable for signage and VMS application.
68	High efficiency UVC LED	30%	8,000	2024	High efficiency and low cost package design, New generation chip technology

No.	Latest R&D project	Progress	Additional budget required (NT\$ '000)	Expected time of mass production	Key factors for project success
69	UVA Air Sterilization Module	90%	6,000	2024	Highly reliable UVA package, Photocatalyst technology, Thermal design
70	Automotive Matrix LED for ADB	20%	20,000	2024	Pitch design and process capability Chip efficiency COA & Contrast design
71	Automotive Intelligent RGB+IC LED	40%	10,000	2024	Robust IC innovation for automotive application, integrated LED testing technology
72	U.S. new Product development of GCK Street Lighting series	30%	15,980	2024	(1) Optimized lightweight of fixture design (2) High efficacy light engine module design (3) Intelligent Power Supply Development
73	U.S. new product development of Floodlight Series	30%	28,000	2024	(1) Optimized lightweight fixture design (2) High efficacy light engine module design (3) Installation Friendly of mechanism design
74	IEC Standard new Product development of PA street lighting series	25%	7,670	2024	(1) Optimized lightweight fixture design (2) High Efficacy light engine module design (3) High reliability and Impact resistant design
75	US PV05 Dimmable light (Programmable Traffic Signals)	30%	500	2024	Product promotion Compatibility with the controller
76	Smart traffic light	5%	2,900	2025	(1) Match between functionality and requirements (2) Cost competitiveness Affordable wireless transmission solution
77	Built-in smart traffic light networking controller	30%	3,200	2024	(1) Low cost and low damage rate (2) Stable communication quality (3) Fault detection technology
78	Built-in smart streetlight networking controller	70%	3,630	2024	(1) Low cost and low damage rate (2) Stable communication quality (3) Streetlight abnormality identification
79	AI Roadway Data Analysis and Integration Device	10%	7,600	2024	(1) Hardware integration and heat dissipation technology (2) Built-in camera image quality (3) Intelligent transportation system application solutions
80	AI Roadway Cloud Control and Management System	30%	4,200	2024	(1) Integrated management of multiple asset types (2) Friendly and intuitive user experience (3) Simple and easy-to-use application

No.	Latest R&D project	Progress	Additional budget required (NT\$ '000)	Expected time of mass production	Key factors for project success
81	Home Energy Storage System and Home Energy Management System	60%	8,000	2024	(1) Grid-connected regulations and verification of electricity in various countries. (2) Robust and reliable design (3) Understand customers' requirement
82	Hybrid PV inverter	30%	5,000	2025	(1) Robust and reliable design. (2) Grid-connected regulations and verification of electricity in various countries (3) Design of new semiconductor power switching
83	Building Energy storage solution demo site	60%	2,000	2024	(1) Understand customers' requirement for installation (2) Understand customers' requirement for EMS
84	Microgrid Controller	60%	2,200	2025	(1) Operate microgrid at various modes (grid-connected, off-grid) (2) Coordinate distributed energy resources within microgrid (3) Guarantee microgrid stability, reliability, and power quality
85	Smart Panel System and Switch Box	40%	20,000	2026	(1) Flexible design to meet different customers' requirement (2) Coordinate energy resources for home usage (3) Accurate, robust, and reliable branch/main meters

7.6.5 Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales:

With respect to the changes in export control laws and regulations, the Company has evaluated the daily operation of each business unit and established the relevant procedure. We will continue to monitor regulatory changes to ensure that our business activities are in compliance with relevant policies and laws.

7.6.6 Effects of and Response to Changes in Technology (including Information Security Risk) and the Industry Relating to Corporate Finance and Sales

Constant change and continuous innovation are the norm of competition in the tech industry. A firm grasp on product trends and key technologies, effective supply chain management, and collaboration with leading companies in different industries are vital to a company's long-term revenue growth and profitability.

To prevent sales of a few product lines from having a negative effect on revenues and profits, the Company is investing more in developing a stronger position and implementing frequent strategy reviews and performance management measures aiming at maintaining sound revenues and profits for business groups/ units and ensuring steady sales and profit growth for the company.

The Group has always taken a solid and rigorous approach to global production, sales and inventory management. Meanwhile, the product development has advanced with time. Changes in technology and in the industry are creating opportunities that favor the Group over its competitors.

Regarding information security, LITEON has an Information Security Policy in place to provide a basis for management. The policy provides effective control and clear definitions of roles and management responsibilities. The interdepartmental and interdisciplinary Information Security Committee was created in 2018 for the purpose of promoting information security management on an ongoing basis to ensure the information security management mechanisms work properly.

All information security standards and regulations are based on technical support and establishment of applications and data security standards. The standards and regulations are made part of the management system. An information security monitoring system, hardware/software control, and an information security network have been implemented to perform vulnerability scanning and prevent external hacker attacks and internal confidential information leakage. The goal is to protect effectively personal information, internal confidential information, and client and supplier information.

7.6.7 The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures

The Company places a great emphasis on maintaining its reputation. It takes an active approach to protecting its image and supporting charitable causes. The Company has an emergency response team that handles any accidents with a potential impact on the Company's image. Emergency response plans encompass situation analysis, impact assessment, solutions to different situations, and adequate early warning measures that facilitate corporate crisis management and prevention.

7.6.8 Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans

The selection of investment target is corresponding with the core development strategies of LITEON Group. Given the high correlation in products, markets, and channels of the selected investment target with LITEON Group will enable us to better manage the risks of investment returns, post-investment integration, and financial status.

7.6.9 Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans

The Kaohsiung Phase 2 Plant, currently under construction, will become Taiwan's production base for cloud computing, advanced power management system, EV charging pylons, and 5G network communication products in the future. In addition, an employee dormitory building and an R&D office building will be built in Kaohsiung to provide employee accommodation and R&D working space. At the Dallas factory in the United States, LITEON will expand production capacity to provide local manufacturing for data center power management systems and EV charging pylons in North America and the advantages of being close to supply to customers. In Vietnam, LITEON, besides the existing Hai Phong factory, had acquired land in Quang Ninh, which is intended to work in collaboration with the Hai Phong factory to create a production base for a complete range of services.

During construction, there will be risks of rising material costs and labor shortages. In response to these risks, the approach will involve a total price contracting method and pre-payment mechanisms to lock in the price. The contractor shall bear the risks of any material price increases. Large well-reputed contractors will be selected to increase risk tolerance and better guarantee of adequate worker and material allocation. Regarding labor shortage risks, the construction involves a modular design and some prefabricated parts. Components of the plant are semi-finished beforehand and then assembled on site to reduce the need for on-site labor.

7.6.10 Risks Relating to and Response to Excessive Supplier and Customer Concentration

LITEON has established the Supplier Management Guidelines for internal use. The guidelines specify buying from multiple suppliers to reduce the concentration risk in raw material supply procurement and reviewing supplier qualifications regularly to ensure a steady supply of raw materials.

In 2023, only one of the customers accounted for over 10% of the sales of the Company, and none of the single supplier accounted for over 10% of the purchases. There is no potential concentration risk in procurement or sales.

7.6.11 Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%: None

7.6.12 Effects of, Risks Relating to and Response to the Changes in Management Rights: None

7.6.13 Litigation or Non-litigation Matters: None.

7.6.14 Other significant risks and response measures:

The effects of global technological development, political-economic changes and extreme climate are continuing to increase. LITEON has incorporated the identification and management of long-term emerging risks into our corporate risk management program. Emerging risks have also been clearly defined and presented to the LITEON management working group for review before being submitted to the Board. An assessment of likelihood and impact was conducted for risk categories in the environmental, social, economic, technological and geopolitical aspects in 2023. Key emerging risks identified included (1) AI information security risk and (2) Product Carbon Footprint.

Risk Category	Risk Item	Operational Threats	Relief Measure
Technology Risk	AI information security risk	<p>In recent years, LITEON has been continuously enhancing our operational efficiency and agility through digital transformation. However, the higher the level of digitization, the higher the risk of cybersecurity issues such as hacking attacks, phishing attempts, and data breaches that the company may face. Additionally, 2023 marked a significant year for generative AI technologies like ChatGPT, and LITEON has conducted multiple internal training sessions to encourage employees to use such tools to improve work efficiency and productivity.</p> <p>Nevertheless, the current reliability and accuracy of the technology still need improvement, which can lead to communication errors or misinformation. Privacy and data security concerns, such as the operational impact of leaks of confidential data, are crucial factors that LITEON prioritizes when using generative AI tools.</p>	<p>From 2022 to 2023, LITEON engaged a consulting firm to implement the U.S. NISTIR 8286 standard to enhance employees' awareness of cybersecurity risks and provide actionable improvement plans. Additionally, in 2023, regarding the application of generative AI like ChatGPT, our IT department integrated Microsoft Teams and developed an internally used "LITEON-ChatGPT" while disabling OpenAI's ChatGPT to ensure sensitive and confidential information is not leaked.</p>
Environmental Risk	Product Carbon Footprint	<p>With the rise of carbon tariffs such as the EU CBAM and the U.S. CCA, countries worldwide may trend towards stricter and more comprehensive carbon tariff regulations. Taiwan is also expected to impose carbon fees on companies exceeding 25,000 tons of carbon emissions annually by 2025. Although LITEON is currently not subject to CBAM, CCA, or Taiwan's carbon fee imposition, it is believed that as the world moves towards net zero, every industry will face increased regulation, leading to higher operating costs and competitive pressures.</p> <p>While LITEON is not a high carbon-emitting industry, our company offers a wide range of products, and the carbon footprint of products plays a crucial role in carbon tariffs. Therefore, by understanding the carbon footprint of each product throughout its lifecycle, including raw material sourcing, manufacturing, transportation, use, and disposal, proactive emission reduction measures can be taken to lower carbon emissions. This approach can help mitigate the potential impact of future carbon tariffs and enhance our company's environmental image and market competitiveness.</p>	<p>LITEON's product categories include cloud computing power supplies, optoelectronic semiconductors, automotive electronics, 5G, AIoT, and PC peripherals, totaling over 20 product categories. The different product specifications and models amount to thousands, requiring reliance on digital platforms for integrating data from various dimensions, including financial systems, production systems, procurement systems, and carbon management platforms to understand each product's carbon footprint.</p> <p>In 2023, LITEON wholly invested in establishing a new company called Cedars Digital, which aims to provide greenhouse gas inventory and product carbon footprint calculation management for enterprises through AI technology and data integration. Cedars Digital generates carbon inventory reports and lists as well. LITEON has commissioned Cedars Digital to calculate the carbon footprint of all company products to identify key carbon hotspots in the product lifecycle for improvement.</p> <p>Moreover, LITEON adopts a global strategic approach to address the impact of carbon taxes and fees. In 2023, the company collaborated with suppliers to launch the "555 Carbon Reduction Action," aiming to achieve three major goals simultaneously: a 5% annual reduction in carbon intensity, a 5% reduction in the carbon footprint of next-generation products, and reaching net zero emissions by 2050. This initiative aims to build low-carbon competitiveness throughout the entire supply chain.</p>

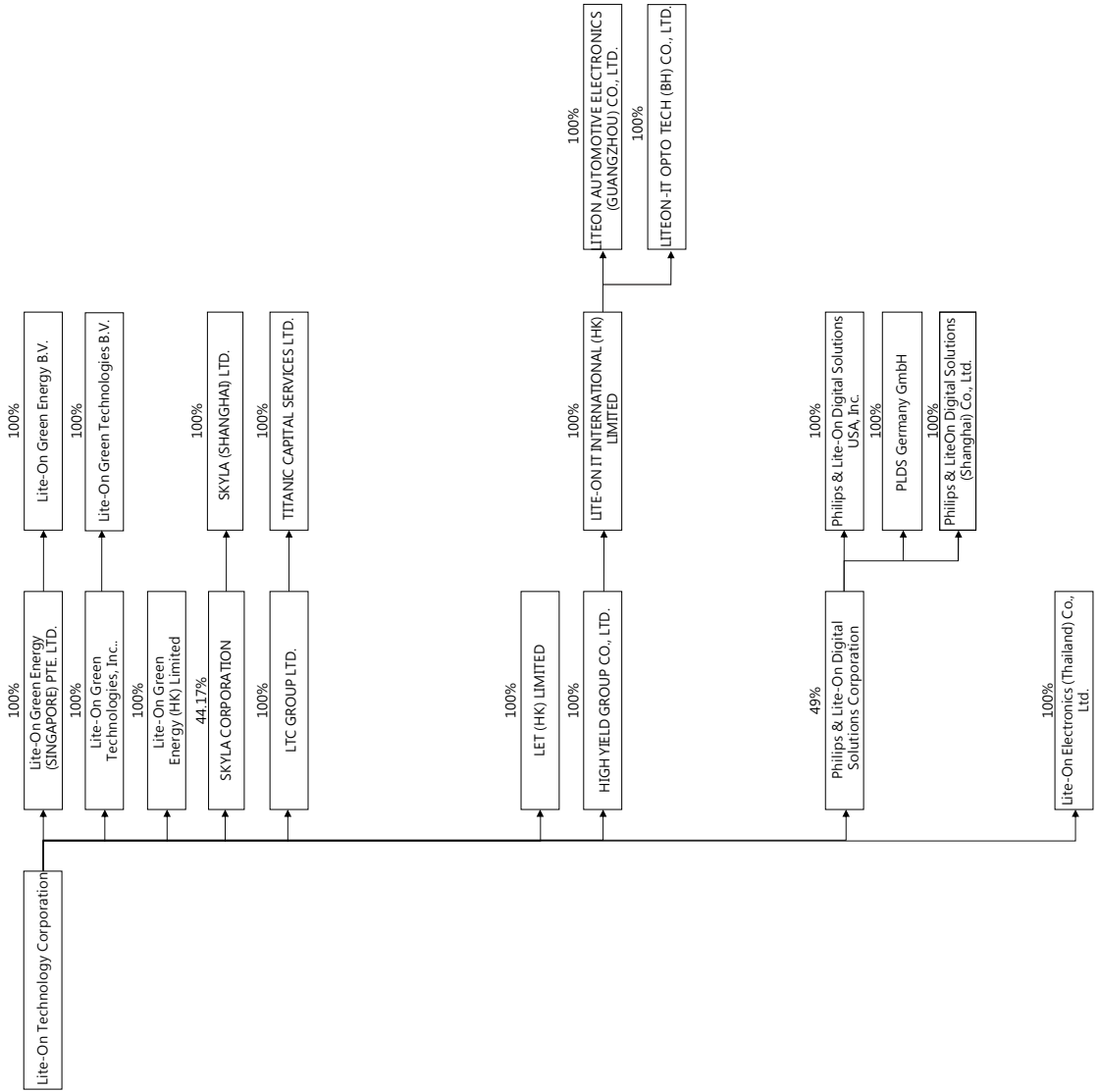
7.7 Other Important Issues: None

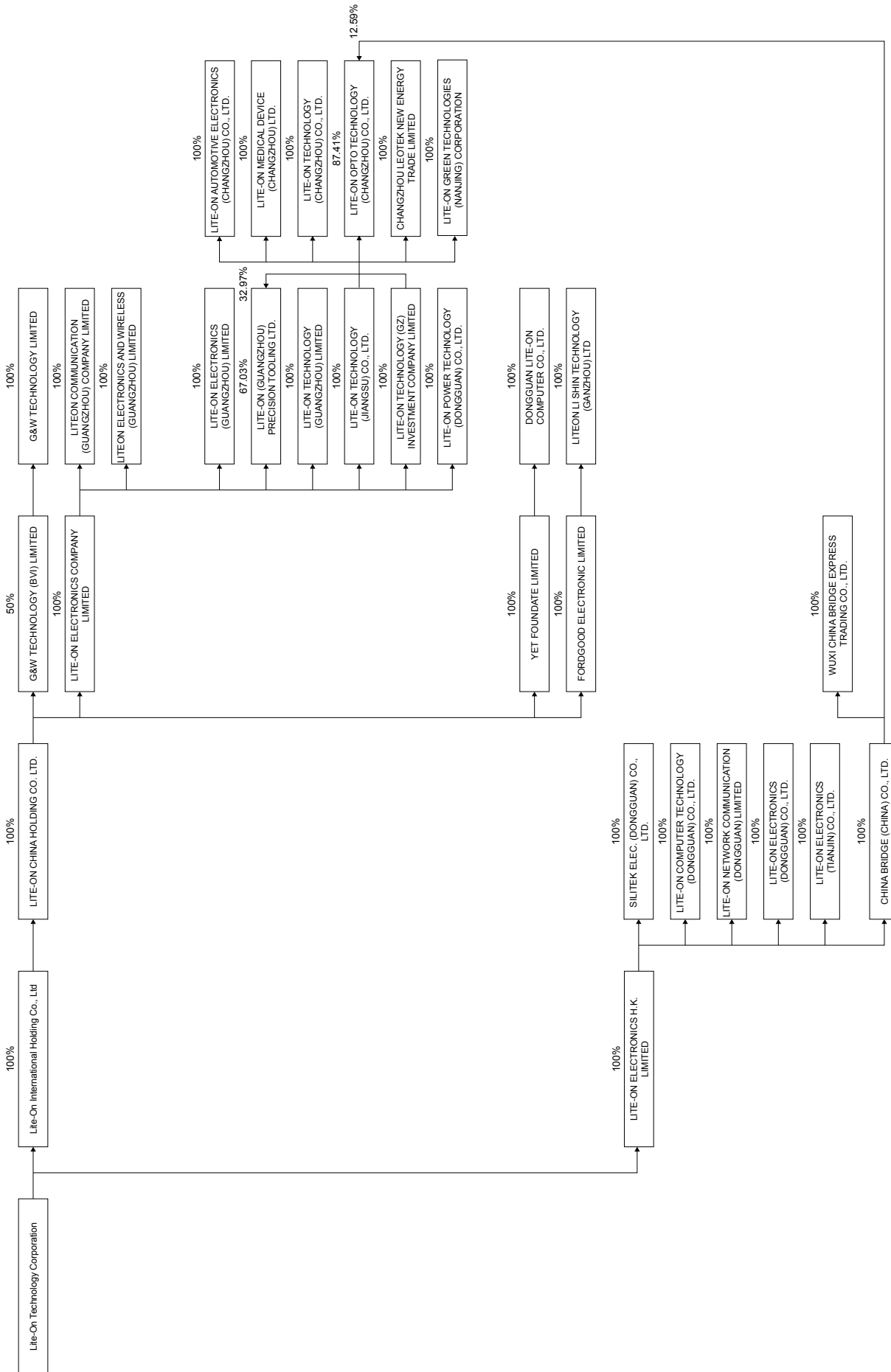
8. Special Disclosure

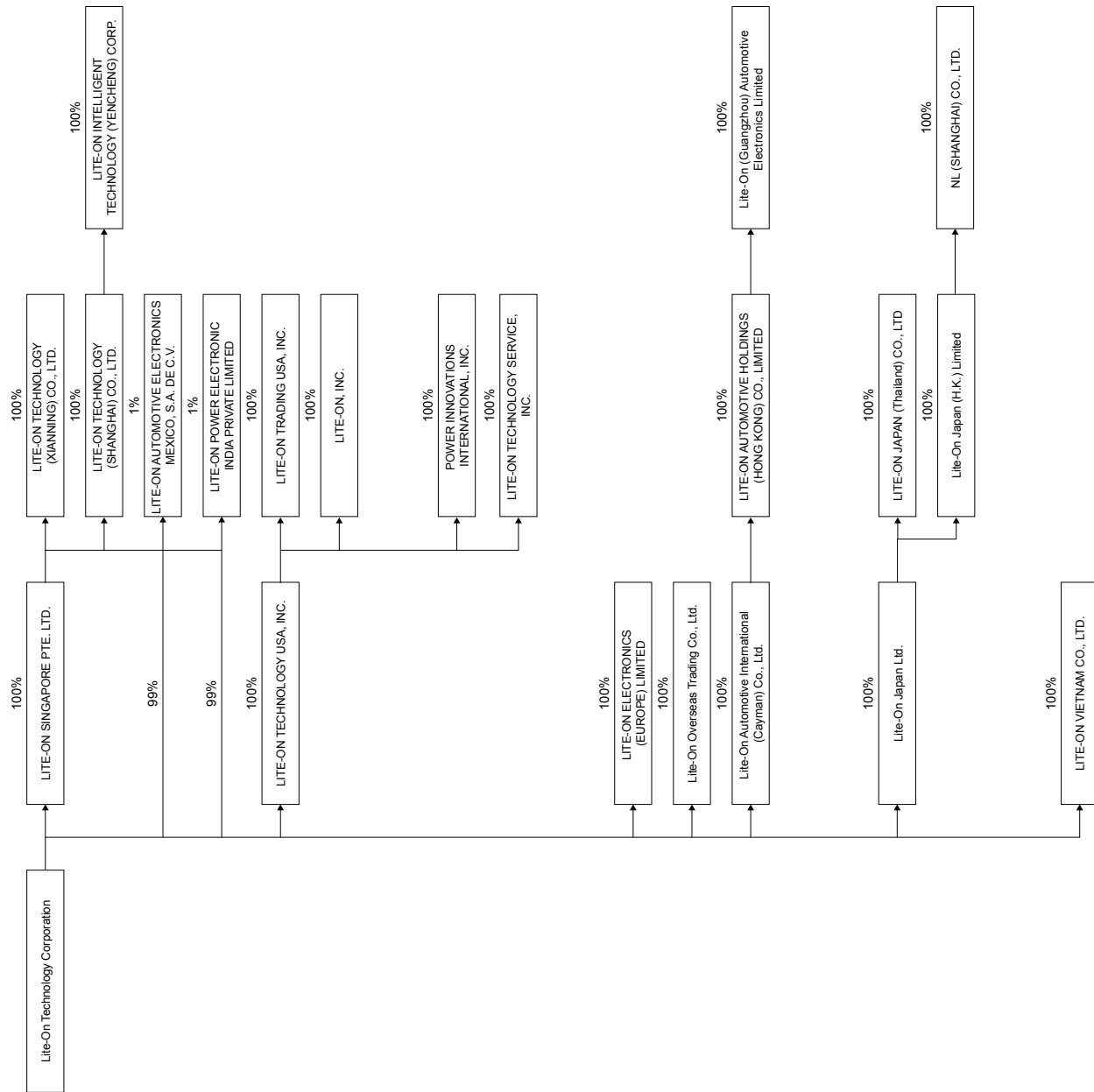
8.1 Summary of Affiliated Companies

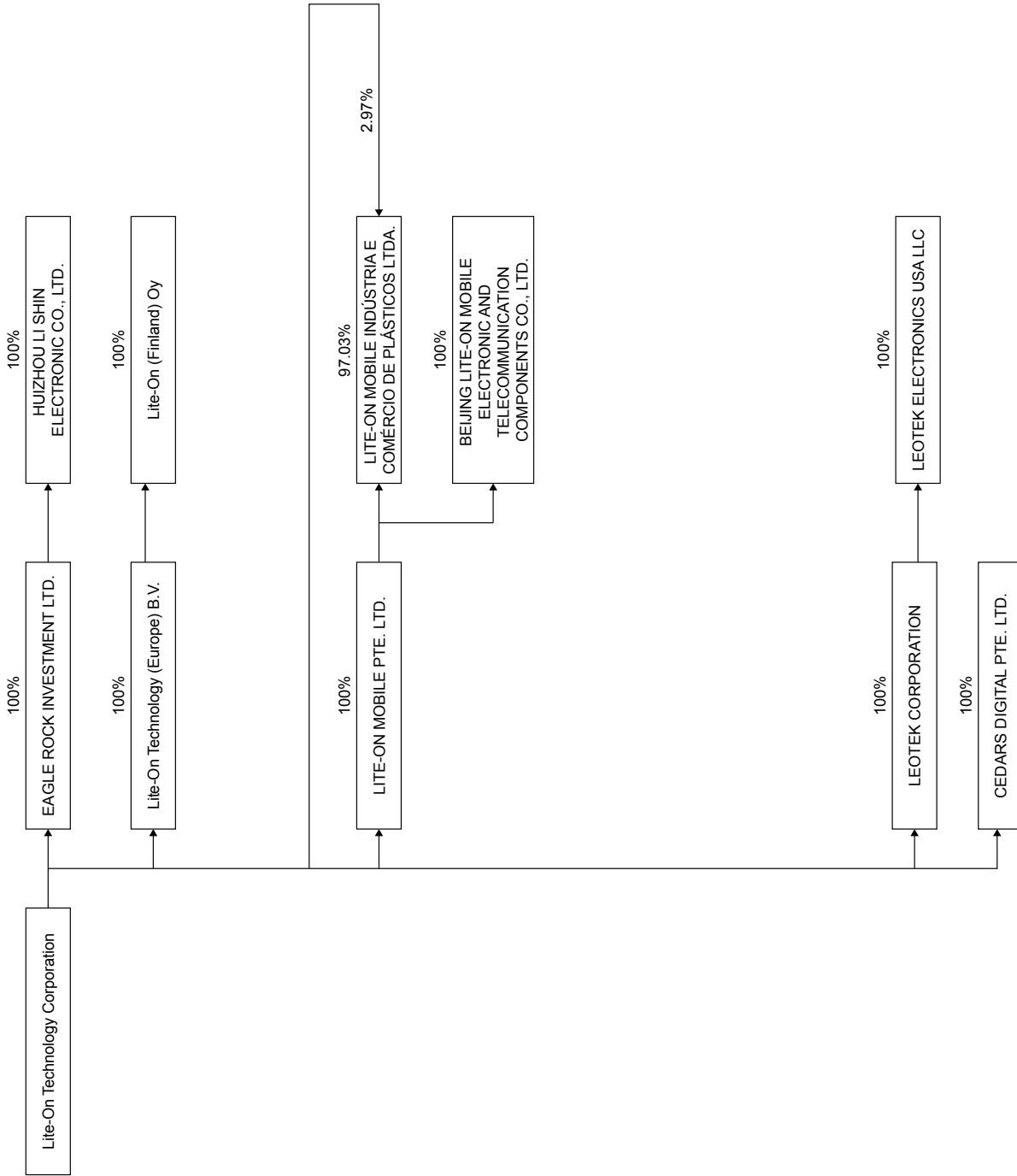
8.1.1 LITEON Subsidiaries Chart

December 31, 2023









8.1.2 Affiliated Companies

As of 12/31/2023; Unit: NT\$ thousands

Company	Date of Incorporation	Location	Paid-in Capital	Major Business Activities
LITE-ON TECHNOLOGY CORPORATION	1989/3	Taipei, Taiwan	23,531,300	Research and development design, manufacturing and sales of key modules and system solutions for opto-electronics, cloud computing power management systems, automotive electronics and EV chargers, energy management, LED packaging for lighting applications, AIoT and networking applications, information technology and consumer electronics
Skyla Corporation	2017/11	Taipei, Taiwan	336,667	Manufacture and sale of medical equipment
LEOTEK CORPORATION	2021/4	Taipei, Taiwan	600,000	Wholesale, import, export and installation of street lights, signal lights, scenery lights and new-type electronic components
Philips & Lite-On Digital Solutions Corporation	2003/4	Taipei, Taiwan	350,000	Sale of optical disc drives
Lite-On Green Technologies, Inc.	2008/9	Taipei, Taiwan	670,000	Manufacture and wholesale of electronic components and energy technology services
LITE-ON ELECTRONICS (TIANJIN) CO., LTD.	1995/9	Tianjin, China	2,212,769	ODM services
LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	2008/12	Guangdong Province, China	1,513,860	Manufacture and sale of IT products
LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	2009/10	Jiangsu Province, China	2,546,413	Development and manufacture of new-type electronic components and provision of technology consulting services, maintenance equipment and after-sales services
LITEON COMMUNICATION (GUANGZHOU) COMPANY LIMITED	2008/12	Guangdong Province, China	(Note 1)	Manufacture and sale of mobile terminal equipment
LITEON LI SHIN TECHNOLOGY (GANZHOU) LTD	2008/3	Jiangxi Province, China	349,764	Manufacture and sale of electronic components
Lite-On Automotive Electronics (CZ) Co.	2018/1	Jiangsu Province, China	967,632	Manufacture, sale and processing of electronic products
LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	2009/7	Jiangsu Province, China	4,272,510	Development, manufacture, sale and installation of power supplies and transformers and provision of technology consulting services, maintenance equipment and after-sales services
LITE-ON MEDICAL DEVICE (CHANGZHOU) LTD.	2014/10	Jiangsu Province, China	132,509	Manufacture and sale of medical equipment

Company	Date of Incorporation	Location	Paid-in Capital	Major Business Activities
LITE-ON TECHNOLOGY (XIANNING) CO., LTD.	2010/6	Hubei Province, China	186,203	Manufacture and sale of electronic components
LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	2014/10	Shanghai, China	1,892,272	Manufacture and sale of energy-saving equipment
LITE-ON INTELLIGENT TECHNOLOGY (YENCHENG) CORP.	2015/11	Jiangsu Province, China	84,016	Wholesale, import, export and installation of street lights, signal lights, scenery lights and new-type electronic components
WUXI CHINA BRIDGE EXPRESS TRADING CO., LTD.	2008/12	Jiangsu Province, China	156,746	Assembly and sale of power supplies, printers, display devices and scanners
CHINA BRIDGE (CHINA) CO., LTD.	2008/12	Jiangsu Province, China	1,029,583	Investment activities, consulting services and acting as a sales agent
LITE-ON TECHNOLOGY (JIANGSU) CO., LTD.	2009/9	Jiangsu Province, China	4,750,095	Investment activities, consulting services and acting as a sales agent
DONGGUAN LITE-ON COMPUTER CO., LTD.	2010/5	Guangdong Province, China	54,797	Manufacture and sale of computer hosts and components, keyboards, scanners, printers and mice
LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	2008/12	Guangdong Province, China	1,173,741	Manufacture of electronic components
SILITEK ELEC. (DONGGUAN) CO., LTD.	1999/6	Guangdong Province, China	723,136 (Note 2)	Manufacture and sale of keyboards
LITE-ON POWER TECHNOLOGY (DONGGUAN) CO., LTD.	2011/12	Guangdong Province, China	444,030	Development, manufacture and sale of electronic components, power supplies and provision of technology consulting services
LITE-ON COMPUTER TECHNOLOGY (DONGGUAN) CO., LTD.	1996/3	Guangdong Province, China	(Note 2)	Manufacture and sale of display device
LITE-ON ELECTRONICS H.K. LIMITED	1986/1	Hong Kong	7,005,010	Sale of LED optical products
LITE-ON ELECTRONICS COMPANY LIMITED	1996/8	Hong Kong	12,090,275	Investment activities
YET FOUNDATE LIMITED	1992/2	Hong Kong	316,653	Manufacture of plastic and computer peripheral products
CHANGZHOU LEOTEK NEW ENERGY TRADE LIMITED	2015/8	Jiangsu Province, China	26,749	Wholesale, import, export and installation of street lights, signal lights, scenery lights and new-type electronic components
LITE-ON (GUANGZHOU) PRECISION TOOLING LTD.	2012/1	Guangdong Province, China	(Note 1)	Manufacture and sale of modules
HUIZHOU LI SHIN ELECTRONIC CO., LTD.	1997/11	Guangdong Province, China	456,948	Manufacture of computer peripheral products
FORDGOOD ELECTRONIC LIMITED	1990/5	Hong Kong	392,689	Import and export and real estate business
LITE-ON TECHNOLOGY (GUANGZHOU) LIMITED	2008/12	Guangdong Province, China	(Note 1)	Manufacture and sale of computer case
LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	2000/8	Guangdong Province, China	4,436,342 (Note 1)	Manufacture and sale of printers and scanners

Company	Date of Incorporation	Location	Paid-in Capital	Major Business Activities
LITE-ON TECHNOLOGY (GZ) INVESTMENT COMPANY LIMITED	2009/12	Guangdong Province, China	2,152,045	Investment activities
LITE-ON IT INTERNATIONAL (HK) LIMITED	2007/10	Hong Kong	3,137,024	Sale of optical disc drives
LITEON ELECTRONICS AND WIRELESS (GUANGZHOU) LIMITED	2008/12	Guangdong Province, China	(Note 1)	Manufacture and sale of mobile terminal equipment
LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD.	2000/8	Guangdong Province, China	1,587,137	Manufacture and sale of optical disc drives
LITEON-IT OPTO TECH (BH) CO., LTD.	2008/6	Guangxi Zhuang Autonomous Region, China	1,625,932	Manufacture and sale of optical disc drives
LET (HK) LIMITED	1999/1	Hong Kong	243,336	Sale of optical disc drives
Philips & LiteOn Digital Solutions (Shanghai) Co., Ltd.	2007/4	Shanghai, China	32,920	Sale of optical disc drives
TITANIC CAPITAL SERVICES LTD.	1999/5	British Virgin Islands	728,355	Investment activities
LITE-ON GREEN TECHNOLOGIES (NANJING) CORPORATION	2010/5	Jiangsu Province, China	22,148	Solar energy engineering
Lite-on Green Energy (HK) Limited	2010/4	Hong Kong	94,969	Investment activities
Lite-On Electronics (Thailand) Co., Ltd.	1988/4	Pathumthani, Thailand	625,110	Manufacture and sale of LED optical products
LITE-ON VIETNAM CO., LTD.	2013/10	Haiphong City, Vietnam	2,726,515	Electronic contract manufacturing
LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED	2017/4	Delhi, India	373,924	Manufacture and sale of phone chargers and power supplies
LITE-ON SINGAPORE PTE. LTD.	1996/1	Singapore	908,328	Manufacture and supply of computer peripheral products
LITE-ON GREEN ENERGY (SINGAPORE) PTE. LTD.	2010/4	Singapore	117,242	Investment activities
LITE-ON, INC.	1987/11	California, USA	91,905	Sales data processing business of optoelectronic products and power supplies
POWER INNOVATIONS INTERNATIONAL, INC.	1997/9	Utah, USA	179,149	Development, design and manufacture of power controls and energy management
LITE-ON TRADING USA, INC.	2003/4	California, USA	965,003	Sale of optical products
LITE-ON TECHNOLOGY SERVICE, INC.	2015/6	California, USA	31	After-sales services of optical products
LITE-ON TECHNOLOGY USA, INC.	2003/3	Delaware, USA	1,648,037	Investment activities
Lite-On International Holding Co., Ltd.	2003/3	British Virgin Islands	5,781,605	Investment activities
LEOTEK ELECTRONICS USA LLC	1997/3	California, USA	217,509	Sale of LED products

Company	Date of Incorporation	Location	Paid-in Capital	Major Business Activities
LITE-ON AUTOMOTIVE ELECTRONICS MEXICO, S.A. DE C.V.	2014/11	Zapopan, Mexico	272,817	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
Philips & Lite-On Digital Solutions USA, Inc.	2006/6	Delaware, USA	31	Sale of optical disc drives
LTC GROUP LTD.	1998/10	British Virgin Islands	1,008,377	Investment activities
LITE-ON ELECTRONICS (EUROPE) LIMITED	1998/12	Northumberland, England	11,729	Manufacture and sale of power supplies
PLDS Germany GmbH	2006/6	Wetzlar, Germany	254,301	Development and sale of modules of automotive recorders
Lite-On Technology (Europe) B.V.	1998/5	Breda, Netherlands	2,238,525	Market research and after-sales services
Lite-On (Finland) Oy	2007/8	Helsinki, Finland	85	Manufacture and sale of mobile phone modules and design of assembly lines
Lite-On Green Technologies B.V.	2010/1	Utrecht, Netherlands	2,312	Solar energy engineering
Lite-On Green Energy B.V.	2010/9	Breda, Netherlands	21,693	Investment activities
EAGLE ROCK INVESTMENT LTD.	1997/7	British Virgin Islands	306	Import and export and investment activities
G&W TECHNOLOGY (BVI) LIMITED	1996/3	British Virgin Islands	238,953	Real estate management
G&W TECHNOLOGY LIMITED	1992/6	Hong Kong	1,976	Leasing business
HIGH YIELD GROUP CO., LTD.	2000/1	British Virgin Islands	7,291	Holding company
Lite-On Overseas Trading Co., Ltd.	1999/5	British Virgin Islands	157,555	Investment activities
LITE-ON CHINA HOLDING CO. LTD.	2000/10	British Virgin Islands	13,091,608	Investment activities
Lite-On (Guangzhou) Automotive Electronics Limited	2006/7	Guangdong Province, China	201,692	Manufacture, sale and processing of electronic products
Lite-On Automotive International (Cayman) Co., Ltd.	2006/1	Cayman Islands	193,107	Investment activities
LITE-ON AUTOMOTIVE HOLDINGS (HONG KONG) CO., LIMITED	2007/11	Hong Kong	397,002	Investment activities
LITE-ON MOBILE INDÚSTRIA E COMÉRCIO DE PLÁSTICOS LTDA.	2002/1	Manaus, Brazil	1,384,814	Manufacture and sale of mobile phone modules and design of assembly lines

Company	Date of Incorporation	Location	Paid-in Capital	Major Business Activities
BEIJING LITE-ON MOBILE ELECTRONIC AND TELECOMMUNICATION COMPONENTS CO., LTD.	2003/1	Beijing, China	566,310	Manufacture and sale of mobile phone modules and design of assembly lines
LITE-ON MOBILE PTE. LTD.	2000/2	Singapore	2,583,119	Manufacture and sale of mobile phone modules and design of assembly lines
Lite-On Japan Ltd.	1985/8	Tokyo, Japan	140,920	Sale of LED optical products and power supplies
Lite-On Japan (H.K.) Limited	2000/4	Hong Kong	19,760	Import and export of electronic components
NL (SHANGHAI) CO., LTD.	2005/8	Shanghai, China	10,503	Import and export of electronic components
LITE-ON JAPAN (Thailand) CO., LTD	2006/1	Bangkok, Thailand	17,734	Import and export of electronic components
CEDARS DIGITAL PTE. LTD.	2023/8	Singapore	31,702	Software development and application, IT consulting services
SKYLA (SHANGHAI) CO., LTD.	2023/12	Shanghai, China	0 (Note 3)	Sale of medical equipment, and related technology development, service and consulting

Note 1: LITE-ON ELECTRONICS (GUANGZHOU) LIMITED merged with LITEON COMMUNICATION (GUANGZHOU) COMPANY LIMITED, LITE-ON (GUANGZHOU) PRECISION TOOLING LTD., LITE-ON TECHNOLOGY (GUANGZHOU) LIMITED, LITEON ELECTRONICS AND WIRELESS (GUANGZHOU) LIMITED and LITE-ON ELECTRONICS (GUANGZHOU) LIMITED was the surviving entity. Since the merger process was still ongoing, the registered paid-in capital has not yet been changed.

Note 2: SILITEK ELEC. (DONGGUAN) CO., LTD. merged with LITE-ON COMPUTER TECHNOLOGY (DONGGUAN) CO., LTD., SILITEK ELEC. (DONGGUAN) CO., LTD was the surviving entity. Because the merger process was still under way, the registered paid-in capital in the Authorities has not yet changed.

Note 3: SKYLA (SHANGHAI) CO., LTD. had capital injection of CNY\$3,236 thousands in 2024/1.

8.1.3 Shareholders in Common of the Company and Affiliates with Deemed Control and Subordination

The Reason for Presumption	Name (Note 1)	Shareholding (Note 2)		Date of Incorporation	Address	Paid-in Capital	Major Business Activities
		Shares	%				
None	None	None	None	None	None	None	None

Note 1: For common shareholder who is a juridical person, fill in the name of the juridical person; for common shareholder who is a natural person, fill in the name of the natural person. For shareholder who is a natural person, only fill in the reason for such presumption, name and shareholding.

Note 2: The shareholding of the shareholder in the controlling company should be filled in the shareholding column.

8.1.4 Overall Industries Covered by the Business of Affiliates

The operated businesses of affiliates of the Company are primarily the major business items of the Company, including the research and development, manufacture, sales and services of opto-semiconductors, power supply, computer peripherals, automotive electronics, as well as the scope of other related business items, including the importing of raw parts and materials, investment (such as regular investment and investment in leasing of real estate), information services, and import/export trade. In addition, manufacture, wholesale, and retail sale of medical devices (SKYLA CORPORATION, LITE-ON MEDICAL DEVICE (CHANGZHOU) LTD.), and smart lighting integrated solutions provider of smart streetlight and traffic light (LEOTEK CORPORATION).

Overall, the primarily operations of affiliates are using the vertical integration of up-downstream industry chains and synergy to streamline company operations and provide global customers with the best in service and technical skills, thereby solidifying their competitive edge.

8.1.5 Information of Directors, Supervisors and General Managers of Each Affiliated Company

December 31, 2023

Company Name	Title	Name or Representative	Shareholding	
			Shares	Percentage of Ownership
Lite-On Technology Corporation	Chairman	Tom Soong	16,052,287	0.68%
	Director	Raymond Soong	79,302,560	3.37%
	Director	Ta-Sung Investment Co., Ltd. Representative: Keh-Shew Lu	47,088,399	2.00%
	Director	Ta-Sung Investment Co., Ltd. Representative: Anson Chiu		
	Independent Director	Albert Hsueh	0	0.00%
	Independent Director	Mike Yang	0	0.00%
	Independent Director	Harvey Chang	0	0.00%
	Independent Director	MK Lu	200,000	0.01%
	General Manager	Anson Chiu	1,504,000	0.06%
Skyla Corporation	Chairman	Danny Liao	6,510,000	19.34%
	Director	Lite-On Technology Corporation Representative: Tom Soong	14,870,000	44.17%
	Director	Lite-On Technology Corporation Representative: Raymond Soong	14,870,000	44.17%
	Supervisor	Anson Chiu	0	0.00%
LEOTEK CORPORATION	Chairman	Lite-On Technology Corporation Representative: Anson Chiu	60,000,000	100.00%
Philips & Lite-On Digital Solutions Corporation	Chairman	Lite-On Technology Corporation Representative: Cornelis Saris	17,150,000	49.00%
	Director	Lite-On Technology Corporation Representative: Anson Chiu		
	Director	Lite-On Technology Corporation Representative: Richard Chiang		
	Director	Koninklijke Philips N.V. Representative: JOHNNES VAN WIJNGAARDEN	17,850,000	51.00%
	Director	Koninklijke Philips N.V. Representative: K. J. ELEVELD		
	Director	Koninklijke Philips N.V. Representative: JOOST JOHANNES JOSEPH BEKKERS		
	Supervisor	Michelle Hsiao	0	0.00%
	Supervisor	Yun Zhao	0	0.00%
Lite-On Green Technologies, Inc.	Chairman	Lite-On Technology Corp. Representative: Tom Soong	67,000,000	100.00%
	Director	Lite-On Technology Corp. Representative: Anson Chiu		

Company Name	Title	Name or Representative	Shareholding	
			Shares	Percentage of Ownership
LITE-ON ELECTRONICS (TIANJIN) CO., LTD.	Chairman	Tom Soong	NA	NA
	Director	Raymond Soong	NA	NA
	Director	Anson Chiu	NA	NA
	Supervisor	Godspeed Chou	NA	NA
LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	Chairman	Tom Soong	NA	NA
	Director	Raymond Soong	NA	NA
	Director	Anson Chiu	NA	NA
	Supervisor	Godspeed Chou	NA	NA
	General Manager	Don Lin	NA	NA
LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	Chairman	Tom Soong	NA	NA
	Director	Raymond Soong	NA	NA
	Director	Anson Chiu	NA	NA
	Supervisor	Godspeed Chou	NA	NA
	General Manager	Steven Liao	NA	NA
LITEON COMMUNICATION (GUANGZHOU) COMPANY LIMITED	Chairman	Tom Soong	NA	NA
	Director	Raymond Soong	NA	NA
	Director/ General Manager	Anson Chiu	NA	NA
	Supervisor	Godspeed Chou	NA	NA
LITEON LI SHIN TECHNOLOGY (GANZHOU) LTD	Chairman	Tom Soong	NA	NA
	Director	Raymond Soong	NA	NA
	Director/ General Manager	Anson Chiu	NA	NA
	Supervisor	Godspeed Chou	NA	NA

Company Name	Title	Name or Representative	Shareholding	
			Shares	Percentage of Ownership
Lite-On Automotive Electronics (CZ) Co.	Chairman	Tom Soong	NA	NA
	Director	Raymond Soong	NA	NA
	Director	Anson Chiu	NA	NA
	Supervisor	Godspeed Chou	NA	NA
	General Manager	Allen Liao	NA	NA
LITE-ON TECHNOLOGY (CHANG-ZHOU) CO., LTD.	Chairman	Tom Soong	NA	NA
	Director	Raymond Soong	NA	NA
	Director/ General Manager	Anson Chiu	NA	NA
	Supervisor	Godspeed Chou	NA	NA
LITE-ON MEDICAL DEVICE (CHANG-ZHOU) LTD.	Chairman	Tom Soong	NA	NA
	Director	Raymond Soong	NA	NA
	Director/ General Manager	Danny Liao	NA	NA
	Supervisor	Godspeed Chou	NA	NA
LITE-ON TECHNOLOGY (XIANNING) CO., LTD.	Chairman	Tom Soong	NA	NA
	Director	Raymond Soong	NA	NA
	Director/ General Manager	Anson Chiu	NA	NA
	Supervisor	Godspeed Chou	NA	NA
LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Chairman	Tom Soong	NA	NA
	Director	Raymond Soong	NA	NA
	Director	Anson Chiu	NA	NA
	General Manager	Bob Weng	NA	NA
	Supervisor	Godspeed Chou	NA	NA

Company Name	Title	Name or Representative	Shareholding	
			Shares	Percentage of Ownership
LITE-ON INTELLIGENT TECHNOLOGY (YENCHENG) CORP.	Chairman	Tom Soong	NA	NA
	Director	Raymond Soong	NA	NA
	Director	Anson Chiu	NA	NA
	Supervisor	Godspeed Chou	NA	NA
	General Manager	Torrent Chin	NA	NA
WUXI CHINA BRIDGE EXPRESS TRADING CO., LTD.	Chairman	Tom Soong	NA	NA
	Director	Raymond Soong	NA	NA
	Director/ General Manager	Anson Chiu	NA	NA
	Supervisor	Godspeed Chou	NA	NA
CHINA BRIDGE (CHINA) CO., LTD.	Chairman	Tom Soong	NA	NA
	Director	Raymond Soong	NA	NA
	Director/ General Manager	Anson Chiu	NA	NA
	Supervisor	Godspeed Chou	NA	NA
LITE-ON TECHNOLOGY (JIANGSU) CO., LTD.	Chairman	Tom Soong	NA	NA
	Director	Raymond Soong	NA	NA
	Director/ General Manager	Anson Chiu	NA	NA
	Supervisor	Godspeed Chou	NA	NA
DONGGUAN LITE-ON COMPUTER CO., LTD.	Chairman	Tom Soong	NA	NA
	Director	Raymond Soong	NA	NA
	Director	Anson Chiu	NA	NA
	Supervisor	Godspeed Chou	NA	NA
	General Manager	Don Lin	NA	NA

Company Name	Title	Name or Representative	Shareholding	
			Shares	Percentage of Ownership
LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	Chairman	Tom Soong	NA	NA
	Director	Raymond Soong	NA	NA
	Director/ General Manager	Anson Chiu	NA	NA
	Supervisor	Godspeed Chou	NA	NA
SILITEK ELEC. (DONGGUAN) CO., LTD.	Chairman	Tom Soong	NA	NA
	Director	Raymond Soong	NA	NA
	Director	Anson Chiu	NA	NA
	Supervisor	Godspeed Chou	NA	NA
	General Manager	Don Lin	NA	NA
LITE-ON POWER TECHNOLOGY (DONGGUAN) CO., LTD.	Chairman	Tom Soong	NA	NA
	Director	Raymond Soong	NA	NA
	Director/ General Manager	Anson Chiu	NA	NA
	Supervisor	Godspeed Chou	NA	NA
LITE-ON COMPUTER TECHNOLOGY (DONGGUAN) CO., LTD.	Chairman	Tom Soong	NA	NA
	Director	Raymond Soong	NA	NA
	Director/ General Manager	Anson Chiu	NA	NA
LITE-ON ELECTRONICS H.K. LIMITED	Director	Tom Soong	0	0.00%
	Director	Anson Chiu	0	0.00%
LITE-ON ELECTRONICS COMPANY LIMITED	Director	Tom Soong	0	0.00%
	Director	Anson Chiu	0	0.00%
	Director	PONG WAI NING, IDON	0	0.00%
YET FOUNDATE LIMITED	Director	Tom Soong	0	0.00%
	Director	Anson Chiu	0	0.00%

Company Name	Title	Name or Representative	Shareholding	
			Shares	Percentage of Ownership
CHANGZHOU LEOTEK NEW ENERGY TRADE LIMITED	Chairman	Tom Soong	NA	NA
	Director	Raymond Soong	NA	NA
	Director	Anson Chiu	NA	NA
	Supervisor	Godspeed Chou	NA	NA
	General Manager	Torrent Chin	NA	NA
LITE-ON (GUANGZHOU) PRECISION TOOLING LTD.	Chairman	Tom Soong	NA	NA
	Director	Raymond Soong	NA	NA
	Director	Anson Chiu	NA	NA
	Supervisor	Godspeed Chou	NA	NA
	General Manager	Don Lin	NA	NA
HUIZHOU LI SHIN ELECTRONIC CO., LTD.	Chairman	Tom Soong	NA	NA
	Director	Raymond Soong	NA	NA
	Director	Anson Chiu	NA	NA
	Supervisor	Godspeed Chou	NA	NA
FORDGOOD ELECTRONIC LIMITED	Director	Tom Soong	0	0.00%
	Director	Anson Chiu	0	0.00%
LITE-ON TECHNOLOGY (GUANGZHOU) LIMITED	Chairman	Tom Soong	NA	NA
	Director	Raymond Soong	NA	NA
	Director	Anson Chiu	NA	NA
	Supervisor	Godspeed Chou	NA	NA
	General Manager	Don Lin	NA	NA

Company Name	Title	Name or Representative	Shareholding	
			Shares	Percentage of Ownership
LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	Chairman	Tom Soong	NA	NA
	Director	Raymond Soong	NA	NA
	Director	Anson Chiu	NA	NA
	Supervisor	Godspeed Chou	NA	NA
LITE-ON TECHNOLOGY (GZ) INVESTMENT COMPANY LIMITED	Chairman	Tom Soong	NA	NA
	Director	Raymond Soong	NA	NA
	Director/ General Manager	Anson Chiu	NA	NA
	Supervisor	Godspeed Chou	NA	NA
LITE-ON IT INTERNATIONAL (HK) LIMITED	Director	Tom Soong	0	0.00%
	Director	Anson Chiu	0	0.00%
LITEON ELECTRONICS AND WIRELESS (GUANGZHOU) LIMITED	Chairman	Tom Soong	NA	NA
	Director	Raymond Soong	NA	NA
	Director/ General Manager	Anson Chiu	NA	NA
	Supervisor	Godspeed Chou	NA	NA
LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD.	Chairman	Tom Soong	NA	NA
	Director	Raymond Soong	NA	NA
	Director	Anson Chiu	NA	NA
	Supervisor	Godspeed Chou	NA	NA
	General Manager	Allen Liao	NA	NA
LITEON-IT OPTO TECH (BH) CO., LTD.	Chairman	Tom Soong	NA	NA
	Director	Raymond Soong	NA	NA
	Director/ General Manager	Anson Chiu	NA	NA
	Supervisor	Godspeed Chou	NA	NA

Company Name	Title	Name or Representative	Shareholding	
			Shares	Percentage of Ownership
LET (HK) LIMITED	Director	Tom Soong	0	0.00%
	Director	Anson Chiu	0	0.00%
Philips & LiteOn Digital Solutions (Shanghai) Co., Ltd.	Chairman	Richard Chiang	NA	NA
	Director	Sumika Chou	NA	NA
	Director	Fannie Lee	NA	NA
	Supervisor	Godspeed Chou	NA	NA
TITANIC CAPITAL SERVICES LTD.	Director	Tom Soong	0	0.00%
	Director	Anson Chiu	0	0.00%
LITE-ON GREEN TECHNOLOGIES (NANJING) CORPORATION	Chairman	Tom Soong	NA	NA
	Director/ General Manager	Anson Chiu	NA	NA
	Director	Dean Cheng	NA	NA
	Supervisor	Godspeed Chou	NA	NA
Lite-On Green Energy (HK) Limited	Director	Tom Soong	0	0.00%
	Director	Anson Chiu	0	0.00%
Lite-On Electronics (Thailand) Co., Ltd.	Director	Tom Soong	0	0.00%
	Director	Anson Chiu	0	0.00%
	Director	WJ Lin	0	0.00%
LITE-ON VIETNAM CO., LTD.	Director	Tom Soong	NA	NA
	Legal Representative	Ryan Lai	NA	NA
	Director	Anson Chiu	NA	NA
	Director	Don Lin	NA	NA
	Supervisor	Michelle Hsiao	NA	NA

Company Name	Title	Name or Representative	Shareholding	
			Shares	Percentage of Ownership
LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED	Director	Tom Soong	0	0.00%
	Director	Anson Chiu	0	0.00%
	Director	Mark Wu	0	0.00%
LITE-ON SINGAPORE PTE. LTD.	Director	Tom Soong	0	0.00%
	Director	Anson Chiu	0	0.00%
	Director	YK Lo	0	0.00%
	Director	LIM SIN HENG	0	0.00%
LITE-ON GREEN ENERGY (SINGAPORE) PTE. LTD.	Director	Tom Soong	0	0.00%
	Director	Anson Chiu	0	0.00%
	Director	WEE CHOO PENG	0	0.00%
LITE-ON, INC.	Director	Tom Soong	0	0.00%
	Director	Anson Chiu	0	0.00%
	Director/ General Manager	EDWARD CARTER	0	0.00%
POWER INNOVATIONS INTERNATIONAL, INC.	Director	Anson Chiu	0	0.00%
	Director/ General Manager	EDWARD CARTER	0	0.00%
	Director	Richard Chiang	0	0.00%
LITE-ON TRADING USA, INC.	Director	Tom Soong	0	0.00%
	Director	Anson Chiu	0	0.00%
	Director/ General Manager	EDWARD CARTER	0	0.00%
LITE-ON TECHNOLOGY SERVICE, INC.	Director	Tom Soong	0	0.00%
	Director/ General Manager	EDWARD CARTER	0	0.00%
	Director	Anson Chiu	0	0.00%

Company Name	Title	Name or Representative	Shareholding	
			Shares	Percentage of Ownership
LITE-ON TECHNOLOGY USA, INC.	Director	Tom Soong	0	0.00%
	Director	Anson Chiu	0	0.00%
	Director/ General Manager	EDWARD CARTER	0	0.00%
Lite-On International Holding Co., Ltd	Director	Tom Soong	0	0.00%
	Director	Anson Chiu	0	0.00%
LEOTEK ELECTRONICS USA LLC	Director	Tom Soong	0	0.00%
	Director	Anson Chiu	0	0.00%
	Director	EDWARD CARTER	0	0.00%
	General Manager	Torrent Chin	0	0.00%
LITE-ON AUTOMOTIVE ELECTRONICS MEXICO, S.A. DE C.V.	Chairman	Tom Soong	0	0.00%
	Vice Chairman	Anson Chiu	0	0.00%
	Director	Allen Liao	0	0.00%
Philips & Lite-On Digital Solutions USA, Inc.	Director/ General Manager	Richard Chiang	0	0.00%
	Director	Sumika Chou	0	0.00%
LTC GROUP LTD.	Director	Tom Soong	0	0.00%
	Director	Anson Chiu	0	0.00%
LITE-ON ELECTRONICS (EUROPE) LIMITED	Director	Tom Soong	0	0.00%
	Director	Anson Chiu	0	0.00%
	Director	TONY AN	0	0.00%
PLDS Germany GmbH	Director	Cornelis Saris	NA	NA
	Director	TONY AN	NA	NA
	Director	FRANK FORNFEIST	NA	NA

Company Name	Title	Name or Representative	Shareholding	
			Shares	Percentage of Ownership
Lite-On Technology (Europe) B.V.	Director	Tom Soong	0	0.00%
	Director	Anson Chiu	0	0.00%
	Director	TONY AN	0	0.00%
Lite-On (Finland) Oy	Liquidator	KATI ANNELI, REPO	0	0.00%
Lite-On Green Technologies B.V.	Director	Tom Soong	0	0.00%
	Director	Anson Chiu	0	0.00%
	Director	TONY AN	0	0.00%
Lite-On Green Energy B.V.	Director	Tom Soong	0	0.00%
	Director	Anson Chiu	0	0.00%
	Director	TONY AN	0	0.00%
EAGLE ROCK INVESTMENT LTD.	Director	Tom Soong	0	0.00%
	Director	Anson Chiu	0	0.00%
G&W TECHNOLOGY (BVI) LIMITED	Director	Anson Chiu	0	0.00%
	Director	Dean Cheng	0	0.00%
	Director	Godspeed Chou	0	0.00%
	Director	YuZhang Luo	0	0.00%
	Director	ChuangGeng Luo	0	0.00%
	Director	HuanShen Wu	0	0.00%
G&W TECHNOLOGY LIMITED	Director	Anson Chiu	0	0.00%
	Director	Dean Cheng	0	0.00%
	Director	Godspeed Chou	0	0.00%
	Director	YuZhang Luo	0	0.00%
	Director	ChuangGeng Luo	0	0.00%
	Director	HuanShen Wu	0	0.00%

Company Name	Title	Name or Representative	Shareholding	
			Shares	Percentage of Ownership
HIGH YIELD GROUP CO., LTD.	Director	Tom Soong	0	0.00%
	Director	Anson Chiu	0	0.00%
Lite-On Overseas Trading Co., Ltd.	Director	Tom Soong	0	0.00%
	Director	Anson Chiu	0	0.00%
LITE-ON CHINA HOLDING CO. LTD.	Director	Tom Soong	0	0.00%
	Director	Anson Chiu	0	0.00%
Lite-On (Guangzhou) Automotive Electronics Limited	Chairman	Tom Soong	NA	NA
	Director	Raymond Soong	NA	NA
	Director	Anson Chiu	NA	NA
	Supervisor	Godspeed Chou	NA	NA
	General Manager	Allen Liao	NA	NA
Lite-On Automotive International (Cayman) Co., Ltd	Director	Tom Soong	0	0.00%
	Director	Anson Chiu	0	0.00%
LITE-ON AUTOMOTIVE HOLDINGS (HONG KONG) CO., LIMITED	Director	Tom Soong	0	0.00%
	Director	Anson Chiu	0	0.00%
LITE-ON MOBILE INDÚSTRIA E COMÉRCIO DE PLÁSTICOS LTDA.	Officer	RENATO R. PANTOJA	0	0.00%
BEIJING LITE-ON MOBILE ELECTRONIC AND TELECOMMUNICATION COMPONENTS CO., LTD.	Chairman	Tom Soong	NA	NA
	Director	Raymond Soong	NA	NA
	Director	Anson Chiu	NA	NA
	Supervisor	Godspeed Chou	NA	NA
	General Manager	Anson Chiu	NA	NA

Company Name	Title	Name or Representative	Shareholding	
			Shares	Percentage of Ownership
LITE-ON MOBILE PTE. LTD.	Director	Tom Soong	0	0.00%
	Director	Anson Chiu	0	0.00%
	Director	YK Lo	0	0.00%
	Director	LIM SIN HENG	0	0.00%
Lite-On Japan Ltd.	Chairman	Tom Soong	0	0.00%
	Director	Anson Chiu	0	0.00%
	Director	Steven Liao	0	0.00%
	Supervisor	Michelle Hsiao	0	0.00%
Lite-On Japan (H.K.) Limited	Director	Steven Liao	0	0.00%
	Director	Eisuke Endo	0	0.00%
NL (SHANGHAI) CO., LTD.	Chairman	Gen Tsuboi	NA	NA
	Director	Steven Liao	NA	NA
	Director	Eisuke Endo	NA	NA
	Supervisor	Godspeed Chou	NA	NA
LITE-ON JAPAN (Thailand) CO., LTD	Director	Steven Liao	0	0.00%
	Director	WJ Lin	0	0.00%
	Director	Eisuke Endo	0	0.00%
CEDARS DIGITAL PTE. LTD.	Director	Tom Soong	0	0.00%
	Director	Anson Chiu	0	0.00%
	Director	Torrent Chin	0	0.00%
	Director	CHANDRAN S/ O URATH SANKARAN NAIR	0	0.00%
SKYLA (SHANGHAI) LTD.	Chairman	Terry Chi	NA	NA
	Director	Danny Liao	NA	NA
	Supervisor	Anson Wang	NA	NA

8.1.6 Operational Highlights of LITEON Subsidiaries

(As of December 31, 2023)Unit: NT\$ thousands, except EPS (NT\$)

Company Name	Capital Stock	Assets	Liabilities	Net Worth	Net Revenues	Income (Loss) from Operation	Net Income (Loss)	Basic Earning (Loss) Per Share
LITE-ON TECHNOLOGY CORPORATION	23,531,300	160,244,938	75,864,342	84,380,596	96,338,184	7,610,265	14,570,616	6.36
SKYLA CORPORATION	336,667	694,041	229,667	464,374	469,243	21,881	26,438	0.79
LEOTEK ROADWAY AND TRAFFIC INTELLIGENCE CORPORATION	600,000	1,367,655	699,190	668,465	1,116,303	(48,380)	50,368	0.84
Philips & Lite-On Digital Solutions Corporation	350,000	3,897,058	3,319,562	577,496	7,998,770	149,086	26,334	0.75
Lite-On Green Technologies, Inc.	670,000	307,096	66,261	240,835	-	(2,647)	3,738	0.06
LITE-ON ELECTRONICS (TIANJIN) CO., LTD.	2,212,769	2,739,767	208,978	2,530,789	1,346,874	155,463	192,699	NA
LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	1,513,860	3,791,665	1,537,065	2,254,600	7,897,636	6,670	53,636	NA
LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	2,546,413	5,294,047	1,862,322	3,431,725	4,965,197	138,210	238,044	NA
LITEON LI SHIN TECHNOLOGY (GANZHOU) LTD	349,764	827,322	200,805	626,517	601,152	13,883	47,043	NA
Lite-On Automotive Electronics (CZ) Co.	967,632	1,016,867	48,723	968,144	105,046	(18,073)	(6,360)	NA
LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	4,272,510	17,020,409	11,727,075	5,293,334	22,001,248	525,364	676,164	NA
LITE-ON MEDICAL DEVICE (CHANGZHOU) LTD.	132,509	89,403	2,184	87,219	51,498	(1,792)	(2,717)	NA
LITE-ON TECHNOLOGY (XIANNING) CO., LTD.	186,203	646,502	193,477	453,025	469,689	10,015	27,728	NA
LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	1,892,272	5,782,729	2,717,959	3,064,770	5,457,376	(11,484)	116,506	NA
LITE-ON INTELLIGENT TECHNOLOGY (YENCHENG) CORP.	84,016	188,997	124,010	64,987	9,115	(15,322)	(6,844)	NA
WUXI CHINA BRIDGE EXPRESS TRADING CO., LTD.	156,746	285,104	47,860	237,244	107,115	(457)	1,984	NA
CHINA BRIDGE (CHINA) CO., LTD.	1,029,583	1,229,603	3,919	1,225,684	-	(453)	50,396	NA
LITE-ON TECHNOLOGY (JIANGSU) CO., LTD.	4,750,095	10,109,388	41,066	10,068,322	-	(980)	874,445	NA
DONGGUAN LITE-ON COMPUTER CO., LTD.	54,797	62,036	2,066	59,970	-	(119)	880	NA
LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	1,173,741	5,154,912	2,264,781	2,890,131	10,674,968	(38,541)	3,199	NA
SILITEK ELEC. (DONGGUAN) CO., LTD.	723,136	6,613,994	2,021,052	4,592,942	8,293,232	38,690	108,926	NA
LITE-ON POWER TECHNOLOGY (DONGGUAN) CO., LTD.	444,030	1,236,417	324,128	912,289	1,561,448	244,790	229,491	NA
LITE-ON ELECTRONICS H.K. LIMITED	7,005,010	21,903,181	613,039	21,290,142	1,814,133	40,443	832,141	46.58
LITE-ON ELECTRONICS COMPANY LIMITED	12,090,275	19,002,281	470	19,001,811	-	(549)	1,374,795	0.45
YET FOUNDATE LIMITED	316,653	596,484	1,307	595,177	-	(3,835)	28,610	0.42
CHANGZHOU LEOTEK NEW ENERGY TRADE LIMITED	26,749	84,737	162,438	(77,701)	(7,390)	(19,003)	(19,583)	NA
HUIZHOU LI SHIN ELECTRONIC CO., LTD.	456,948	1,331,690	524,470	807,220	1,868,526	44,221	64,997	NA

Company Name	Capital Stock	Assets	Liabilities	Net Worth	Net Revenues	Income (Loss) from Operation	Net Income (Loss)	Basic Earning (Loss) Per Share
FORDGOOD ELECTRONIC LIMITED	392,689	649,220	88	649,132	-	(2,314)	45,445	0.45
LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	4,436,342	12,958,545	5,357,395	7,601,150	9,849,692	(42,931)	244,939	NA
LITE-ON TECHNOLOGY (GZ) INVESTMENT COMPANY LIMITED	2,152,045	641,551	2,379	639,172	-	(39)	11,843	NA
LITE-ON IT INTERNATIONAL (HK) LIMITED	3,137,024	3,716,435	119	3,716,316	-	(154)	(100,558)	(0.98)
LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD.	1,587,137	4,814,739	3,080,798	1,733,941	2,155,154	(103,617)	16,239	NA
LITEON-IT OPTO TECH (BH) CO., LTD.	1,625,932	3,903,174	1,925,446	1,977,728	4,900,173	83,075	(117,849)	NA
LET (HK) LIMITED	243,336	42,319	1,093	41,226	-	(172)	(1,031)	(0.02)
Philips & LiteOn Digital Solutions (Shanghai) Co., Ltd.	32,920	386,643	6,308	380,335	-	(15,191)	(8,087)	NA
TITANIC CAPITAL SERVICES LTD.	728,355	1,023,215	19,815	1,003,400	-	(799)	33,146	3.83
LITE-ON GREEN TECHNOLOGIES (NANJING) CORPORATION	22,148	7,714	17,291	(9,577)	-	(879)	(1,292)	NA
Lite-on Green Energy (HK) Limited	94,969	6,414	281	6,133	-	(62)	(66)	(0.02)
Lite-On Electronics (Thailand) Co., Ltd.	625,110	3,357,700	1,049,150	2,308,550	4,051,772	167,402	56,394	8.00
LITE-ON VIETNAM CO., LTD.	2,726,515	6,599,589	3,735,416	2,864,173	4,003,679	(78,193)	(189,248)	-
LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED	373,924	415,600	91,532	324,068	830,687	24,268	54,578	0.53
LITE-ON SINGAPORE PTE. LTD.	908,328	54,415,668	20,592,597	33,823,071	66,228,807	4,233,906	5,271,023	101.80
Lite-On Japan Ltd.	140,920	1,288,135	388,672	899,463	1,969,320	44,453	69,574	5.59
LITE-ON JAPAN (Thailand) CO., LTD	17,734	249,344	85,182	164,162	405,350	8,337	6,069	30.34
CEDARS DIGITAL PTE. LTD.	31,702	30,883	571	30,312	-	(317)	(1,411)	(1.04)
LITE-ON GREEN ENERGY (SINGAPORE) PTE. LTD.	117,242	106,185	444	105,741	-	(542)	(2,034)	(0.59)
LITE-ON, INC.	91,905	1,264,115	348,759	915,356	1,085,710	(25,009)	(17,099)	(5.70)
POWER INNOVATIONS INTERNATIONAL, INC.	179,149	165,456	199,625	(34,169)	157,809	(201,537)	(177,137)	(13.71)
LITE-ON TRADING USA, INC.	965,003	8,335,978	7,296,909	1,039,069	17,316,771	71,228	58,574	185.95
LITE-ON TECHNOLOGY SERVICE, INC.	31	58,503	27	58,476	2,641	(2,246)	(2,247)	(2,246.93)
LITE-ON TECHNOLOGY USA, INC.	1,648,037	2,231,368	2,921	2,228,447	-	(4,202)	(131,400)	(279.43)
Lite-On International Holding Co., Ltd	5,781,605	23,872,157	3,216,729	20,655,428	-	(235)	1,683,022	8.92
LEOTEK ELECTRONICS USA LLC	217,509	771,962	429,956	342,006	1,616,620	47,658	35,791	-
LITE-ON AUTOMOTIVE ELECTRONICS MEXICO, S.A. DE C.V.	272,817	617,415	88,636	528,779	595,902	125,563	57,703	193.76
Philips & Lite-On Digital Solutions USA, Inc.	31	520,247	232,076	288,171	2,197,060	6,544	11,556	11,556.36
LTC GROUP LTD.	1,008,377	2,258,949	10,207	2,248,742	-	(233)	34,171	1.04
LITE-ON ELECTRONICS (EUROPE) LIMITED	11,729	94,729	7,734	86,995	69,865	9,500	7,751	25.84
PLDS Germany GmbH	254,301	1,433,284	326,971	1,106,313	311,835	5,954	30,943	-

Company Name	Capital Stock	Assets	Liabilities	Net Worth	Net Revenues	Income (Loss) from Operation	Net Income (Loss)	Basic Earning (Loss) Per Share
Lite-On Technology (Europe) B.V.	2,238,525	546,712	6,554	540,158	28,502	2,894	(18,167)	(29.65)
Lite-On (Finland) Oy	85	410,266	415	409,851	-	(914)	(19,566)	(7,826.25)
Lite-On Green Technologies B.V.	2,312	56,552	780	55,772	-	3,027	3,507	0.51
Lite-On Green Energy B.V.	21,693	20,651	468	20,183	-	(173)	3	-
EAGLE ROCK INVESTMENT LTD.	306	1,515,735	34	1,515,701	-	(221)	102,399	10,239.94
G&W TECHNOLOGY (BVI) LIMITED	238,953	314,709	48,155	266,554	-	(3,925)	1,123	0.14
G&W TECHNOLOGY LIMITED	1,976	140,676	115,627	25,049	26,085	9,952	7,182	14.36
HIGH YIELD GROUP CO., LTD.	7,291	3,871,971	100	3,871,871	-	(237)	(14,508)	(60.96)
Lite-On Overseas Trading Co., Ltd.	157,555	33,607,617	32,122,411	1,485,206	-	1,500	2,642	0.51
LITE-ON CHINA HOLDING CO. LTD.	13,091,608	20,483,954	40,232	20,443,722	-	(408)	1,451,937	3.40
Lite-On (Guangzhou) Automotive Electronics Limited	201,692	2,904,774	945,042	1,959,732	4,910,433	204,071	214,386	NA
Lite-On Automotive International (Cayman) Co., Ltd	193,107	2,891,829	219,464	2,672,365	-	(328)	253,902	40.28
LITE-ON AUTOMOTIVE HOLDINGS (HONG KONG) CO., LIMITED	397,002	2,139,510	65	2,139,445	-	(233)	201,329	1.99
LITE-ON MOBILE INDÚSTRIA E COMÉRCIO DE PLÁSTICOS LTDA.	1,384,814	1,585,459	135,347	1,450,112	914,022	125,938	195,965	0.89
BEIJING LITE-ON MOBILE ELECTRONIC AND TELECOMMUNICATION COMPONENTS CO., LTD.	566,310	279,540	139,816	139,724	-	(49,086)	(57,612)	NA
LITE-ON MOBILE PTE. LTD.	2,583,119	3,175,562	667,146	2,508,416	-	90,136	893,684	6.55
Lite-On Japan (H.K.) Limited	19,760	346,199	82	346,117	-	(211)	15,421	308.43
NL (SHANGHAI) CO., LTD.	10,503	15,981	(47)	16,028	-	(396)	(160)	NA

Note 1 : Foreign exchange rates for balance sheet amounts are valuation exchange rates of 2023/12/31.

Foreign exchange rates for income statement amounts are average exchange rates of each month in 2023.

Note 2 : LITE-ON COMPUTER TECHNOLOGY (DONGGUAN) CO., LTD.,LITEON COMMUNICATION (GUANGZHOU) COMPANY LIMITED,LITE-ON (GUANGZHOU) PRECISION TOOLING LTD.,LITE-ON TECHNOLOGY (GUANGZHOU) LIMITED, and LITEON ELECTRONICS AND WIRELESS (GUANGZHOU) LIMITED had merged with other subsidiaries, and was under the procedures of statutory merger, without any financial information.

Note 3 : SKYLA (SHANGHAI) LTD. was established in December 2023 and has not yet received any capital injection as of 2023/12/31.

8.2 Private Placement of Company Shares: None

8.3 LITEON Shares Held / Sold by Subsidiaries

Unit: NT\$ Shares/ units; %

Name of Subsidiary	Stock Capital Collected	Fund Source	Shareholding Ratio of the Company	Date of Acquisition or Disposition	Shares and Amount Acquired	Shares and Amount of Disposed	Investment Gain (Loss)	Shareholdings and Amount in Most Recent Year	Mortgage	Endorsement Amount Made for the Subsidiary	Amount Loaned to the Subsidiary
Lite-On Capital Corporation (Note 1)	-	None	100	2016/09/27	75,066 shares	-	-	-	None	None	None
				2023/12/01	-	-					
LITE-ON ELECTRONICS COMPANY LIMITED	12,090,275 thousands	-	100	2022/09/08	-	370 shares 25,307	-	-	None	None	None
				2022/09/13	-	285,000 shares 19,614,000	-				
				2022/09/14	-	400,000 shares 27,008,800	-				
				2022/09/15	-	860,000 shares 58,624,500	-				
				2022/09/16	-	740,000 shares 50,649,000	-				
				2022/09/19	-	165,000 shares 11,254,500	-				
TITANIC CAPITAL SERVICES LTD.	728,355 thousands	None	100	2016/09/27	34,776 shares	-	-	7,004,221 shares 766,962 thousands	None	None	None
YET FOUNDATE LIMITED	316,653 thousands	-	100	2022/09/05	-	346,000 shares 23,419,700	-	-	None	None	None
				2022/09/06	-	400,000 shares 27,080,000	-				
				2022/09/07	-	295,000 shares 19,863,000	-				
				2022/09/08	-	600,040 shares 40,868,935	-				
				2022/09/12	-	359,000 shares 24,556,300	-				
				2022/09/13	-	271,000 shares 18,687,200	-				

Note 1: Lite-On Capital Corporation was dissolved through merger with its parent company on 1st December, 2023. Its shareholding of the Company has been cancelled upon the merger.

8.4 Other Supplementary Information: None

9. Other Significant Events Affecting Shareholders' Equity or Stock Price: None

Appendix A. Consolidated Financial Statements

LITE-ON TECHNOLOGY CORPORATION and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2023 and 2022 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, 2023 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 26, 2024

Deloitte.

勤業眾信

勤業眾信聯合會計師事務所
110016 台北市信義區松仁路100號20樓

Deloitte & Touche
20F, Taipei Nan Shan Plaza
No. 100, Songren Rd.,
Xinyi Dist., Taipei 110016, Taiwan

Tel :+886 (2) 2725-9988
Fax:+886 (2) 4051-6888
www.deloitte.com.tw

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 referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, 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 material accounting policy information (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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of 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, 2023. 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 matter identified in the audit of the Group's consolidated financial statements for the year ended December 31, 2023 is as follows:

Allowance for Impairment Loss of Trade Receivables

The allowance for impairment loss of trade receivables represents management's subjective judgment and determination of the recoverable amount of overdue receivables, which may give rise to credit risk. The key assumptions and inputs used in the evaluation process involved significant estimates made by management. Hence, we focused on assessing the reasonableness of management's estimates of allowance for impairment loss in our audit.

Refer to Note 4 to the consolidated financial statements for the summary of material accounting policy information. 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 reasonableness and calculation accuracy of the allowance for impairment loss.

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, 2023 and 2022 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 Standards on Auditing of 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 Standards on Auditing of 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, 2023 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 Shih-Ran Cheng.



Deloitte & Touche
Taipei, Taiwan
Republic of China

February 26, 2024



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, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 92,742,033	49	\$ 91,065,529	46
Financial assets at fair value through profit or loss (Note 7)	577,330	-	2,799,938	1
Financial assets at amortized cost (Note 9)	21,625	-	-	-
Contract assets	196,129	-	484,791	-
Notes receivable, net (Note 11)	512,333	-	609,573	-
Trade receivables, net (Note 11)	31,586,425	17	38,127,682	19
Other receivables (Note 11)	2,068,586	1	1,562,769	1
Other receivables from related parties (Note 32)	-	-	17,710	-
Inventories, net (Note 12)	25,807,532	14	27,747,465	14
Other current assets (Note 19)	2,106,448	1	2,537,757	1
Total current assets	155,618,441	82	164,953,214	83
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss (Note 7)	993,837	1	1,462,668	1
Financial assets at fair value through other comprehensive income (Note 8)	1,961,421	1	1,985,324	1
Financial assets at amortized cost (Note 9)	516,140	-	465,790	-
Investments accounted for using the equity method (Note 14)	1,723,785	1	1,888,176	1
Property, plant and equipment, net (Notes 15 and 32)	18,392,467	10	19,078,678	10
Right-of-use assets, net (Note 16)	1,895,074	1	1,648,994	1
Investment properties, net (Note 17)	1,181,578	1	1,236,643	1
Intangible assets, net (Note 18)	2,837,525	2	3,692,521	2
Deferred tax assets (Note 26)	2,624,907	1	2,804,527	1
Refundable deposits	957,084	1	350,419	-
Net defined benefit assets (Note 22)	163,493	-	107,332	-
Other non-current assets (Note 19)	106,508	-	107,451	-
Total non-current assets	33,353,819	18	34,828,523	17
TOTAL	\$ 188,972,260	100	\$ 199,781,737	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 20)	\$ 22,493,450	12	\$ 32,628,984	16
Financial liabilities at fair value through profit or loss (Note 7)	376,452	-	253,441	-
Contract liabilities	69,807	-	79,782	-
Notes payable	30	-	59	-
Trade payables	40,917,667	22	44,883,340	22
Trade payables to related parties (Note 32)	491	-	15,842	-
Other payables	20,555,991	11	22,630,490	11
Other payables to related parties (Note 32)	281	-	19,378	-
Current tax liabilities	7,018,546	4	5,609,887	3
Provisions (Note 21)	1,011,515	1	1,125,550	1
Lease liabilities (Note 16)	358,238	-	359,221	-
Advances received	5,198,955	3	4,175,135	2
Total current liabilities	98,001,423	52	111,781,109	56
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 20)	3,000,000	2	3,000,000	2
Deferred tax liabilities (Note 26)	1,828,408	1	2,212,812	1
Lease liabilities (Note 16)	941,263	-	691,734	-
Guarantee deposits	133,754	-	108,955	-
Total non-current liabilities	5,903,425	3	6,013,501	3
Total liabilities	103,904,848	55	117,794,610	59
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital				
Ordinary shares	23,531,300	12	23,630,830	12
Capital surplus	22,734,080	12	22,706,153	11
Retained earnings				
Legal reserve	18,258,300	10	16,780,649	8
Special reserve	2,908,326	2	3,214,551	2
Unappropriated earnings	23,507,087	12	21,736,118	11
Total retained earnings	44,673,713	24	41,731,318	21
Other equity	(3,831,534)	(2)	(3,243,884)	(2)
Treasury shares	(2,726,963)	(1)	(3,468,412)	(2)
Total equity attributable to owners of the Company	84,380,596	45	81,356,005	41
NON-CONTROLLING INTERESTS				
Total equity	85,067,412	45	81,987,127	41
TOTAL	\$ 188,972,260	100	\$ 199,781,737	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, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales (Notes 24 and 32)	\$ 151,645,271	102	\$ 177,083,524	102
Less: Sales allowance	2,856,602	2	3,274,121	2
Sales returns	<u>455,214</u>	<u>-</u>	<u>353,187</u>	<u>-</u>
Total operating revenue	<u>148,333,455</u>	<u>100</u>	<u>173,456,216</u>	<u>100</u>
COST OF GOODS SOLD (Notes 12, 25 and 32)	<u>(115,665,373)</u>	<u>(78)</u>	<u>(140,193,784)</u>	<u>(81)</u>
GROSS PROFIT	<u>32,668,082</u>	<u>22</u>	<u>33,262,432</u>	<u>19</u>
OPERATING EXPENSES (Notes 16, 25 and 32)				
Selling and marketing expenses	(5,760,540)	(4)	(6,138,249)	(4)
General and administrative expenses	(4,508,598)	(3)	(4,575,685)	(3)
Research and development expenses	(8,125,546)	(5)	(7,440,789)	(4)
Expected credit (loss) reversal (Notes 11 and 24)	<u>242,878</u>	<u>-</u>	<u>(34,849)</u>	<u>-</u>
Total operating expenses	<u>(18,151,806)</u>	<u>(12)</u>	<u>(18,189,572)</u>	<u>(10)</u>
OPERATING INCOME	<u>14,516,276</u>	<u>10</u>	<u>15,072,860</u>	<u>9</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 32)	2,041,755	1	1,705,903	1
Other gains and losses (Notes 15, 18 and 25)	454,084	-	594,253	-
Finance costs (Note 25)	(1,501,499)	(1)	(742,744)	-
Interest income	2,854,434	2	1,221,626	1
Share of profit (loss) of associates accounted for using the equity method	<u>729</u>	<u>-</u>	<u>(6,109)</u>	<u>-</u>
Total non-operating income and expenses	<u>3,849,503</u>	<u>3</u>	<u>2,772,929</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	18,365,779	12	17,845,789	10
INCOME TAX EXPENSE (Note 26)	<u>(3,766,992)</u>	<u>(3)</u>	<u>(3,658,386)</u>	<u>(2)</u>
NET PROFIT FOR THE YEAR	<u>14,598,787</u>	<u>10</u>	<u>14,187,403</u>	<u>8</u>

(Continued)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 23 and 26)				
Items not reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 42,016	-	\$ 108,835	-
Unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income	77,852	-	(67,434)	-
Share of other comprehensive gain of associates accounted for using the equity method	(2,548)	-	989	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(8,624)</u>	<u>-</u>	<u>(23,458)</u>	<u>-</u>
	<u>108,696</u>	<u>-</u>	<u>18,932</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(982,423)	(1)	4,338,757	3
Share of other comprehensive income (loss) of associates accounted for using the equity method	(19,856)	-	68,988	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>186,064</u>	<u>-</u>	<u>(849,696)</u>	<u>-</u>
	<u>(816,215)</u>	<u>(1)</u>	<u>3,558,049</u>	<u>2</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(707,519)</u>	<u>-</u>	<u>3,576,981</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 13,891,268</u>	<u>9</u>	<u>\$ 17,764,384</u>	<u>10</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 14,570,616	10	\$ 14,151,016	8
Non-controlling interests	<u>28,171</u>	<u>-</u>	<u>36,387</u>	<u>-</u>
	<u>\$ 14,598,787</u>	<u>10</u>	<u>\$ 14,187,403</u>	<u>8</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 13,846,160	9	\$ 17,661,812	10
Non-controlling interests	<u>45,108</u>	<u>-</u>	<u>102,572</u>	<u>-</u>
	<u>\$ 13,891,268</u>	<u>9</u>	<u>\$ 17,764,384</u>	<u>10</u>

(Continued)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 27)				
Basic	<u>\$6.36</u>		<u>\$6.19</u>	
Diluted	<u>\$6.29</u>		<u>\$6.10</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, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Shares of Shares Capital (Note 23)		Capital Surplus (Note 23)		Retained Earnings (Note 23)		Unappropriated Dividends		Exchange Differences on Translating Foreign Operations		Unrealized Foreign Comprehensive Income		Unvested Employees' Compensation		Total		Treasury Shares (Note 23)		Non-controlling Interests (Note 23)		Total Equity
	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount	Special Reserve	Legal Reserve	Special Reserve	Unappropriated Dividends	Total												
BALANCE AT JANUARY 1, 2022	2,350,867	\$ 23,508,670	\$ 21,836,342	\$ 15,199,955	\$ 5,940,218	\$ 1,561,379	\$ 15,199,955	\$ 36,753,852	\$ (5,820,080)	\$ (236,908)	\$ -	\$ (6,056,988)	\$ (3,700,808)	\$ 532,459	\$ 72,873,527						
Appropriation of earnings	-	-	-	(1,166,970)	-	-	(1,166,970)	-	-	-	-	-	-	-	-	-	-	-	-	-	(924,620)
Legal reserve	-	-	-	(9,241,620)	-	-	(9,241,620)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	2,725,667	(2,725,667)	-	2,725,667	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,909)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,909)
Disposal of investments accounted for using the equity method	-	-	-	-	-	-	-	6,490	-	-	-	-	-	-	-	-	-	-	-	-	6,490
Difference between consideration and carrying amount of subsidiaries disposed of	-	-	30,549	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	30,549
Share-based payment transaction	12,216	122,160	622,447	-	-	-	-	-	-	-	(623,682)	-	-	-	(623,682)	-	-	-	-	-	120,925
Disposal of treasury stocks	-	-	88,015	-	-	-	-	-	-	-	-	-	232,396	-	-	-	-	-	-	-	320,411
Changes in percentage of ownership interests in subsidiaries	-	-	50,223	(12,430)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	37,793
Restructuring	-	-	(29,824)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(29,824)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	10,843	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,843
Changes in capital surplus from cash dividends of the Company paid to subsidiaries	-	-	97,517	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	97,517
Other changes in equity	-	-	41	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	41
Net profit for the year ended December 31, 2022	-	-	-	14,151,016	-	-	-	14,151,016	-	-	-	-	-	-	-	-	-	-	-	-	14,187,403
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	80,500	-	-	-	80,500	3,497,853	(67,557)	-	-	-	-	3,497,853	-	-	-	-	-	3,576,981
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	14,231,516	3,214,351	1,477,651	21,236,118	14,231,516	3,497,853	(67,557)	-	-	-	-	3,490,236	-	-	-	-	-	17,764,384
BALANCE AT DECEMBER 31, 2022	2,363,083	23,630,830	22,206,153	21,236,118	3,214,351	1,477,651	21,236,118	41,731,318	(2,157,373)	(304,465)	(623,682)	(3,243,884)	(3,468,612)	631,122	81,987,127						
Appropriation of earnings	-	-	-	(1,477,651)	-	-	(1,477,651)	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,622,983)
Legal reserve	-	-	-	(11,622,983)	-	-	(11,622,983)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	306,225	(306,225)	-	306,225	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	(1,334)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,334)
Cancellation of treasury shares	-	-	(885,671)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	741,449	-	-	-
Changes in capital surplus from cash dividends of the Company paid to subsidiaries	-	-	103,246	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	103,246
Disposal of investments accounted for using equity method or subsidiaries	-	-	-	-	-	-	-	122,895	-	-	-	-	-	-	-	-	-	-	-	-	(3,151)
Disposal of partial interests of subsidiaries	-	-	45,697	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	45,229
Changes in percentage of ownership interests in subsidiaries	-	-	88,652	(106,181)	-	-	(106,181)	(106,181)	-	-	-	-	-	-	-	-	-	-	-	-	(10,829)
Share-based payment transaction	5,625	56,248	377,337	1,206	-	-	1,206	1,206	-	-	113,648	-	-	-	113,648	-	-	-	-	-	548,439
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(38,192)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	67,362	-	-	67,362	-	-	(67,362)	-	-	-	-	(67,362)	-	-	-	-	-	-
Net profit for the year ended December 31, 2023	-	-	-	14,570,616	-	-	14,570,616	-	-	-	-	-	-	-	-	-	-	-	-	-	14,598,787
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	32,375	-	-	32,375	(832,182)	-	-	-	-	-	-	(756,831)	-	-	-	-	-	(707,519)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	14,602,991	(506,225)	1,477,651	14,602,991	(832,182)	-	-	(67,362)	-	-	-	(756,831)	-	-	-	-	-	14,598,787
BALANCE AT DECEMBER 31, 2023	2,353,130	23,531,130	22,234,089	21,307,087	3,908,326	1,825,300	21,307,087	44,671,713	(4,055,624)	(206,426)	(510,034)	(4,831,531)	(2,276,693)	45,108	88,067,412						

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, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 18,365,779	\$ 17,845,789
Adjustments for:		
Depreciation expenses	4,186,998	4,360,303
Amortization expenses	168,797	154,063
Expected credit loss (reversal)	(242,878)	34,849
Net gain on fair value changes of financial assets as at fair value through profit or loss	(1,953,628)	(2,801,124)
Finance costs	1,501,499	742,744
Interest income	(2,854,434)	(1,221,626)
Dividend income	(5,997)	(6,985)
Share-based payments	547,232	120,925
Share of loss (profit) of associates accounted for using the equity method	(729)	6,109
Net loss (gain) on disposal of property, plant and equipment	18,264	(15,871)
Net loss on disposal of intangible assets	-	84
Gain on lease modification	(24,187)	-
Net loss on disposal of investments	9,897	6,489
Impairment loss recognized on non-financial assets	661,318	697,279
Net unrealized gain on foreign currency exchange	(614,996)	(13,265)
Recognition of provisions	81,403	135,787
Net loss on disposal of the subsidiary	45,698	-
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	3,645,540	889,237
Contract assets	676,841	452,798
Notes receivable	78,320	(143,808)
Trade receivables	6,510,079	4,528,999
Trade receivables from related parties	-	12,139
Other receivables	(310,786)	(627,508)
Other receivables from related parties	17,710	(14,445)
Inventories	2,007,498	5,403,868
Other current assets	414,417	104,159
Notes payable	(29)	15
Trade payables	(3,600,122)	(4,666,792)
Trade payables to related parties	(15,351)	(22,500)
Other payables	(1,562,615)	2,015,541
Other payables to related parties	(19,097)	17,673
Contract liabilities	(9,975)	79,684
Provisions	(153,910)	(173,364)
Advance receipts	1,051,473	1,137,060
Net defined benefit assets	(13,082)	39,435
Cash generated from operations	28,606,947	29,077,741
Interest received	2,635,735	1,117,330
Dividends received	5,997	6,985
		(Continued)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)**

	2023	2022
Interest paid	\$ (1,552,502)	\$ (573,894)
Income tax paid	<u>(2,430,619)</u>	<u>(4,471,274)</u>
Net cash generated from operating activities	<u>27,265,558</u>	<u>25,156,888</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of financial assets at fair value through other comprehensive income	(47,108)	(195,347)
Proceeds from disposal of financial assets at fair value through other comprehensive income	109,827	-
Purchases of financial assets at amortized cost	(137,741)	(234,732)
Proceeds from disposal of financial assets at amortized costs	65,538	65,632
Purchases of financial assets at fair value through profit or loss	(33,438,535)	(33,897,475)
Proceeds from disposal of financial assets at fair value through profit or loss	34,485,259	34,143,161
Acquisition of property, plant and equipment	(3,703,048)	(4,249,324)
Proceeds from disposal of property, plant and equipment	5,479	41,685
Increase in refundable deposits	(602,990)	(61,713)
Acquisition of intangible assets	(105,544)	(165,176)
Proceeds from disposal of intangible assets	-	3,209
Increase in other non-current assets	(34)	-
Decrease in other non-current assets	-	4
Dividend from associates	<u>28,993</u>	<u>31,865</u>
Net cash used in investing activities	<u>(3,339,904)</u>	<u>(4,518,211)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	-	4,038,922
Repayments of short-term borrowings	(10,119,968)	-
Proceeds from long-term borrowings	-	3,000,000
Proceeds from guarantee deposits received	26,880	-
Decrease in guarantee deposits received	-	(32,053)
Repayments of the principal portion of lease liabilities	(502,591)	(444,974)
Cash dividends paid	(11,519,737)	(9,144,103)
Disposal of treasury shares	-	320,411
Proceeds from disposal of partial interests in subsidiaries without a loss of control	90,926	54,840
Changes in non-controlling interests	(21,931)	(20,275)
Restricted share dividends returned	<u>1,206</u>	<u>-</u>
Net cash used in financing activities	<u>(22,045,215)</u>	<u>(2,227,232)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>(203,935)</u>	<u>4,378,249</u>
		(Continued)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 1,676,504	\$ 22,789,694
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>91,065,529</u>	<u>68,275,835</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 92,742,033</u>	<u>\$ 91,065,529</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, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

LITE-ON TECHNOLOGY CORPORATION (the “Company”) was established in March 1989. The main businesses include research and development design, manufacturing and sales of key modules and system solutions for opto-electronics, cloud computing power management systems, automotive electronics and EV chargers, energy management, LED packaging for lighting applications, AIoT and networking applications, information technology and consumer electronics.

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 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 26, 2024.

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 “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

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

Amendments to IAS 12 “International Tax Reform - Pillar Two Model Rules”

The amendments introduce a temporary exception to the requirements in IAS 12 by stipulating that the Group should neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. The amendments also require the Group to disclose that it has applied the exception and separately disclose its current tax expense (income) related to Pillar Two income taxes.

In addition, for periods in which Pillar Two legislation is enacted or substantively enacted but not yet in effect, the Group should disclose qualitative and quantitative information that helps users of financial statements understand the Group's exposure to Pillar Two income taxes. The requirement that the Group apply the exception and the requirement to disclose that fact are applied immediately and retrospectively upon issuance of the amendments. The remaining disclosure requirements apply for annual reporting periods beginning on or after January 1, 2023, but not for any interim period ending on or before December 31, 2023.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

- c. New IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations 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 the IFRS Accounting Standards 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 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 13 and Table 8 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.

f. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (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.

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.

g. Inventories

Inventories consist of raw materials, work in progress, finished goods, merchandise and inventory in transit 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.

h. 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.

i. 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.

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

j. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation.

Investment properties 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.

k. 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.

1. 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.

m. Impairment of property, plant and equipment, right-of-use assets, investment properties, 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 assets, investment properties 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 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 in prior years. A reversal of an impairment loss is recognized in profit or loss.

n. Financial instruments

Financial assets and financial liabilities are recognized when the 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 31.

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

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 an equity instrument at FVTOCI, 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, and its carrying amounts are calculated based on weighted average by share types. 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 31.

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.

o. 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.

p. Revenue recognition

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

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of 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.

2) Revenue from the services

Services revenue are recognized when services are provided.

q. 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. Lease modification that resulted from a negotiation with a lessee is accounted for as a new lease from the effective date of modification.

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, 2022, 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.

r. 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.

s. 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 rereasurement) 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.

t. Share-based payment arrangements

Restricted shares for employees

Restricted shares for employees are expensed on a straight-line basis over the vesting period, based on the fair value at the grant date and the Company's best estimated amount expected to ultimately vest, with a corresponding increase in other equity - unearned employees' compensation. It is recognized as an expense in full at the grant date if vesting immediately.

When the Company issues the restricted shares for employees, other equity unearned employee's compensation is recognized on the grant date, with a corresponding increase in capital surplus - restricted shares for employees.

At the end of each reporting period, the Company revises its estimated amount of restricted shares for employees that are expected to vest. The impact from such revision is recognized as profit or loss so that the cumulative expense reflects the revised estimated, amount with a corresponding adjustment to capital surplus - restricted shares for employees.

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

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

2) Deferred tax

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

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.

The Group has applied the exception from the recognition and disclosure of deferred tax assets and liabilities relating to Pillar Two income taxes. Accordingly, the Group neither recognizes nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

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. MATERIAL 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 on 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.

When developing material accounting estimates, the estimates and underlying assumptions are reviewed on an ongoing basis.

Material 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 on 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 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, or change in facts and circumstances results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	\$ 1,544	\$ 1,750
Checking accounts	1,133,789	1,075,010
Demand deposits	33,550,950	33,243,220
Time deposits	<u>58,055,750</u>	<u>56,745,549</u>
	<u>\$ 92,742,033</u>	<u>\$ 91,065,529</u>

The market interest rate intervals of cash and cash equivalents at the end of the reporting period are as follows:

	December 31	
	2023	2022
Demand deposits	0%-5.20%	0%-4.12%
Time deposits	1.10%-12.00%	0.4%-14.06%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

	December 31	
	2023	2022
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Forward exchange contracts	\$ 577,330	\$ 2,393,303
Currency swaps	<u>-</u>	<u>406,635</u>
	<u>\$ 577,330</u>	<u>\$ 2,799,938</u>

(Continued)

	December 31	
	2023	2022
<u>Financial assets at FVTPL - non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	\$ 693,492	\$ 597,647
Domestic listed shares	10,393	10,045
Foreign listed shares	-	556,171
Hybrid financial assets		
Foreign convertible preferred stocks	<u>289,952</u>	<u>298,805</u>
	<u>\$ 993,837</u>	<u>\$ 1,462,668</u>
<u>Financial liabilities at FVTPL - current</u>		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Forward exchange contracts	\$ 263,882	\$ 248,584
Currency swaps	<u>112,570</u>	<u>4,857</u>
	<u>\$ 376,452</u>	<u>\$ 253,441</u> (Concluded)

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

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2023</u>			
The Company			
Forward exchange contracts	USD/NTD	2024.01.11- 2024.12.23	USD1,055,500/NTD31,615,618
Currency swaps	USD/NTD	2024.10.21- 2024.11.20	USD80,000/NTD2,468,875
Lite-On Overseas Trading Co., Ltd.			
Forward exchange contracts	USD/MXN	2024.01.22	USD13,000/MXN222,625
<u>December 31, 2022</u>			
The Company			
Forward exchange contracts	USD/NTD	2023.01.04- 2023.12.18	USD1,534,000/NTD44,463,226
Currency swaps	USD/NTD	2023.01.09- 2023.02.10	USD600,000/NTD18,647,720
Lite-On Overseas Trading Co., Ltd.			
Forward exchange contracts	USD/CNY	2023.01.09	USD56,500/CNY393,789
Forward exchange contracts	USD/INR	2023.01.04- 2023.01.06	USD13,000/INR1,075,355
Forward exchange contracts	USD/MXN	2023.01.11	USD9,000/MXN179,415
Forward exchange contracts	USD/HKD	2023.01.09- 2023.03.16	USD171,500/HKD1,339,075
LITE-ON SINGAPORE PTE. LTD.			
Currency swaps	USD/CNY	2023.01.17	USD120,000/CNY859,020

The Group entered into derivative contracts in 2023 and 2022 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 (FVOCI)

Investments in Equity Instruments at FVTOCI

	<u>December 31</u>	
	2023	2022
<u>Non-current</u>		
Domestic investments		
Listed shares and emerging market shares	\$ 237,011	\$ 309,030
Listed Taiwan Innovation Board shares	418,392	421,780
Unlisted shares	<u>76,344</u>	<u>23,435</u>
	<u>731,747</u>	<u>754,245</u>
Foreign investments		
Unlisted shares	<u>1,229,674</u>	<u>1,231,079</u>
	<u>\$ 1,961,421</u>	<u>\$ 1,985,324</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>	
	2023	2022
Pledged deposits	<u>\$ 537,765</u>	<u>\$ 465,790</u>
Current	\$ 21,625	\$ -
Non-current	<u>516,140</u>	<u>465,790</u>
	<u>\$ 537,765</u>	<u>\$ 465,790</u>

- a. Refer to Note 10 for information related to credit risk management and impairment evaluation of financial assets at amortized cost.
- b. Refer to Note 33 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 at amortized cost.

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>At amortized cost</u>		
Gross carrying amount	\$ 537,765	\$ 465,790
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
Net carrying amount	<u>\$ 537,765</u>	<u>\$ 465,790</u>

In order to minimize credit risk, the Group has tasked its credit management committee with the development and maintenance of a credit risk grading framework for categorizing 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 RECEIVABLE, TRADE RECEIVABLES, NET AND OTHER RECEIVABLES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Notes receivable</u>		
Notes receivable - operating	<u>\$ 512,333</u>	<u>\$ 609,573</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 31,759,038	\$ 38,908,084
Allowance for impairment loss	<u>(172,613)</u>	<u>(780,402)</u>
	<u>\$ 31,586,425</u>	<u>\$ 38,127,682</u>

a. Notes receivable

The aging of notes receivable was as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Not past due	<u>\$ 512,333</u>	<u>\$ 609,573</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 a provision 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. 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 provision matrix.

December 31, 2023

	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%-0.2%	0.1%-5%	40%-70%	50%-100%	100%	
Gross carrying amount	\$ 31,473,188	\$ 128,165	\$ 46,049	\$ 963	\$ 110,673	\$ 31,759,038
Loss allowance	<u>(37,852)</u>	<u>(709)</u>	<u>(22,801)</u>	<u>(578)</u>	<u>(110,673)</u>	<u>(172,613)</u>
Amortized cost	<u>\$ 31,435,336</u>	<u>\$ 127,456</u>	<u>\$ 23,248</u>	<u>\$ 385</u>	<u>\$ -</u>	<u>\$ 31,586,425</u>

December 31, 2022

	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%-1%	0.1%-5%	40%-70%	50%-100%	100%	
Gross carrying amount	\$ 37,524,222	\$ 422,534	\$ 305,910	\$ 325	\$ 655,093	\$ 38,908,084
Loss allowance	<u>-</u>	<u>(2,135)</u>	<u>(122,996)</u>	<u>(178)</u>	<u>(655,093)</u>	<u>(780,402)</u>
Amortized cost	<u>\$ 37,524,222</u>	<u>\$ 420,399</u>	<u>\$ 182,914</u>	<u>\$ 147</u>	<u>\$ -</u>	<u>\$ 38,127,682</u>

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

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Balance at January 1	\$ 780,402	\$ 449,802
Expected credit loss	9,157	35,959
Amounts written off	(29)	(3,800)
Reclassified as loss allowance of collections	(12,427)	-
Disposal of subsidiaries	(835,009)	-
Transfers from loss allowance of contract assets	228,235	252,887
Foreign exchange gains	<u>2,284</u>	<u>45,554</u>
Balance at December 31	<u>\$ 172,613</u>	<u>\$ 780,402</u>

c. Other receivables

The Group's other receivables mainly include disposal of subsidiaries' shares, interests, 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 2023 had decreased significantly since the initial recognition and, therefore, reversed the lifetime expected credit loss of \$91,540 thousand.

12. INVENTORIES, NET

	December 31	
	2023	2022
Finished goods and merchandise	\$ 15,625,285	\$ 15,791,106
Raw materials	8,609,060	9,510,424
Work in progress	1,427,804	2,366,517
Inventory in transit	<u>145,383</u>	<u>79,418</u>
	<u>\$ 25,807,532</u>	<u>\$ 27,747,465</u>

The costs of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 were \$115,665,373 thousand and \$140,193,784 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the year ended December 31, 2023 included a reduction in cost of goods sold amounting to \$361,131 thousand, due to recovery in net realizable value of inventories.

The cost of inventories recognized as cost of goods sold for the year ended December 31, 2022 included an increase in cost of goods sold amounting to \$695,275 thousand, due to inventory write-downs to its net realizable value.

13. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Main Business	% of Ownership		Remark
			December 31		
			2023	2022	
The Company	Lite-On Capital Corporation	Investment activities	-	100.00	5)
	SKYLA CORPORATION	Manufacture and sale of medical equipment	44.17	55.19	1)
	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	-
	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 services	100.00	54.00	10)
	Lite-On Overseas Trading Co., Ltd.	Investment activities	100.00	100.00	-
	LITE-ON SINGAPORE PTE. LTD.	Manufacture and supply of computer peripheral products	100.00	100.00	-

(Continued)

Investor	Investee	Main Business	% of Ownership		Remark
			December 31		
			2023	2022	
	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 lines	100.00	100.00	-
	HIGH YIELD GROUP CO., LTD.	Holding company	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 devices, 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	9)
	KBW-LEOTEK Jordan Private Shareholding Limited	Investment activities	-	49.00	9)
	LEOTEK CORPORATION	Wholesale, import, export and installation of street lights, signal lights, scenery lights and new-type electronic components	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	2.97	2.97	-
	CEDARS DIGITAL PTE. LTD.	Software development and application, IT consulting services	100.00	-	8)
	Lite-On Green Technologies, Inc.	Manufacture and wholesale of electronic components and energy technology services	100.00	-	10)
	Lite-On Green Energy (HK) Limited	Investment activities	100.00	-	10)
	LITE-ON GREEN ENERGY (SINGAPORE) PTE. LTD.	Investment activities	100.00	-	10)
SKYLA CORPORATION	SKYLA (SHANGHAI), LTD.	Sale and development of medical equipment and consulting services	100.00	-	11)
LEOTEK CORPORATION	LEOTEK ELECTRONICS USA LLC.	Sale of LED products	100.00	100.00	-
Lite-On Capital Corporation	Lite-On Green Technologies, Inc.	Manufacture and wholesale of electronic components and energy technology services	-	100.00	10)
	Lite-on Green Energy (HK) Limited	Investment activities	-	100.00	10)
	Lite-On Technology (Europe) B.V.	Market research and after-sales services	-	46.00	10)
	LITE-ON GREEN ENERGY (SINGAPORE) PTE. LTD.	Investment activities	-	100.00	10)
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 devices	100.00	100.00	3)
CHINA BRIDGE (CHINA) CO., LTD.	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	Development, manufacture of new-type electronic components and provision of 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	2)
	LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	Manufacture and sale of printers and scanners	100.00	100.00	-
	LITEON ELECTRONICS AND WIRELESS (GUANGZHOU) LIMITED	Manufacture and sale of mobile terminal equipment	100.00	100.00	2)
	LITE-ON (GUANGZHOU) PRECISION TOOLING LTD.	Manufacture and sale of modules	67.03	67.03	2)
	LITE-ON TECHNOLOGY (GUANGZHOU) LIMITED	Manufacture and sale of computer cases	100.00	100.00	2)
	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	2)
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 LEDs and provision of technology consulting services, maintenance equipment and after-sales services	87.41	87.41	-

(Continued)

Investor	Investee	Main Business	% of Ownership		Remark
			2023	2022	
	LITE-ON MEDICAL DEVICE (CHANGZHOU) LTD.	Manufacture and sale of medical equipment	100.00	100.00	-
	CHANGZHOU LEOTEK NEW ENERGY TRADE LIMITED	Wholesale, import, export and installation of street lights, signal lights, scenery lights and new-type electronic components	100.00	100.00	-
	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	-
YET FOUNDATE LIMITED	DONGGUAN LITE-ON COMPUTER CO., LTD.	Manufacture and sale of computer hosts and components	100.00	100.00	-
FORDGOOD ELECTRONIC LIMITED	LITEON LI SHIN TECHNOLOGY (GANZHOU) LTD	Manufacture and sale of electronic components	100.00	100.00	-
LITE-ON TECHNOLOGY USA, INC.	LITE-ON, INC.	Sales data processing of optoelectronic products and power supplies	100.00	100.00	-
	LITE-ON TRADING USA, INC.	Sale of optical products	100.00	100.00	-
	POWER INNOVATIONS INTERNATIONAL, INC.	Development, design and manufacture of power controls and energy management	100.00	100.00	-
	LITE-ON TECHNOLOGY SERVICE, INC.	After-sales service of optical products	100.00	100.00	-
Lite-On International Holding Co., Ltd.	LITE-ON CHINA HOLDING CO., LTD.	Investment activities	100.00	100.00	-
LITE-ON SINGAPORE PTE. LTD.	LITE-ON TECHNOLOGY (XIANNING) CO., LTD.	Manufacture and sale of electronic components	100.00	100.00	-
	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 devices, 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 POWER ELECTRONIC INDIA PRIVATE LIMITED	Manufacture and sale of phone chargers and power supplies	1.00	1.00	-
LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	LITE-ON INTELLIGENT TECHNOLOGY (YENCHENG) CORP.	Wholesale, import, 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.	Lite-On (Finland) Oy	Manufacture and sale of mobile phone modules and design of assembly lines	100.00	100.00	-
Lite-On (Finland) Oy	Lite-On Mobile Oyj	Manufacture and sale of mobile phone modules and design of assembly lines	-	100.00	6)
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	-
	FORDGOOD ELECTRONIC LIMITED	Import and export and real estate	100.00	100.00	-
	G&W TECHNOLOGY (BVI) LIMITED	Real estate management	50.00	50.00	-
	G&W TECHNOLOGY LIMITED	Leasing	100.00	100.00	-
EAGLE ROCK INVESTMENT LTD.	HUIZHOU LI SHIN ELECTRONIC CO., LTD.	Manufacture of computer peripheral products	100.00	100.00	-
HIGH YIELD GROUP CO., LTD.	LITE-ON IT INTERNATIONAL (HK) LIMITED	Sale of optical disc drives	100.00	100.00	-
LITE-ON IT INTERNATIONAL (HK) LIMITED	LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD.	Manufacture and sale of optical disc drives	100.00	100.00	-
	LiteON Auto Electric Technology (Guangzhou) Ltd.	Manufacture and sale of optical disc drives	-	100.00	4)
	LITEON-IT OPTO TECH (BH) CO., LTD.	Manufacture and sale of optical disc drives	100.00	100.00	-
Philips & Lite-On Digital Solutions Corporation	PLDS Germany GmbH	Development and sale of modules of automotive recorders	100.00	100.00	-
	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	7)
	Philips & Lite-On Digital Solutions (Shanghai) Co., Ltd.	Sale of optical disc drives	100.00	100.00	-
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	7)
	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 (Thailand) CO., LTD.	Import and export of electronic components	100.00	100.00	-
	NL (SHANGHAI) CO., LTD.	Import and export of electronic components	100.00	100.00	-
Lite-On Japan (H.K.) Limited	GUANGZHOU LITE-ON MOBILE ENGINEERING PLASTICS CO., LTD.	Manufacture and sale of mobile phone modules and design of assembly lines	-	100.00	12)
LITE-ON MOBILE PTE. LTD.	BEIJING LITE-ON MOBILE ELECTRONIC AND TELECOMMUNICATION COMPONENTS CO., LTD.	Manufacture and sale of mobile phone modules and design of assembly lines	100.00	100.00	-
	LITE-ON MOBILE INDÚSTRIA E COMÉRCIO DE PLÁSTICOS LTDA.	Manufacture and sale of mobile phone modules and design of assembly lines	97.03	97.03	-
KBW-LEOTEK Jordan Private Shareholding Limited	LEOTEK, PSC	Production and manufacture of energy-saving lights	-	60.00	9)

(Concluded)

Remark:

- 1) The Company sold part of the shares in October and December 2023, and SKYLA CORPORATION issued new shares by transferring employees' compensation to capital in November 2023.

- 2) Merged with LITE-ON ELECTRONICS (GUANGZHOU) LIMITED in 2013 and was under the procedures of statutory merger.
 - 3) Merged with SILITEK ELEC. (GUANGZHOU) CO., LTD. in November 2020 and was under the procedures of statutory merger.
 - 4) Merged with LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD. in June 2023 and liquidated in November of the same year.
 - 5) Merged and dissolved with the Company in December 2023.
 - 6) Liquidated in March 2023.
 - 7) Liquidated in September 2023.
 - 8) Established in August 2023.
 - 9) Disposed in December 2023.
 - 10) Originally held by Lite-On Capital Corporation, which merged and dissolved with the Company in December 2023, with its shares absorbed into the Company.
 - 11) Established in December 2023.
 - 12) Liquidated in December 2023.
- b. Subsidiaries excluded from consolidated financial statements: None.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates

	<u>December 31</u>	
	2023	2022
Associates that are not individually material	<u>\$ 1,723,785</u>	<u>\$ 1,888,176</u>

Aggregate Information of Associates That Are Not Individually Material

	<u>For the Year Ended December 31</u>	
	2023	2022
The Group's share of:		
Profit (loss) for the year	\$ 729	\$ (6,109)
Other comprehensive income (loss) for the year	<u>(24,179)</u>	<u>67,947</u>
Total comprehensive income for the year	<u>\$ (23,450)</u>	<u>\$ 61,838</u>

Fair values (Level 1) of investments in associates with available published price quotations are summarized as follows:

	<u>December 31</u>	
Name of Associate	2023	2022
Silitech Technology Corporation	<u>\$ 446,643</u>	<u>\$ 387,520</u>

15. PROPERTY, PLANT AND EQUIPMENT, NET

	Freehold Land	Buildings	Machinery Equipment	Tooling Equipment	Transportation Equipment	Office Equipment	Other Equipment	Total
Cost								
January 1, 2023	\$ 2,813,770	\$ 20,167,085	\$ 27,758,644	\$ 1,453,895	\$ 34,193	\$ 2,168,793	\$ 5,316,436	\$ 59,712,816
Additions	-	100,181	917,886	34,983	1,747	72,535	2,201,527	3,328,859
Disposals	-	(126,711)	(1,400,806)	(71,126)	(3,038)	(104,237)	(155,311)	(1,861,229)
Disposal of subsidiary	-	-	(7,199)	-	-	-	(16,206)	(23,405)
Reclassification	-	194,363	375,975	1,893	2,974	12,657	(608,277)	(20,415)
Effect of foreign currency exchange differences	230	(229,289)	(429,451)	(13,464)	1	(15,986)	(49,047)	(737,006)
December 31, 2023	<u>\$ 2,814,000</u>	<u>\$ 20,105,629</u>	<u>\$ 27,215,049</u>	<u>\$ 1,406,181</u>	<u>\$ 35,877</u>	<u>\$ 2,133,762</u>	<u>\$ 6,689,122</u>	<u>\$ 60,399,620</u>
Accumulated depreciation								
January 1, 2023	\$ -	\$ 11,161,407	\$ 22,713,881	\$ 1,304,557	\$ 27,052	\$ 1,875,544	\$ 3,050,263	\$ 40,132,704
Additions	-	834,174	2,268,444	86,577	3,795	171,917	284,354	3,649,261
Disposals	-	(110,131)	(1,213,824)	(70,722)	(3,038)	(103,062)	(127,884)	(1,628,661)
Disposal of subsidiary	-	-	(7,199)	-	-	-	(16,206)	(23,405)
Reclassification	-	(59)	(5,767)	-	2,505	3,262	-	(59)
Effect of foreign currency exchange differences	-	(168,696)	(392,404)	(12,307)	(247)	(15,137)	(33,295)	(622,086)
December 31, 2023	<u>\$ -</u>	<u>\$ 11,716,695</u>	<u>\$ 23,363,131</u>	<u>\$ 1,308,105</u>	<u>\$ 30,067</u>	<u>\$ 1,932,524</u>	<u>\$ 3,157,232</u>	<u>\$ 41,507,754</u>
Accumulated impairment								
January 1, 2023	\$ -	\$ 11,780	\$ 391,008	\$ 5,551	\$ 45	\$ 2,548	\$ 90,502	\$ 501,434
Additions	-	178,488	24,562	-	62	118	7,907	211,137
Disposals	-	(2,566)	(186,982)	(403)	-	(44)	(18,830)	(208,825)
Effect of foreign currency exchange differences	-	(2,523)	(3,941)	(102)	(1)	(47)	2,267	(4,347)
December 31, 2023	<u>\$ -</u>	<u>\$ 185,179</u>	<u>\$ 224,647</u>	<u>\$ 5,046</u>	<u>\$ 106</u>	<u>\$ 2,575</u>	<u>\$ 81,846</u>	<u>\$ 499,399</u>
December 31, 2023, net	<u>\$ 2,814,000</u>	<u>\$ 8,203,755</u>	<u>\$ 3,627,271</u>	<u>\$ 93,030</u>	<u>\$ 5,704</u>	<u>\$ 198,663</u>	<u>\$ 3,450,044</u>	<u>\$ 18,392,467</u>
Cost								
January 1, 2022	\$ 2,809,918	\$ 19,546,951	\$ 25,863,863	\$ 1,392,282	\$ 34,802	\$ 2,069,654	\$ 4,765,970	\$ 56,483,440
Additions	-	236,227	1,651,359	96,441	4,345	108,128	1,620,978	3,717,478
Disposals	-	(154,750)	(1,154,677)	(61,964)	(8,420)	(95,080)	(179,492)	(1,654,383)
Reclassification	-	187,479	776,796	13,603	2,272	29,385	(1,015,975)	(6,440)
Effect of foreign currency exchange differences	3,852	351,178	621,303	13,533	1,194	56,706	124,955	1,172,721
December 31, 2022	<u>\$ 2,813,770</u>	<u>\$ 20,167,085</u>	<u>\$ 27,758,644</u>	<u>\$ 1,453,895</u>	<u>\$ 34,193</u>	<u>\$ 2,168,793</u>	<u>\$ 5,316,436</u>	<u>\$ 59,712,816</u>
Accumulated depreciation								
January 1, 2022	\$ -	\$ 10,230,712	\$ 20,894,077	\$ 1,267,984	\$ 27,919	\$ 1,739,836	\$ 2,877,441	\$ 37,037,969
Additions	-	889,393	2,425,887	86,394	4,490	184,348	275,967	3,866,479
Disposals	-	(151,891)	(1,079,169)	(61,742)	(6,298)	(89,231)	(167,039)	(1,555,370)
Reclassification	-	-	53	-	40	(53)	(40)	-
Effect of foreign currency exchange differences	-	193,193	473,033	11,921	901	40,644	63,934	783,626
December 31, 2022	<u>\$ -</u>	<u>\$ 11,161,407</u>	<u>\$ 22,713,881</u>	<u>\$ 1,304,557</u>	<u>\$ 27,052</u>	<u>\$ 1,875,544</u>	<u>\$ 3,050,263</u>	<u>\$ 40,132,704</u>
Accumulated impairment								
January 1, 2022	\$ -	\$ 12,956	\$ 445,347	\$ 5,690	\$ 44	\$ 2,528	\$ 89,319	\$ 555,884
Additions	-	-	1,810	-	-	-	194	2,004
Disposals	-	(1,396)	(65,688)	(222)	-	(18)	(5,875)	(73,199)
Effect of foreign currency exchange differences	-	220	9,539	83	1	38	6,864	16,745
December 31, 2022	<u>\$ -</u>	<u>\$ 11,780</u>	<u>\$ 391,008</u>	<u>\$ 5,551</u>	<u>\$ 45</u>	<u>\$ 2,548</u>	<u>\$ 90,502</u>	<u>\$ 501,434</u>
December 31, 2022, net	<u>\$ 2,813,770</u>	<u>\$ 8,993,898</u>	<u>\$ 4,653,755</u>	<u>\$ 143,787</u>	<u>\$ 7,096</u>	<u>\$ 290,701</u>	<u>\$ 2,175,671</u>	<u>\$ 19,078,678</u>

Due to the decline in the estimated future cash inflows generated by some of the buildings, machinery equipment, transportation equipment, office equipment and other equipment, 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 \$211,137 thousand and \$2,004 thousand for the years ended December 31, 2023 and 2022, respectively. The impairment losses were recognized in other gains and losses 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 values used in determining the recoverable amounts were categorized as Level 3 measurements and were measured using the market value method. The key assumption included the estimated disposal values.

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

Buildings	3-55 years
Machinery equipment	2-10 years
Tooling equipment	2-6 years
Transportation equipment	3-10 years
Office equipment	2-20 years
Other equipment	2-30 years

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	For the Year Ended December 31	
	2023	2022
<u>Carrying amount</u>		
Land (including right to use land)	\$ 762,456	\$ 774,262
Buildings	1,071,328	791,650
Machinery	37,128	63,511
Transportation equipment	20,363	12,692
Other equipment	<u>3,799</u>	<u>6,879</u>
	<u>\$ 1,895,074</u>	<u>\$ 1,648,994</u>
	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ 845,545</u>	<u>\$ 341,232</u>
Depreciation charge for right-of-use assets		
Land (including right to use land)	\$ 32,478	\$ 30,491
Buildings	436,942	391,225
Machinery	27,279	28,891
Transportation equipment	8,769	8,098
Other equipment	<u>3,030</u>	<u>4,529</u>
	<u>\$ 508,498</u>	<u>\$ 463,234</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant impairment of right-of-use assets for the years ended December 31, 2023 and 2022.

b. Lease liabilities

	December 31	
	2023	2022
<u>Carrying amounts</u>		
Current	<u>\$ 358,238</u>	<u>\$ 359,221</u>
Non-current	<u>\$ 941,263</u>	<u>\$ 691,734</u>

Range of discount rate for lease liabilities was as follows:

	For the Year Ended December 31	
	2023	2022
Land (including right to use land)	1.00%-4.30%	1.00%-4.30%
Buildings	1.00%-8.25%	1.00%-9.20%
Machinery	1.67%-3.30%	1.10%-3.54%
Transportation equipment	1.00%-4.08%	1.00%-4.08%
Other equipment	1.00%-3.35%	1.00%-3.35%

c. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	\$ 79,530	\$ 121,879
Expenses relating to low-value asset leases	\$ 12,099	\$ 12,150
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 140,221	\$ 154,723
Total cash outflow for leases	\$ 769,331	\$ 758,958

17. INVESTMENT PROPERTIES, NET

	Completed Investment Properties
<u>Cost</u>	
Balance at January 1, 2023	\$ 1,453,392
Transfers from property, plant and equipment	142
Effects of foreign currency exchange differences	<u>(31,439)</u>
Balance at December 31, 2023	\$ <u>1,422,095</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2023	\$ 216,749
Depreciation expenses	29,239
Transfers from property, plant and equipment	59
Effects of foreign currency exchange differences	<u>(5,530)</u>
Balance at December 31, 2023	\$ <u>240,517</u>
Carrying amounts at December 31, 2023	\$ <u>1,181,578</u>
<u>Cost</u>	
Balance at January 1, 2022	\$ 1,430,106
Effects of foreign currency exchange differences	<u>23,286</u>
Balance at December 31, 2022	\$ <u>1,453,392</u>

(Continued)

**Completed
Investment
Properties**

Accumulated depreciation

Balance at January 1, 2022	\$ 183,641
Depreciation expenses	30,590
Effects of foreign currency exchange differences	<u>2,518</u>
Balance at December 31, 2022	<u>\$ 216,749</u>
Carrying amounts at December 31, 2022	<u>\$ 1,236,643</u> (Concluded)

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

Buildings 15-50 years

Investment properties were not valued by any independent valuer, the Group's management used the valuation model that market participants would use in determining the fair value, and the fair value was measured using Level 3 inputs. The valuation was arrived at by reference to market evidence of transaction prices for similar properties. The fair values as appraised were as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Fair value	<u>\$ 1,337,842</u>	<u>\$ 1,387,427</u>

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

18. INTANGIBLE ASSETS, NET

	Goodwill	Patents	Patents Use Rights	Client Relationships	Software	Other Intangible Assets	Total
<u>Cost</u>							
January 1, 2023	\$ 15,040,431	\$ 92,605	\$ 2,695,878	\$ 163,819	\$ 1,700,997	\$ 1,254,131	\$ 20,947,861
Additions	-	991	500	-	101,104	2,949	105,544
Disposals	-	-	-	-	(61,871)	(21,881)	(83,752)
Reclassification	-	-	-	-	20,357	(84)	20,273
Effect of foreign currency exchange differences	<u>-</u>	<u>(13)</u>	<u>-</u>	<u>-</u>	<u>(3,738)</u>	<u>(1,551)</u>	<u>(5,302)</u>
December 31, 2023	<u>\$ 15,040,431</u>	<u>\$ 93,583</u>	<u>\$ 2,696,378</u>	<u>\$ 163,819</u>	<u>\$ 1,756,849</u>	<u>\$ 1,233,564</u>	<u>\$ 20,984,624</u>
<u>Accumulated amortization</u>							
January 1, 2023	\$ 77,234	\$ 60,174	\$ 2,695,878	\$ 163,819	\$ 1,471,806	\$ 1,237,661	\$ 5,706,572
Additions	-	13,976	75	-	145,127	9,619	168,797
Disposals	-	-	-	-	(61,636)	(21,881)	(83,517)
Reclassification	-	-	-	-	84	(84)	-
Effect of foreign currency exchange differences	<u>-</u>	<u>(5)</u>	<u>-</u>	<u>-</u>	<u>(2,979)</u>	<u>(1,601)</u>	<u>(4,585)</u>
December 31, 2023	<u>\$ 77,234</u>	<u>\$ 74,145</u>	<u>\$ 2,695,953</u>	<u>\$ 163,819</u>	<u>\$ 1,552,402</u>	<u>\$ 1,223,714</u>	<u>\$ 5,787,267</u>

(Continued)

	Goodwill	Patents	Patents Use Rights	Client Relationships	Software	Other Intangible Assets	Total
Accumulated impairment							
January 1, 2023	\$ 11,538,064	\$ -	\$ -	\$ -	\$ 10,704	\$ -	\$ 11,548,768
Additions	811,312	-	-	-	-	-	811,312
Disposals	-	-	-	-	(235)	-	(235)
Effect of foreign currency exchange differences	-	-	-	-	(13)	-	(13)
December 31, 2023	<u>\$ 12,349,376</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,456</u>	<u>\$ -</u>	<u>\$ 12,359,832</u>
December 31, 2023, net	<u>\$ 2,613,821</u>	<u>\$ 19,438</u>	<u>\$ 425</u>	<u>\$ -</u>	<u>\$ 193,991</u>	<u>\$ 9,850</u>	<u>\$ 2,837,525</u>
Cost							
January 1, 2022	\$ 15,040,431	\$ 70,399	\$ 2,695,878	\$ 163,819	\$ 1,575,909	\$ 1,313,432	\$ 20,859,868
Additions	-	22,186	-	-	136,749	6,241	165,176
Disposals	-	-	-	-	(21,841)	(69,731)	(91,572)
Reclassification	-	-	-	-	6,740	(300)	6,440
Effect of foreign currency exchange differences	-	20	-	-	3,440	4,489	7,949
December 31, 2022	<u>\$ 15,040,431</u>	<u>\$ 92,605</u>	<u>\$ 2,695,878</u>	<u>\$ 163,819</u>	<u>\$ 1,700,997</u>	<u>\$ 1,254,131</u>	<u>\$ 20,947,861</u>
Accumulated amortization							
January 1, 2022	\$ 77,234	\$ 53,225	\$ 2,695,878	\$ 163,819	\$ 1,349,284	\$ 1,295,613	\$ 5,635,053
Additions	-	6,949	-	-	138,055	9,059	154,063
Disposals	-	-	-	-	(18,241)	(69,647)	(87,888)
Reclassification	-	-	-	-	300	(300)	-
Effect of foreign currency exchange differences	-	-	-	-	2,408	2,936	5,344
December 31, 2022	<u>\$ 77,234</u>	<u>\$ 60,174</u>	<u>\$ 2,695,878</u>	<u>\$ 163,819</u>	<u>\$ 1,471,806</u>	<u>\$ 1,237,661</u>	<u>\$ 5,706,572</u>
Accumulated impairment							
January 1, 2022	\$ 11,538,064	\$ -	\$ -	\$ -	\$ 11,075	\$ -	\$ 11,549,139
Disposals	-	-	-	-	(391)	-	(391)
Effect of foreign currency exchange differences	-	-	-	-	20	-	20
December 31, 2022	<u>\$ 11,538,064</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,704</u>	<u>\$ -</u>	<u>\$ 11,548,768</u>
December 31, 2022, net	<u>\$ 3,425,133</u>	<u>\$ 32,431</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 218,487</u>	<u>\$ 16,470</u>	<u>\$ 3,692,521</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	3-9 years
Patents use rights	5-12 years
Client relationships	4 years
Software	2-10 years
Other intangible assets	2-10 years

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

	December 31	
	2023	2022
The Company	\$ 2,558,278	\$ 3,369,590
Others	<u>55,543</u>	<u>55,543</u>
	<u>\$ 2,613,821</u>	<u>\$ 3,425,133</u>

- 1) 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 of the Group 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.
- 2) The Group observed the current status and future development direction of the global information optical disk player industry in the fourth quarter 2023 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 \$811,312 thousand, and the discount rate used to assess the value in use was 13.04%. The impairment losses were recognized in other gains and losses in the consolidated statement of comprehensive income.
- 3) 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 rates used were 13.04% and 11.82% as of December 31, 2023 and 2022, respectively and reflected specific risks relating to the relevant cash-generating units.

19. OTHER ASSETS

	December 31	
	2023	2022
Prepayments	\$ 1,515,633	\$ 2,125,691
Offsets against business tax payable	443,375	277,253
Others	<u>253,948</u>	<u>242,264</u>
	<u>\$ 2,212,956</u>	<u>\$ 2,645,208</u>
Current	\$ 2,106,448	\$ 2,537,757
Non-current	<u>106,508</u>	<u>107,451</u>
	<u>\$ 2,212,956</u>	<u>\$ 2,645,208</u>

20. BORROWINGS

- a. Short-term borrowings

	December 31	
	2023	2022
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>\$ 22,493,450</u>	<u>\$ 32,628,984</u>

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

	December 31	
	2023	2022
Short-term borrowings	1.58%-6.62%	1.20%-5.40%

b. Long-term borrowings

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>

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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Line of credit borrowings	1.61%	1.49%

21. PROVISIONS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Warranties	<u>\$ 1,011,515</u>	<u>\$ 1,125,550</u>
Balance at January 1	\$ 1,125,550	\$ 1,152,812
Recognition of provisions	81,403	135,787
Usage	(153,910)	(173,364)
Disposal of subsidiary	(39,287)	-
Effect of foreign currency exchange differences	<u>(2,241)</u>	<u>10,315</u>
Balance at December 31	<u>\$ 1,011,515</u>	<u>\$ 1,125,550</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 the entry of new materials, altered manufacturing processes or other events affecting product quality.

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company and its subsidiaries - Philips & Lite-On Digital Solutions Corporation, Lite-On Integrated Services Inc., SKYLA CORPORATION and LEOTEK 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 Company and its subsidiaries - Philips & Lite-On Digital Solutions Corporation, SKYLA CORPORATION and LEOTEK CORPORATION adopted the defined benefit plan under the Labor Standards Act, 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. PLDS Germany GmbH, the company's subsidiary, in accordance with local laws and regulations, calculates the pension payable for employees who participate in the pension plan according to their length of service and resignation or retirement wages when requirements was met.

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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Present value of defined benefit obligation	\$ 788,971	\$ 863,450
Fair value of plan assets	<u>(952,464)</u>	<u>(970,782)</u>
Net defined benefit assets	<u>\$ (163,493)</u>	<u>\$ (107,332)</u>

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2022	<u>\$ 918,000</u>	<u>\$ (955,932)</u>	<u>\$ (37,932)</u>
Service cost	2,165	-	2,165
Net interest expense (income)	<u>4,961</u>	<u>(4,728)</u>	<u>233</u>
Recognized in loss (profit)	<u>7,126</u>	<u>(4,728)</u>	<u>2,398</u>
Remeasurement			
Return on plan assets	-	(78,915)	(78,915)
Actuarial loss - changes in financial assumptions	(58,570)	-	(58,570)
Actuarial loss - experience adjustments	<u>28,650</u>	<u>-</u>	<u>28,650</u>
Recognized in other comprehensive income	<u>(29,920)</u>	<u>(78,915)</u>	<u>(108,835)</u>
Contributions from the employer	-	(12,728)	(12,728)
Benefits paid	(87,888)	86,800	(1,088)
Effect of foreign currency exchange differences	(32)	(32)	(64)
Reclassification	<u>56,164</u>	<u>(5,247)</u>	<u>50,917</u>
Balance at December 31, 2022	<u>\$ 863,450</u>	<u>\$ (970,782)</u>	<u>\$ (107,332)</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2023	<u>\$ 863,450</u>	<u>\$ (970,782)</u>	<u>\$ (107,332)</u>
Service cost	2,115	-	2,115
Net interest expense (income)	<u>10,607</u>	<u>(11,000)</u>	<u>(393)</u>
Recognized in loss (profit)	<u>12,722</u>	<u>(11,000)</u>	<u>1,722</u>
Remeasurement			
Return on plan assets	-	(9,539)	(9,539)
Actuarial loss - changes in financial assumptions	(4,929)	-	(4,929)
Actuarial loss - experience adjustments	<u>(27,548)</u>	<u>-</u>	<u>(27,548)</u>
Recognized in other comprehensive income	<u>(32,477)</u>	<u>(9,539)</u>	<u>(42,016)</u>
Contributions from the employer	-	(14,804)	(14,804)
Benefits paid	(56,312)	53,793	(2,519)
Effect of foreign currency exchange differences	<u>1,588</u>	<u>(132)</u>	<u>1,456</u>
Balance at December 31, 2023	<u>\$ 788,971</u>	<u>\$ (952,464)</u>	<u>\$ (163,493)</u> (Concluded)

Through the defined benefit plans under the Labor Standards Act, 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	
	2023	2022
Discount rate(s)	1.2%-4.1%	1.15%-3.6%
Expected rate(s) of salary increase	2%-3%	2%-3.25%

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

	December 31	
	2023	2022
Discount rate(s)		
0.25% increase	<u>\$ (13,493)</u>	<u>\$ (15,591)</u>
0.25% decrease	<u>\$ 13,924</u>	<u>\$ 16,081</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 11,974</u>	<u>\$ 13,961</u>
0.25% decrease	<u>\$ (11,702)</u>	<u>\$ (13,654)</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	
	2023	2022
The expected contributions to the plan for the next year	<u>\$ 14,079</u>	<u>\$ 12,771</u>
The average duration of the defined benefit obligation	1.1-17 years	1.3-18 years

23. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2023	2022
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>2,353,130</u>	<u>2,363,083</u>
Amount of shares issued	<u>\$ 23,531,300</u>	<u>\$ 23,630,830</u>

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

Of the total number of shares aforementioned, one hundred million shares are reserved to be issued as stock options, preferred shares with stock options or corporate bonds with stock options ready for exercise of options.

On May 20, 2022, the shareholders' meeting of the Company resolved to issue 18,700 thousand new stocks with employee restricted stock awards (RSAs) for employees. The aforementioned issuance of new shares was approved by the Financial Supervisory Commission on July 26, 2022. The Company's board of directors authorized the Chairman to determine the actual issuance dates. The Company's Chairman determined that November 15, 2022 and May 19, 2023 to be the record dates of the issuance of new shares and the actual numbers of shares issued are 12,216 thousand and 6,484 thousand, respectively. Refer to Note 28 for the information on RSAs.

For the year ended December 31, 2023, the Group withdrew the issued 859 thousand new stocks with RSAs for employees. Among the aforementioned withdrawals of issued new stocks RSAs for employees were cancelled. The capital reduction has been approved by the Financial Supervisory Commission, and the registration procedures have been completed. Refer to Note 28 for information on RSAs.

b. Capital surplus

	December 31	
	2023	2022
From business combinations	\$ 9,949,325	\$ 10,015,194
Conversion of bonds	7,413,059	7,462,138
Issuance of ordinary shares	3,617,377	3,442,029
Treasury share transactions	600,509	944,076
Changes in equity of associates	101,459	102,793
Changes in ownership interests in subsidiaries	175,579	86,927
The difference between the consideration and the carrying amount of the interests of subsidiaries during disposal or acquisition	76,246	30,549
Employee restricted shares	<u>800,526</u>	<u>622,447</u>
	<u>\$ 22,734,080</u>	<u>\$ 22,706,153</u>

The premium from shares issued in excess of par (including share premium from issuance of ordinary shares, conversion of bonds, business combinations, treasury share transactions and difference between the consideration and the carrying amount of the interests of subsidiaries during disposal or acquisition) 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 paid-in capital).

The capital surplus arising from change in ownership interests of subsidiaries, changes in equities of associates and joint ventures accounted for by the equity method may only be used to offset a deficit. And the capital surplus arising from issuing the restricted stocks may not be used for any purpose.

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the Articles, the Company may distribute 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 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. Where such legal reserve amounts reach the total paid-in capital, this provision shall not apply. If the Company distributes surplus earnings in the form of cash, it shall be approved by the board of directors in their meeting; if such surplus earnings are distributed in the form of new shares to be issued, they shall be approved by shareholders in their meetings 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 preceding surplus earning, legal reserve and capital reserve in the form of cash, such distribution is authorized by a special resolution of the board of directors; and in addition to 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 meetings according to the regulations. For the policies on distribution of compensation of employees and remuneration of directors before and after amendment, refer to Note 25(e) on compensation of employees and remuneration of directors.

In consideration of business development plan, investing environment, demand for funds, global competitiveness and the shareholders' interest, the Dividend Policy of the Company is the distribution to shareholders with the appropriation of the amount which shall be no less than 70% of the balance amount after income tax, contribution of legal reserve and contribution or reversal of special earnings reserve as required by laws, under the circumstance that there is no cumulated loss in prior years. The distribution may be executed in cash dividend and/or share dividend, and the cash dividend shall be no less than 90% of the total distributed dividends. The dividend distribution ratio in the preceding paragraph could be adjusted taking into consideration finance, business and operations, etc.

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 reserve 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.

Additional special reserve should be appropriated for an amount equal to the net debit balance of other equity items. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and is thereafter distributed.

The Company appropriated earnings to a special reserve for the difference between the market price and carrying amount of the Company's shares held by subsidiaries proportional to its holding of those subsidiaries. The special reserve appropriated may be reversed to the extent that the market price reverses.

The appropriations of the earnings in 2022 and 2021, which were resolved by the Company's board of directors, were as follows:

	Fourth Quarter of 2022	Second Quarter of 2022
Board of directors in its meeting	February 21, 2023	July 28, 2022
Legal reserve	<u>\$ 815,530</u>	<u>\$ 606,379</u>
Special reserve	<u>\$ (594,349)</u>	<u>\$ (2,842,437)</u>
Cash dividends	<u>\$ 6,966,279</u>	<u>\$ 3,465,608</u>
Cash dividends per share (NT\$)	\$ 3.0	\$ 1.5
	Fourth Quarter of 2021	Second Quarter of 2021
Board of directors in its meeting	February 24, 2022	July 29, 2021
Legal reserve	<u>\$ 560,591</u>	<u>\$ 829,247</u>
Special reserve	<u>\$ 116,770</u>	<u>\$ 117,525</u>
Cash dividends	<u>\$ 5,776,013</u>	<u>\$ 4,700,810</u>
Cash dividends per share (NT\$)	\$ 2.5	\$ 2.0

The above-mentioned cash dividends had been resolved by the Company's board of directors; the other proposed appropriations had been resolved by the shareholders in their meetings on May 17, 2023 and May 20, 2022.

The appropriations of the earnings in 2023, which were resolved by the Company's board of directors, were as follows:

	Fourth Quarter of 2023	Second Quarter of 2023
Board of directors in its meeting	February 26, 2024	July 28, 2023
Legal reserve	<u>\$ 794,416</u>	<u>\$ 662,121</u>
Special reserve	<u>\$ 413,174</u>	<u>\$ 288,124</u>
Cash dividends	<u>\$ 5,782,825</u>	<u>\$ 4,656,704</u>
Cash dividends per share (NT\$)	\$ 2.5	\$ 2.0

The above-mentioned 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 on May 27, 2024.

d. Other equity items

Movements in other equity items were as follows:

	For the Year Ended December 31, 2023			
	Foreign Currency Translation Reserve	Unrealized Loss from Financial Assets at FVTOCI	Unearned Employees' Compensation	Total
Balance at January 1	\$ (2,315,737)	\$ (304,465)	\$ (623,682)	\$ (3,243,884)
Exchange differences on translation of foreign operations	(998,390)	-	-	(998,390)
Unrealized gain on equity instruments designated as at FVTOCI	-	77,852	-	77,852
Share of associates accounted for using the equity method	(19,856)	(2,501)	-	(22,357)
Disposal of interests in associates accounted for using the equity method and subsidiaries	122,895	-	-	122,895
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	-	(67,362)	-	(67,362)
Grant of employee restricted stocks of current period	-	-	(424,802)	(424,802)
Recognition of share-based payment	-	-	547,232	547,232
Adjustment of employee turnover rates	-	-	(8,782)	(8,782)
Income tax effect	<u>186,064</u>	<u>-</u>	<u>-</u>	<u>186,064</u>
Balance at December 31	<u>\$ (3,025,024)</u>	<u>\$ (296,476)</u>	<u>\$ (510,034)</u>	<u>\$ (3,831,534)</u>

For the Year Ended December 31, 2022

	Foreign Currency Translation Reserve	Unrealized Loss from Financial Assets at FVTOCI	Unearned Employees' Compensation	Total
Balance at January 1	\$ (5,820,080)	\$ (236,908)	\$ -	\$ (6,056,988)
Exchange differences on translation of foreign operations	4,278,561	-	-	4,278,561
Unrealized loss on equity instruments designated as at FVTOCI	-	(67,434)	-	(67,434)
Share of subsidiaries and associates accounted for using the equity method	68,988	(123)	-	68,865
Disposal of share of associates accounted for using the equity method	6,490	-	-	6,490
Grant of employee restricted stocks of current period	-	-	(744,607)	(744,607)
Recognition of share-based payment	-	-	120,925	120,925
Income tax effect	<u>(849,696)</u>	<u>-</u>	<u>-</u>	<u>(849,696)</u>
Balance at December 31	<u>\$ (2,315,737)</u>	<u>\$ (304,465)</u>	<u>\$ (623,682)</u>	<u>\$ (3,243,884)</u>

e. Non-controlling interests

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 631,122	\$ 532,459
Attributable to non-controlling interests:		
Share of profit for the year	28,171	36,387
Exchange difference on translation foreign entities	15,967	60,195
Remeasurement on defined benefit plans	1,353	8,565
Income tax relating to other comprehensive income (loss)	(383)	(2,575)
Disposal of interests in subsidiaries	(3,151)	-
Disposal of partial interests in subsidiaries	45,229	-
Changes in interests in subsidiaries	6,700	-
Decrease in non-controlling interests	<u>(38,192)</u>	<u>(3,909)</u>
Balance at December 31	<u>\$ 686,816</u>	<u>\$ 631,122</u>

f. Treasury shares

Unit: In Thousands of Shares

Purpose of Buyback	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, 2023</u>				
Shares held by its subsidiaries	22,120	-	(15,116)	7,004
Buyback of dissenting shareholders' shares in accordance with the Business Mergers and Acquisitions Act	462	-	(462)	-
Shares transferred to employees	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>40,000</u>
	<u>62,582</u>	<u>-</u>	<u>(15,578)</u>	<u>47,004</u>
<u>For the year ended December 31, 2022</u>				
Shares held by its subsidiaries	26,841	-	(4,721)	22,120
Buyback of dissenting shareholders' shares in accordance with the Business Mergers and Acquisitions Act	462	-	-	462
Shares transferred to employees	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>40,000</u>
	<u>67,303</u>	<u>-</u>	<u>(4,721)</u>	<u>62,582</u>

The 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, 2023</u>			
TITANIC CAPITAL SERVICES LTD.	7,004	<u>\$ 297,496</u>	<u>\$ 819,494</u>
<u>December 31, 2022</u>			
Lite-On Capital Corporation	15,116	\$ 718,857	\$ 964,392
TITANIC CAPITAL SERVICES LTD.	7,004	<u>297,469</u>	<u>446,869</u>
		<u>\$ 1,016,326</u>	<u>\$ 1,411,261</u>

In September 2022, YET FOUNDATE LIMITED and LITE-ON ELECTRONICS COMPANY LIMITED sold 2,271 thousand shares and 2,450 thousand shares of the Company in amounts of \$153,879 thousand and \$166,532 thousand, respectively.

On February 21, 2023, the Company's board of directors held a meeting and approved to cancel 462 thousand treasury stocks. The aforementioned cancellation of treasury stocks was approved by the Financial Supervisory Commission, and the registration procedures were completed.

Lite-On Capital Corporation was extinguished after the merger with the Company on December 1, 2023. The 15,116 thousand shares of the Company held by were cancelled, and the registration of capital reduction was completed.

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

24. REVENUE

	<u>For the Year Ended December 31</u>	
	2023	2022
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 148,222,074	\$ 173,334,858
Rental income from property	<u>111,381</u>	<u>121,358</u>
	<u>\$ 148,333,455</u>	<u>\$ 173,456,216</u>

a. Contract balances

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>January 1,</u> <u>2022</u>
Trade receivables (Note 11)	<u>\$ 31,586,425</u>	<u>\$ 38,127,682</u>	<u>\$ 41,245,921</u>
Contract assets - current			
Sale of goods	<u>\$ 196,129</u>	<u>\$ 484,791</u>	<u>\$ 654,423</u>
Contract liabilities - current			
Sale of goods	<u>\$ 69,807</u>	<u>\$ 79,782</u>	<u>\$ 98</u>

The Group measures the loss allowance for contract assets at an amount equal to lifetime ECLs. The expected credit loss during the lifetime ECLs is calculated by taking into account the past default experience of the customer, the customer's current financial position, possible recoverable amounts, and the forward-looking factors.

	<u>December 31</u>	
	2023	2022
Gross carrying amount	\$ 209,538	\$ 1,321,763
Allowance for impairment loss (lifetime ECLs)	<u>(13,409)</u>	<u>(836,972)</u>
	<u>\$ 196,129</u>	<u>\$ 484,791</u>

The movements of the loss allowance of contract assets were as follows:

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 836,972	\$ 984,873
Less: Net remeasurement of loss allowance	(160,495)	(1,110)
Less: Transfer to loss allowance of trade receivables	(228,235)	(252,887)
Less: The impacts on the disposal of subsidiaries	(438,973)	-
Foreign exchanges gains and losses	<u>4,140</u>	<u>106,096</u>
Balance at December 31	<u>\$ 13,409</u>	<u>\$ 836,972</u>

Revenue in the years of 2023 and 2022 that were recognized from the contract liability balance at the beginning of year were \$79,782 thousand and \$98 thousand, respectively.

b. Disaggregation of revenue

Refer to Note 37 for segment revenue information.

25. NET PROFIT

	For the Year Ended December 31	
	2023	2022
a. Other gains and losses		
Net gain on financial assets at fair value through profit or loss	\$ 1,953,628	\$ 2,801,124
Net gain (loss) on foreign currency exchange	194,158	(1,895,211)
Net gain (loss) on disposal of property, plant and equipment	(18,264)	15,871
Loss on disposal of intangible assets	-	(84)
Loss on disposal of associates	(9,897)	(6,489)
Other losses	(643,092)	(318,954)
Impairment loss	<u>(1,022,449)</u>	<u>(2,004)</u>
	<u>\$ 454,084</u>	<u>\$ 594,253</u>
b. Finance costs		
Interest on borrowings	\$ 1,466,609	\$ 717,512
Interest on lease liabilities	<u>34,890</u>	<u>25,232</u>
	<u>\$ 1,501,499</u>	<u>\$ 742,744</u>
c. Depreciation and amortization		
Property, plant and equipment	\$ 3,649,261	\$ 3,866,479
Right-of-use assets	508,498	463,234
Intangible assets	168,797	154,063
Investment properties	<u>29,239</u>	<u>30,590</u>
	<u>\$ 4,355,795</u>	<u>\$ 4,514,366</u>

(Continued)

	For the Year Ended December 31	
	2023	2022
An analysis of depreciation by function		
Recognized in operating costs	\$ 2,902,870	\$ 3,190,840
Recognized in operating expenses	1,254,889	1,138,873
Recognized in non-operating expenses	<u>29,239</u>	<u>30,590</u>
	<u>\$ 4,186,998</u>	<u>\$ 4,360,303</u>
An analysis of amortization by function		
Recognized in operating costs	\$ 14,955	\$ 15,344
Recognized in operating expenses	<u>153,842</u>	<u>138,719</u>
	<u>\$ 168,797</u>	<u>\$ 154,063</u>
d. Employee benefit expenses		
Post-employment benefits		
Defined contribution plans	\$ 555,352	\$ 563,651
Defined benefit plans (Note 22)	<u>1,722</u>	<u>2,398</u>
	557,074	566,049
Share-based payment - equity-settled	547,232	120,925
Termination benefits	360,822	188,145
Other employee benefits	<u>19,986,504</u>	<u>21,591,441</u>
	<u>\$ 21,451,632</u>	<u>\$ 22,466,560</u>
Employee benefits expense summarized by function		
Recognized in operating costs	\$ 10,964,421	\$ 12,491,981
Recognized in operating expenses	<u>10,487,211</u>	<u>9,974,579</u>
	<u>\$ 21,451,632</u>	<u>\$ 22,466,560</u>
		(Concluded)
e. 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, compensation of employees, and remuneration of directors. The appropriations of compensation of employees and remuneration of directors for 2023 and 2022, which were approved by the Company's board of directors on February 26, 2024 and February 21, 2023, respectively, are as follows:

	For the Year Ended December 31			
	2023		2022	
	Cash	Shares	Cash	Shares
Compensation of employees	\$ 1,983,061	\$ -	\$ 1,925,953	\$ -
Remuneration of directors	202,532	-	196,699	-

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 approved 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, 2022 and 2021.

Information on the compensation of employees 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.

26. 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	
	2023	2022
Current income tax expense		
In respect of the current year	\$ 3,874,681	\$ 3,171,637
Adjustments for prior year	<u>(76,871)</u>	<u>(429,381)</u>
	<u>3,797,810</u>	<u>2,742,256</u>
Deferred income tax expense		
The recognition and reversal of temporary differences	<u>(30,818)</u>	<u>916,130</u>
Income tax expense recognized in profit or loss	<u>\$ 3,766,992</u>	<u>\$ 3,658,386</u>

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

	For the Year Ended December 31	
	2023	2022
Income before Income tax	<u>\$ 18,365,779</u>	<u>\$ 17,845,789</u>
Income tax expense calculated at the statutory rate	\$ 3,764,985	\$ 3,658,387
Deductible (nondeductible) items in determining taxable income	109,696	(486,750)
The recognition and reversal of temporary differences	(30,818)	916,130
Adjustments for prior year	<u>(76,871)</u>	<u>(429,381)</u>
Income tax expense recognized in profit or loss	<u>\$ 3,766,992</u>	<u>\$ 3,658,386</u>

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

	For the Year Ended December 31	
	2023	2022
<u>Deferred tax</u>		
Income tax recognized in other comprehensive income		
Translation of foreign operations	\$ (187,839)	\$ 847,666
Remeasurement on defined benefit plans	8,624	23,458
Share of other comprehensive income (loss) of associates accounted for using the equity method	<u>1,775</u>	<u>2,030</u>
	<u>\$ (177,440)</u>	<u>\$ 873,154</u>

c. Deferred income tax

The movements of deferred tax assets were as follows:

	Opening Balance	Recognized in Profit (Loss)	Recognized in Other Comprehensive Income (Loss)	Exchange Differences	Closing Balance
For the year ended					
<u>December 31, 2023</u>					
Temporary differences					
Investment accounted for using the equity method	\$ 727,751	\$ (10,999)	\$ 186,064	\$ -	\$ 902,816
Impairment loss on assets	819,251	(256,870)	-	-	562,381
Operating loss carryforward	175,528	(11,237)	-	(189)	164,102
Accrued warranty expense	210,757	(51,327)	-	(586)	158,844
Unrealized loss on inventories	468,622	(85,164)	-	(3,707)	379,751
Unrealized loss and expense	4,519	38	-	(92)	4,465
Net defined benefit liability	62,823	756	(8,624)	-	54,955
Others	335,276	63,933	-	(1,616)	397,593
	<u>\$ 2,804,527</u>	<u>\$ (350,870)</u>	<u>\$ 177,440</u>	<u>\$ (6,190)</u>	<u>\$ 2,624,907</u>
For the year ended					
<u>December 31, 2022</u>					
Temporary differences					
Investment accounted for using the equity method	\$ 1,981,156	\$ (403,709)	\$ (849,696)	\$ -	\$ 727,751
Impairment loss on assets	1,186,078	(366,827)	-	-	819,251
Operating loss carryforward	175,181	437	-	(90)	175,528
Accrued warranty expense	208,154	1,208	-	1,395	210,757
Unrealized loss on inventories	352,884	108,354	-	7,384	468,622
Unrealized loss and expense	4,372	93	-	54	4,519
Net defined benefit liability	81,291	4,990	(23,458)	-	62,823
Others	255,160	69,322	-	10,794	335,276
	<u>\$ 4,244,276</u>	<u>\$ (586,132)</u>	<u>\$ (873,154)</u>	<u>\$ 19,537</u>	<u>\$ 2,804,527</u>

The movements of deferred tax liabilities were as follows:

	Opening Balance	Recognized in Loss (Profit)	Recognized in Other Comprehensive Loss (Income)	Exchange Differences	Closing Balance
For the year ended					
<u>December 31, 2023</u>					
Temporary differences					
Investment accounted for using the equity method	\$ 477,479	\$ (784)	\$ -	\$ -	\$ 476,695
Unrealized amortization of goodwill	673,918	(162,262)	-	-	511,656
Land value increment tax	270,843	-	-	-	270,843
Unrealized net exchange gains	216,783	137,860	-	(648)	353,995
Others	573,789	(356,502)	-	(2,068)	215,219
	<u>\$ 2,212,812</u>	<u>\$ (381,688)</u>	<u>\$ -</u>	<u>\$ (2,716)</u>	<u>\$ 1,828,408</u>
For the year ended					
<u>December 31, 2022</u>					
Temporary differences					
Investment accounted for using the equity method	\$ 691,109	\$ (213,630)	\$ -	\$ -	\$ 477,479
Unrealized amortization of goodwill	673,918	-	-	-	673,918
Land value increment tax	270,843	-	-	-	270,843
Unrealized net exchange gains	132,233	82,071	-	2,479	216,783
Others	110,560	461,557	-	1,672	573,789
	<u>\$ 1,878,663</u>	<u>\$ 329,998</u>	<u>\$ -</u>	<u>\$ 4,151</u>	<u>\$ 2,212,812</u>

d. Income tax assessments

The tax returns of the Company through 2020 have been assessed by the tax authorities.

e. Pillar two income tax legislation

In December 2023, the governments of Vietnam, Japan and the European Union, where subsidiaries are substantively enacted the Pillar Two income tax legislation effective from January 1, 2024 in Vietnam and the European Union, and effective from April 1, 2024 in Japan. Since the Pillar Two income tax legislation was not effective at the reporting date, the Group has no related current tax exposure.

Under the legislation, the Group will be required to pay, in Vietnam and the European Union, a top-up tax on the profits of its subsidiaries that are taxed at an effective tax rate of less than 15 percent. As of December 31, 2023, the Group assessed the amount of annual profits that may be affected by the legislation is not material. This information is based on the profits and tax expenses determined as part of the preparation of the Group's consolidated financial statements, considering that only the application of certain adjustments may have been required by the legislation, namely. Because not all adjustments that would have been required by the legislation were made, the actual impact of the Pillar Two income tax legislation on the Group's results had it been in effect for the year ending December 31, 2023 may be significantly different. The Group is continuously assessing the possible impact of Pillar two income tax legislation on the Group's financial performance,

27. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2023	2022
Basic earnings per share	<u>\$ 6.36</u>	<u>\$ 6.19</u>
Diluted earnings per share	<u>\$ 6.29</u>	<u>\$ 6.10</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

	For the Year Ended December 31	
	2023	2022
Net profit attributable to the Company	<u>\$ 14,570,616</u>	<u>\$ 14,151,016</u>

Weighted Average Number of Ordinary Shares Outstanding

Unit: In Thousands of Shares

	For the Year Ended December 31	
	2023	2022
Weighted average number of ordinary shares outstanding in computation of basic earnings per share	2,289,246	2,285,001
Effect of potentially dilutive ordinary shares:		
Compensation of employees	20,772	34,880
Employee restricted shares	<u>8,036</u>	<u>427</u>
Weighted average number of ordinary shares outstanding in computation of dilutive earnings per share	<u>2,318,054</u>	<u>2,320,308</u>

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

28. SHARE-BASED PAYMENT ARRANGEMENTS

Employee restricted stock awards - (RSAs)

The issuance of RSAs for 2022 (2022 RSAs) of no more than 18,700 thousand common shares has been approved by the Company's shareholders in their meeting held on May 20, 2022. The grants will be made free of charge. The Company's board of directors approved the issuance of RSAs of 12,216 thousand shares and 6,484 thousand shares on September 20, 2022 and April 27, 2023, respectively, and the Company's board of directors authorized the Chairman to determine that November 15, 2022, and May 19, 2023 to be the record date of the issuance of new shares, respectively.

a. Vesting conditions of the aforementioned arrangement are as follows:

- 1) If an employee, after having been granted a restricted stock award, who remains on the job on the vesting date, is determined by the Company as having not violated the employment contract, employee handbook, non-competition and non-disclosure agreement of the Company or any other agreement with the Company, and has fulfilled the individual performance goals and the Company's operational goals set by the Company, proportions of the vesting shares to be granted for such employee on the vesting date each year is as follows:
 - a) First anniversary of the grant: 30%.
 - b) Second anniversary of the grant: 30%.
 - c) Third anniversary of the grant: 40%.
- 2) Employee's year-end performance rating shall be PL3 rating (Note: PL3 represents "Meets Expectations") and above.
- 3) The Company's operational goals are either one of the follows:
 - a) The consolidated gross margin of the year (e.g., Year 1) prior to the end of the vesting period shall be equal to or higher than the consolidated gross margin of the previous year (e.g., Year 0), and the amount of consolidated operating profit (in Year 1) must increase by minimum 10% compared with that in the previous year (Year 0).
 - b) The consolidated gross margin and operating margin for the year prior to the end of the vesting period are equal to or higher than 20% and 10%, respectively.

b. Restrictions applicable prior to vesting:

- 1) Recipient shall have no right to sell, transfer (other than by laws of inheritance), pledge, mortgage, hypothecate, gift or otherwise dispose of the Shares prior to such Shares being fully vested.
- 2) Unvested Shares shall have the same rights to attend the Company's shareholders' meeting, submit proposals, or speak and vote at the meeting as those attached to other issued shares of the Company's common stock. However, the exercise of such rights shall be performed in accordance with the trust agreement.

- 3) Unvested Shares shall have the same rights to receive cash, stock dividends and distributions from capital reserve, as well as the same share subscription rights as those attached to other issued shares of the Company's common stock. However, with respect to unvested Shares, the Recipients shall have no right to withdraw the cash and stock dividends received on such Shares; such dividends shall be kept in trust in accordance with the trust agreement.

c. Failure to meet vesting conditions:

- 1) If either (i) the Recipient has ceased their employment as of the Vesting Date, (ii) the Recipient has violated any provisions of the employment contract, work rules, non-competition, non-disclosure and/or any other agreement entered into with the Company/Affiliate, (iii) the individual and/or company-level performance requirements have not been met; or (iv) the Recipient has, in violation of subparagraph 1, paragraph 8, Article 5 of "The Issuance Rules of 2022 Employee Restricted Stock Awards Plan", demanded modification, revocation, termination, suspension or cancellation of the authorization granted to the Company as related to the trust/custody account, the Company shall have the power to repurchase for no consideration and cancel any Shares that have not vested pursuant to this Article.
- 2) The Company shall also repurchase for no consideration and cancel any unvested Shares in the event of voluntary or involuntary termination of the Recipient's employment.

Details of granted RSAs are as follows:

	Number of Stocks (In Thousands)		
	For the Year Ended December 31, 2023		
	<u>Approval Date</u> September 20, 2022	<u>Approval Date</u> April 27, 2023	Total
Balance, beginning of period	12,216	-	12,216
Issuance of stocks	-	6,484	6,484
Withdrawal (expired amount) (Note)	(859)	-	(859)
Remove notation of restriction	<u>(3,427)</u>	<u>-</u>	<u>(3,427)</u>
Balance, end of period	<u>7,930</u>	<u>6,484</u>	<u>14,414</u>
Weighted-average fair value of RSAs granted (in dollars)	<u>\$ 67.73</u>	<u>\$ 72.80</u>	

The RSAs is measured at fair value at grant date using market value method. The fair value is based on the market value per share at grant date, minus the discounted value of dividends received derived from average dividend yield over the past three years.

Refer to Note 25 for the employee compensation costs of the RSAs recognized by the Company.

29. DISPOSAL OF SUBSIDIARIES

Since December 31, 2023, the Group has been assessed to have lost control over the financial and operational policies of its subsidiaries, KBW-LITEON Jordan Private Shareholding Limited, KBW-LEOTEK Jordan Private Shareholding Limited and LEOTEK, PSC (referred to as the "Jordan Subsidiaries").

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

	Jordan Subsidiaries
Current assets	
Cash and cash equivalents	\$ 288,796
Trade receivables and contract assets	685,213
Inventories	16,356
Other current assets	17,458
Non-current assets	
Refundable deposits	41,772
Other non-current assets	12,678
Current liabilities	
Accounts payable	(91,297)
Other payables	(218,022)
Other current liabilities	<u>(39,287)</u>
Net assets of disposal	<u>\$ 713,667</u>

b. Gain on disposal of subsidiaries

	Jordan Subsidiaries
Consideration received	\$ 777,300
Net assets of disposal	(713,667)
Non-controlling interests	3,151
The accumulated exchange difference between the net assets of the subsidiary and the reclassification of equity to profit or loss due to the loss of control of the subsidiaries	<u>(112,482)</u>
Loss on disposals	<u>\$ (45,698)</u>

30. 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.

31. FINANCIAL INSTRUMENTS

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.

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

For certain financial instruments that are not measured at fair value but measured at amortized cost - including notes receivable, trade receivables including related parties, other receivables including related parties, refundable deposits, financial assets at amortized costs, short-term borrowings, notes payable, trade payables including related parties, other payables including related parties, long-term borrowings 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.

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

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	\$ -	\$ 577,330	\$ -	\$ 577,330
Mutual funds	-	693,492	-	693,492
Domestic listed shares	10,393	-	-	10,393
Foreign convertible preferred stocks	-	-	289,952	289,952
	<u>\$ 10,393</u>	<u>\$ 1,270,822</u>	<u>\$ 289,952</u>	<u>\$ 1,571,167</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Foreign unlisted shares	\$ -	\$ -	\$ 1,229,674	\$ 1,229,674
Domestic listed shares	237,011	-	-	237,011
Domestic innovation board listed shares	-	418,392	-	418,392
Domestic unlisted shares	-	-	76,344	76,344
	<u>\$ 237,011</u>	<u>\$ 418,392</u>	<u>\$ 1,306,018</u>	<u>\$ 1,961,421</u>
Financial liabilities at FVTPL				
Derivative instruments	\$ -	\$ 376,452	\$ -	\$ 376,452

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	\$ -	\$ 2,799,938	\$ -	\$ 2,799,938
Mutual funds	-	597,647	-	597,647
Foreign listed shares	556,171	-	-	556,171
Domestic listed shares	10,045	-	-	10,045
Foreign convertible preferred stocks	-	-	298,805	298,805
	<u>\$ 566,216</u>	<u>\$ 3,397,585</u>	<u>\$ 298,805</u>	<u>\$ 4,262,606</u>

(Continued)

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Foreign unlisted shares	\$ -	\$ -	\$ 1,231,079	\$ 1,231,079
Domestic listed shares and emerging market shares	309,030	-	-	309,030
Domestic innovation board listed shares	-	421,780	-	421,780
Domestic unlisted shares	-	-	23,435	23,435
	<u>\$ 309,030</u>	<u>\$ 421,780</u>	<u>\$ 1,254,514</u>	<u>\$ 1,985,324</u>
Financial liabilities at FVTPL				
Derivative instruments	<u>\$ -</u>	<u>\$ 253,441</u>	<u>\$ -</u>	<u>\$ 253,441</u> (Concluded)

There were no transfers between Levels 1 and 2 for the years ended December 31, 2023 and 2022.

There were transfers between Levels 3 and 2 for the years ended December 31, 2022. The investment in an equity instrument held by the Group was originally an investment in foreign unlisted shares, classified as financial assets at fair value through other comprehensive income and evaluated by the market approach. This investee has become a Taiwan Innovation Board listed company since August 2022. Taiwan innovation board launched in the third quarter of 2021 by the Taiwan Stock Exchange Corporation, which has restrictions on the eligibility of traders. It is not always available to find buyers and sellers in the market, so it has no active-market-quoted price. As a result, the Group measured it at Level 2 fair value.

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

The financial assets measured at Level 3 fair value were financial assets at FVTPL and equity investments classified as financial assets at FVTOCI. Reconciliations for the years ended December 31, 2023 and 2022 were as follows:

	For the Year Ended December 31	
	2023	2022
Balance, beginning of period	\$ 1,553,319	\$ 1,826,985
Total gains or losses		
Recognized in profit or (loss)	(8,852)	7,383
Recognized in other comprehensive income or (loss)	4,395	144,281
Addition	47,108	42,485
Reclassified to Level 2	-	(467,815)
Balance, end of period	<u>\$ 1,595,970</u>	<u>\$ 1,553,319</u>

3) Valuation techniques and inputs applied for the purpose of 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 the reporting period 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 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	Obtain the financial information of underlying assets, evaluate its market value, analyze the amount to be adjusted, and consider minority interest and liquidity reduction.
Domestic innovation board listed shares	Obtain the market price of the investee's shares listed on Taiwan Innovation Board at the end of the reporting period and derive from analyzing other observable parameters.

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

Level 3 fair value is measured by using the asset-based approach and comparable company method of market approach. The asset-based approach assesses the fair value by calculating the value of net assets. The comparable company method of market approach is based on the profitability at the reporting period to select the market multiplier of comparable companies. The valuation method is chosen by the Group after deliberate assessment. Therefore, the fair value measurement is deemed to be reasonable. However, the adoption of different valuation models or fair value may lead to different valuation results.

c. Categories of financial instruments

	<u>December 31</u>	
	2023	2022
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 1,571,167	\$ 4,262,606
Financial assets at amortized costs (1)	128,404,226	132,199,472
Investment in equity instruments at FVTOCI	1,961,421	1,985,324
<u>Financial liabilities</u>		
FVTPL		
Held for trading	376,452	253,441
Amortized cost		
Short-term borrowings	22,493,450	32,628,984
Payables (2)	61,608,214	67,658,064
Long-term borrowings	3,000,000	3,000,000

- 1) The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, debt instruments measured at amortized cost, notes receivable, trade receivables, other receivables, other receivables from related parties and refundable deposits.
- 2) The balances included financial liabilities measured at amortized cost, which comprise 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 (comprising 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 from 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 35.

The Group required all its 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 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 number below indicates an increase in pre-tax profit due to a 5% weakening of the U.S. dollar against the New Taiwan dollar. For a 5% strengthening of the U.S. dollar against the New Taiwan dollars, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	USD Impact	
	For the Year Ended December 31	
	2023	2022
Profit or loss	<u>\$ 600,162</u>	<u>\$ 1,073,345</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	
	2023	2022
Fair value interest rate risk		
Financial assets (i)	\$ 58,368,515	\$ 56,984,806
Financial liabilities (ii)	23,792,951	31,679,939
Cash flow interest rate risk		
Financial assets (iii)	33,775,950	33,469,753
Financial liabilities (iv)	3,000,000	5,000,000

- i. The balances included time deposits and 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 and financial assets at amortized cost with floating interest rates.
- iv. The balance 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 liabilities 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, 2023 and 2022 would have increased by \$76,940 thousand and \$71,174 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, 2023 and 2022 would have increased by \$1,039 thousand and \$56,622 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, 2023 and 2022 would have increased by \$23,701 thousand and \$30,903 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 finance department to be measured and monitored. However, since the Group's counterparties are all reputable financial institutions and government agencies, there is no significant financial credit risk.

3) Liquidity risk

The objective of liquidity risk management is to maintain sufficient cash and cash equivalents for operating needs, 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, 2023

	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 liabilities	-	\$ 61,474,460	\$ 133,754	\$ -	\$ -
Lease liabilities	1.00%-8.25%	456,798	578,885	307,985	136,715
Floating interest rate liabilities	1.61%	48,300	3,044,992	-	-
Fixed interest rate liabilities	1.58%-6.62%	<u>22,605,697</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>\$ 84,585,255</u>	<u>\$ 3,757,631</u>	<u>\$ 307,985</u>	<u>\$ 136,715</u>

December 31, 2022

	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 liabilities	-	\$ 67,549,109	\$ 108,955	\$ -	\$ -
Lease liabilities	1.00%-9.20%	433,653	432,519	156,445	110,331
Floating interest rate liabilities	1.49%-1.65%	2,001,745	3,119,370	-	-
Fixed interest rate liabilities	1.20%-5.40%	<u>30,728,961</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>\$ 100,713,468</u>	<u>\$ 3,660,844</u>	<u>\$ 156,445</u>	<u>\$ 110,331</u>

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

December 31, 2023

	On Demand or Less than 1 Year	1-3 Years	Over 3 Years to 5 Years	5+ Years
Forward exchange contracts				
Inflows	\$ 32,737,158	\$ -	\$ -	\$ -
Outflows	<u>(32,019,852)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>717,306</u>	<u>-</u>	<u>-</u>	<u>-</u>
Currency swaps				
Inflows	2,581,350	-	-	-
Outflows	<u>(2,468,875)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>112,475</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 829,781</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2022

	On Demand or Less than 1 Year	1-3 Years	Over 3 Years to 5 Years	5+ Years
Forward exchange contracts				
Inflows	\$ 54,733,318	\$ -	\$ -	\$ -
Outflows	<u>(52,130,410)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>2,602,908</u>	<u>-</u>	<u>-</u>	<u>-</u>
Currency swaps				
Inflows	22,443,472	-	-	-
Outflows	<u>(22,432,400)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>11,072</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,613,980</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

32. 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 Parties</u>	<u>Relationships with the Group</u>
L&K Industries Philippines, Inc.	Associate (non-related party since December 2022)
Silitech Technology Corporation	Associate
DragonJet Corporation	Associate
Silport Technology Corp.	Related party in substance
Lite-On Cultural Foundation	Related party in substance
Danny Liao	Related party in substance
Ben Fu Company Ltd.	Related party in substance

b. Sales of goods

<u>Related Parties</u>	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Associate	\$ -	\$ 24,418
Related party in substance	<u>401</u>	<u>478</u>
	<u>\$ 401</u>	<u>\$ 24,896</u>

The sales terms between the Group and its related parties were not significantly different 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 from those between the Group and non-related parties.

c. Purchases of goods

Related Party Category	For the Year Ended December 31	
	2023	2022
Associate	\$ <u>1,710</u>	\$ <u>69,446</u>

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	
	2023	2022
Other receivables		
Associate	\$ <u>-</u>	\$ <u>17,710</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, 2023 and 2022.

e. Payables to related parties

Related Party Category	December 31	
	2023	2022
Trade payables		
Associate	\$ <u>491</u>	\$ <u>15,842</u>
Other payables		
Associate	\$ -	\$ 18,469
Related party in substance	<u>281</u>	<u>909</u>
	\$ <u>281</u>	\$ <u>19,378</u>

The outstanding trade payables to related parties are unsecured.

f. Operating expenses

Related Party Category	For the Year Ended December 31	
	2023	2022
Associate	\$ -	\$ 34
Related party in substance	<u>10,811</u>	<u>10,625</u>
	\$ <u>10,811</u>	\$ <u>10,659</u>

The Group donated and recognized associated expenses of \$10,000 thousand for both years ended December 31, 2023 and 2022, to help Lite-On Cultural Foundation, a related party in substance, facilitate communal, cultural and educational projects.

g. Other revenue

Related Party Category	For the Year Ended December 31	
	2023	2022
Associates	\$ 1,422	\$ 1,533
Related party in substance	<u>49</u>	<u>37</u>
	<u>\$ 1,471</u>	<u>\$ 1,570</u>

h. Acquisition of property, plant and equipment

Related Party Category	Purchase Price	
	For the Year Ended December 31	
	2023	2022
Related party in substance	<u>\$ 87</u>	<u>\$ 660</u>

i. Compensation of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 384,231	\$ 386,154
Post-employment benefits	1,425	1,414
Share-based payment	<u>234,108</u>	<u>54,376</u>
	<u>\$ 619,764</u>	<u>\$ 441,944</u>

The remuneration of directors and key executives was determined by the remuneration committee, based on the performance of individuals and market trends.

j. Other related party transactions

For the year ended December 31, 2023

Related Party Category	Number of Shares (In Thousands)	Underlying Assets	Proceeds	Gain on Disposal
Related party in substance	3,200	Shares of SKYLA CORPORATION	<u>\$ 90,926</u>	<u>\$</u>

33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

	December 31	
	2023	2022
Pledged time deposits (classified as financial assets at amortized costs)	<u>\$ 537,765</u>	<u>\$ 465,790</u>

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

34. SIGNIFICANT UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies of the Group at December 31, 2023 were as follows:

- a. In order to effectively utilize assets and to improve the safety of the plant structure and the efficiency of building bulk, the Company's board of directors passed an urban renewal resolution on October 28, 2021 to rebuild the original Zhonghe factory into the Zhonghe Digital Building. In the second quarter of 2022, the Group entered into a contract and engaged ZEN RAY Construction Co., Ltd. to build on its own land. The total contract amount did not exceed \$1,886,000 thousand.
- b. In order to carry on future business and expansion of capacity, the Company's board of directors resolved to build the second-phase plant of Kaohsiung Manufacturing Center on October 28, 2022. In the second quarter of 2023, the Group signed a contract with RUENTEX ENGINEERING & CONSTRUCTION CO., LTD. to construct on the leased land. The total contract amount did not exceed \$4,395,000 thousand.
- c. In the fourth quarter of 2023, the Group entered into agreements with TOPSCIENCE VIETNAM CO., LTD, CÔNG TY TNHH XIN YA and CÔNG TY TNHH XUẤT NHẬP KHẨU THUY PHONG by way of land lease and construction for the purpose of production and operation needs, with the total amount of the contract not exceeding VND 439,912,982 thousand, approximately NT\$579,647 thousand.

35. 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 the foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2023

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 1,157,995	7.0837 (USD:CNY)	\$ 35,475,173
USD	1,029,898	30.6350 (USD:NTD)	31,550,913
USD	27,828	34.5500 (USD:THB)	<u>852,514</u>
			<u>\$ 67,878,600</u>
<u>Financial liabilities</u>			
Monetary items			
USD	1,421,712	30.6350 (USD:NTD)	\$ 43,554,158
USD	709,090	7.0837 (USD:CNY)	<u>21,722,984</u>
			<u>\$ 65,277,142</u>

December 31, 2022

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 1,242,850	6.9404 (USD:CNY)	\$ 38,118,205
USD	1,202,830	30.6700 (USD:NTD)	36,890,795
USD	227,525	7.7967 (USD:HKD)	6,978,197
USD	34,108	34.4700 (USD:THB)	<u>1,046,087</u>
			<u>\$ 83,033,284</u>
Non-monetary items			
Investments in associates and joint ventures accounted for using the equity method			
USD	3,553	30.6700 (USD:NTD)	<u>\$ 108,968</u>
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 1,902,761	30.6700 (USD:NTD)	\$ 58,357,694
USD	786,906	6.9409 (USD:CNY)	24,134,404
USD	92,763	7.7967 (USD:HKD)	<u>2,845,028</u>
			<u>\$ 85,337,126</u>

For the years ended December 31, 2023 and 2022, net foreign exchange gains (losses) were \$194,158 thousand and \$(1,895,211) 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.

36. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

- 1) Financing provided to others: See Table 1 below.
- 2) Endorsements/guarantees provided: See Table 2 below.
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): See Table 3 below.
- 4) Marketable securities acquired or 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 at costs of at least NT\$300 million or 20% of the paid-in capital: See Table 5 below.
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.

- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: See Table 6 below.
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: See Table 7 below.
- 9) Trading in derivative instruments: See Notes 7 and 31 to the financial statements.
- 10) Others: Intercompany relationships and significant intercompany transactions: See Table 10 below.

b. Information on investees: See Table 8 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, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: See Table 9 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 Tables 6, 7 and 10 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.

37. SEGMENT INFORMATION

a. General information

The Group identified the reportable segments based on the information provided to the chief operating decision maker, and the segments by the types of products included Opto-electronics, Information Technology & Consumer Electronics, and Cloud & AIoT. The types of products are described as follows:

- 1) Opto-electronics: Optoelectronics product solutions, outdoor lighting solutions and automotive electronics.
- 2) Information Technology & Consumer Electronics: Products used in NB, tablets, DT, gaming, consumer electronics and multifunction peripherals applications.
- 3) Cloud and AIoT: Products used in datacenter, server, networking, AIoT, smart devices and video intelligence solutions.

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 difference 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, 2023					
	Opto-electronics	Information Technology and Consumer Electronics	Cloud and AIoT	Elimination	Total
Sales from external customers	\$ 30,585,641	\$ 65,850,510	\$ 51,897,304	\$ -	\$ 148,333,455
Sales among segments	289,104	1,103,646	8,807	(1,401,557)	-
Operating profit	2,592,109	10,237,900	6,149,143	-	18,979,152

For the Year Ended December 31, 2022					
	Opto-electronics	Information Technology and Consumer Electronics	Cloud and AIoT	Elimination	Total
Sales from external customers	\$ 34,349,191	\$ 82,113,183	\$ 56,993,842	\$ -	\$ 173,456,216
Sales among segments	315,816	1,256,592	14,040	(1,586,448)	-
Operating profit	4,134,681	9,668,256	4,746,346	-	18,549,283

d. Geographic information

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2023	2022	2023	2022
Asia	\$ 90,765,259	\$ 109,816,910	\$ 23,620,105	\$ 25,278,007
America	42,800,605	44,579,865	791,304	485,446
Europe	14,441,562	18,750,748	1,743	834
Others	<u>326,029</u>	<u>308,693</u>	<u>-</u>	<u>-</u>
	<u>\$ 148,333,455</u>	<u>\$ 173,456,216</u>	<u>\$ 24,413,152</u>	<u>\$ 25,764,287</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 on major customers

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

	For the Year Ended December 31			
	2023		2022	
	Sales Revenue	Portion (%)	Sales Revenue	Portion (%)
Customer A	<u>\$ 15,439,034</u>	<u>10.41</u>	<u>\$ -</u>	<u>-</u>

No single customers contributed 10% or more to the Group's revenue for the year ended December 31, 2022.

f. Reconciliation information for segment profit (loss)

- 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 (loss) and income before income tax is provided as follows:

	For the Year Ended December 31	
	2023	2022
Reportable segments' profit	\$ 18,979,152	\$ 18,549,283
Unclassified loss	(4,462,876)	(3,476,423)
Non-operating income and expenses	<u>3,849,503</u>	<u>2,772,929</u>
Profit before income tax	<u>\$ 18,365,779</u>	<u>\$ 17,845,789</u>

- 3) Segment profit represents the profit before tax earned by each segment without unclassified headquarter administration costs, new business research and development-related costs, other income, other gains and losses, finance costs, share of profit or loss of associates accounted for using the equity method, interest income 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.

38. OTHER ITEMS

- a. In response to the adjustment of the operating direction, the Group passed the Kaohsiung Lite-On Building project design change and budget proposal by resolution of the board of directors on February 26, 2024 (the original budget proposal for the Kaohsiung R&D Building construction project was passed on February 21, 2023), and the overall project budget does not exceed \$3.816 billion.
- b. In order to enrich working capital, the Company's board of directors resolved to issue the first domestic unsecured convertible corporate bonds on October 30, 2023. The face value per bond is \$100 thousand, with maximum total issued amount \$10,000,000 thousand. The issuance period is 5 years, with a 0% coupon rate. The issuance price will not less than 100% of par value. The case has been filing effective by the Financial Supervisory Commission Order No.1120366124 dated January 11, 2024. As of the date of approval of this consolidated financial report, the unsecured convertible corporate bonds have not been issued.

TABLE 1

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(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 TECHNOLOGY (CHANGZHOU) CO., LTD.	CHANGZHOU LEOTEK NEW ENERGY TRADE LIMITED	Receivables from related parties	Yes	\$ 102,276	\$ 99,468	\$ 99,468	2.45%	b	\$ -	Operating capital	\$ -	None	\$ -	\$ 5,293,334	\$ 5,293,334	
2	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	LITE-ON INTELLIGENT TECHNOLOGY (YENCHENG) CORP.	Receivables from related parties	Yes	98,647	43,247	43,247	2.45%-2.50%	b	-	Operating capital	-	None	-	3,431,725	3,431,725	
2	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	LITE-ON GREEN TECHNOLOGIES (NANJING) CORPORATION	Receivables from related parties	Yes	16,898	16,434	16,434	2.50%	b	-	Operating capital	-	None	-	3,431,725	3,431,725	
2	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	BEIJING LITE-ON MOBILE ELECTRONIC AND TELECOMMUNICATION COMPONENTS CO., LTD.	Receivables from related parties	Yes	88,936	-	-	2.50%	b	-	Operating capital	-	None	-	3,431,725	3,431,725	
3	LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD.	BEIJING LITE-ON MOBILE ELECTRONIC AND TELECOMMUNICATION COMPONENTS CO., LTD.	Receivables from related parties	Yes	132,945	129,741	129,741	2.45%	b	-	Operating capital	-	None	-	1,733,941	1,733,941	

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.

TABLE 2

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(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)											
0	LITE-ON TECHNOLOGY CORPORATION	Lite-On Green Energy B.V.	b	\$ 8,438,060	\$ 326,432	\$ 318,701	\$ 318,701	\$ -	0.38	\$ 33,752,238	Yes	No	No	

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

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

Note 2: a. The process of financing others and the process of making endorsements/quotations were established by the Company, and the aggregate amounts to the entities or ceilings on the amounts for any single entity shall not exceed 40% and 10% of the net worth of the Company, respectively.

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

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2023

(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, 2023			Note
				Shares/Units (In Thousands)	Carrying Value (In Thousands)	Percentage of Ownership (%)	
LITE-ON TECHNOLOGY CORPORATION	Ordinary shares	-	Financial assets at FVTPL	224	\$ 10,393	0.03	\$ 10,393
	ENNOSTAR Inc.	-	Financial assets at FVTOCI	7,578	84,497	8.14	84,497
	Logah Technology Corp.	Member of the board of directors	Financial assets at FVTOCI	1,710	29,236	15.05	29,236
	Insymerger Technology Co., Ltd.	Member of the board of directors	Financial assets at FVTOCI	4,235	418,392	3.95	418,392
	PlayNitride Inc.	-	Financial assets at FVTOCI	258	148,866	0.16	148,866
	Airoha Technology Corp.	-	Financial assets at FVTOCI	2,355	47,108	17.00	47,108
	EMRIGHT TECHNOLOGY CO., LTD.	-	Financial assets at FVTOCI	865	3,648	0.59	3,648
	LEAD DATA INC.	-	Financial assets at FVTPL	2,000	-	2.86	-
	COMPOUND SOLAR TECHNOLOGY CO., LTD.	-	Financial assets at FVTPL and FVTOCI	53,300	-	-	-
	Others	-	-	-	-	-	-
	Foreign convertible preferred stock	-	Financial assets at FVTPL	1,500	276,946	2.19	276,946
	Kneron Holding Corporation	-	Financial assets at FVTPL	16,781	-	-	-
Preferred stock	-	-	-	-	-	-	
Others	-	-	-	-	-	-	
Fund	-	Financial assets at FVTPL	-	62,394	10.33	62,394	
Arm IoT Fund, L.P.	-	Financial assets at FVTPL	-	199,468	20.95	199,468	
Esquarre IoT Landing Fund	-	Financial assets at FVTPL	-	-	3.00	-	
PacRim Venture Partners	-	-	-	-	-	-	
Domestic convertible bond	-	Financial assets at FVTPL	-	-	-	-	
Xepex Electronics Co., Ltd.	-	-	-	-	-	-	
Ordinary shares	-	Financial assets at FVTOCI	150	140	19.90	US\$ 140	
Changzhou Binhu Thin Film Solar Greenhouse Co., Ltd.	-	-	-	-	-	-	
Ordinary shares	-	Financial assets at FVTPL	3,000	-	5.91	-	
Northern Lights Semiconductor	-	-	-	-	-	-	
Fund	-	Financial assets at FVTPL	-	HK\$ 2,541	0.55	HK\$ 2,541	
Innovation Works Development Fund, L.P.	-	-	-	-	-	-	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares/Units (In Thousands)	Carrying Value (In Thousands)	Percentage of Ownership (%)	Fair Value (In Thousands)	
LITE-ON TECHNOLOGY USA, INC.	<u>Fund</u> SMART WORLD INNOVATION FUND GP, LLC Amed Ventures II, L.P. SMART WORLD INNOVATION FUND II, L.P. <u>Foreign convertible preference shares</u> MenryX Inc.	- - - -	Financial assets at FVTPL Financial assets at FVTPL Financial assets at FVTPL	- - -	US\$ 2,755 US\$ 1,152 US\$ 343	18.61 1.60 7.50	US\$ 2,755 US\$ 1,152 US\$ 343	
LITE-ON SINGAPORE PTE. LTD.	<u>Ordinary shares</u> LuxVisions Imnotech Limited	-	Financial assets at FVTPL	590	US\$ 425	1.76	US\$ 425	
TITANIC CAPITAL SERVICES LTD.	<u>Fund</u> Grandfull Convergence Innovation Growth Fund, L.P.	-	Financial assets at FVTOCI	12,000	US\$ 40,000	2.93	US\$ 40,000	
LITE-ON CHINA HOLDING CO., LTD.	<u>Ordinary shares</u> LITE-ON TECHNOLOGY CORPORATION <u>Ordinary shares</u> COMMIT Incorporated	The parent company -	Financial assets at FVTPL Financial assets at FVTOCI	- 7,004	US\$ 9,514 819,494	15.62 0.30	US\$ 9,514 819,494	
		-	Financial assets at FVTPL	4,962	-	1.87	-	

Note 1: As the amount is not significant, it would be disclosed under aggregation.

Note 2: Lite-On Capital Corporation was dissolved after the merger with the Company, and the securities held by it were absorbed by the Company.

(Concluded)

TABLE 4

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NTS300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2023
(Amounts in Thousands of New Taiwan Dollars or in Thousands of Foreign Currencies)

Holding Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal		Ending Balance			
					Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Gain (Loss) on Disposal	Shares/Units (In Thousands)	Amount	
LTC GROUP LTD.	The common stock of VIZIO HOLDING CORP.	Financial asset at fair value through profit or loss	-	-	2,447	\$ 556,171 (US\$ 18,134)	-	\$ -	2,447	\$ 522,222 (US\$ 16,860)	\$ 563,264 (US\$ 18,134)	\$ (41,042) (US\$ -1,274)	-	\$ -
LITE-ON MOBILE PTE. LTD.	The ordinary shares of Jiangxi Firsar Panel Technology Co., Ltd.	Financial asset at fair value through profit or loss	-	-	45,822	-	45,822	(Note)	45,822	\$ 641,880 (CNY 148,759)	-	\$ 641,880 (CNY 148,759)	-	\$ -

Note: There is no stock price because LITE-ON MOBILE PTE. LTD. agreed to acquire the shares by debt-for-equity swap, in accordance with the restructuring plan of debtor, Jiangxi Firsar Panel Technology Co., Ltd., approved by the court.

TABLE 5

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2023
(Amounts in Thousands of New Taiwan Dollars or in Thousands of Foreign Currencies)

Buyer	Property	Event Date	Transaction Amount (Note)	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party	Transaction Date	Amount	Pricing Reference	Purpose of Acquisition	Other Terms
LITE-ON TECHNOLOGY CORPORATION	Buildings	May 31, 2023	Total contract amount shall not exceed \$4,395,000	Monthly settlement by the construction progress and acceptance, paid by wire transfer 30 days after month-end.	RUENTEX ENGINEERING & CONSTRUCTION CO., LTD.	-	Not applicable	Not applicable	Not applicable	Tendering, the most advantageous tender awarded	Operation of the second-phase plant of Kaohsiung Manufacturing Center	None
LITE-ON VIETNAM CO., LTD.	Buildings	December 18, 2023	Total contract amount shall not exceed VND439,912,982, Approximately NT\$579,647	Monthly settlement by the construction progress and acceptance, paid by wire transfer 30 days after month-end.	TOPSCIENCE-VIETNAM CO., LTD; CONG TY TNHH XIN YA, CONG TY TNHH XUAT NHAP KHAU THUY PHONG	-	Not applicable	Not applicable	Not applicable	Tendering, the most advantageous tender awarded	For production and based on operation demand	None

Note: The final transaction amount will be based on the actual settlement.

TABLE 6

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, 2023
(Amounts in Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Purchase/ Sale	Transaction Details		Abnormal Transaction			Notes/Trade (Payable) or Receivable		Note
				Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
LITE-ON TECHNOLOGY CORPORATION	Philips & Lite-On Digital Solutions Corporation LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD. WUXI CHINA BRIDGE EXPRESS TRADING CO., LTD. LITE-ON SINGAPORE PTE. LTD. Lite-On Japan Ltd. LITE-ON INC. LITE-ON TRADING USA, INC. LEOTEK CORPORATION LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD. LITE-ON VIETNAM CO., LTD. LITE-ON SINGAPORE PTE. LTD. LITE-ON INC. Lite-On Overseas Trading Co., Ltd.	Subsidiary Fourth-tier subsidiary Fourth-tier subsidiary Subsidiary Subsidiary Subsidiary Subsidiary Fourth-tier subsidiary Subsidiary Subsidiary Subsidiary Subsidiary	Sale Sale Sale Sale Sale Purchase Purchase Purchase Purchase Purchase Purchase	\$ (7,708,622) (628,503) (104,924) (2,962,843) (195,211) (198,858) (7,404,979) 199,184 448,993 3,947,670 21,317,406 160,318 39,100,391	(8.05) (0.66) (0.11) (3.09) (0.20) (0.21) (7.73) 0.26 0.60 5.23 28.26 0.21 51.84	About 90 days About 90 days About 90 days About 90 days About 90 days About 90 days About 90 days About 90 days About 90 days About 90 days About 90 days About 90 days	Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing	No significant difference No significant difference No significant difference No significant difference No significant difference No significant difference No significant difference No significant difference No significant difference No significant difference No significant difference No significant difference	\$ 2,884,803 257,623 33,471 306,506 58,855 54,114 3,379,701 (92,290) (102,320) (2,252,072) (6,830,132) -	12.04 1.08 0.14 1.28 0.25 0.23 14.11 (0.39) (0.43) (9.52) (28.89) (50.31)	
LEOTEK CORPORATION	LEOTEK ELECTRONICS USA LLC.	Subsidiary	Sale	(842,131)	(75.44)	About 90 days	Cost-plus pricing	No significant difference	213,824	62.63	
Philips & Lite-On Digital Solutions Corporation	Philips & Lite-On Digital Solutions USA, Inc. PLDS Germany GmbH	Subsidiary Subsidiary	Sale Sale	(1,795,693) (245,266)	(22.45) (3.07)	About 90 days About 90 days	Cost-plus pricing Cost-plus pricing	No significant difference No significant difference	23,579 208,115	1.90 16.80	
LITE-ON ELECTRONICS (TIANJIN) CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(1,346,874)	(100.00)	About 90 days	Cost-plus pricing	No significant difference	320,197	100.00	
LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	LITE-ON ELECTRONICS (GUANGZHOU) LIMITED Lite-On Overseas Trading Co., Ltd.	Affiliate Affiliate	Sale Sale	(342,118) (7,522,586)	(4.33) (95.25)	About 90 days About 90 days	Cost-plus pricing Cost-plus pricing	No significant difference No significant difference	14,450 1,007,500	1.38 95.94	
LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(4,965,197)	(100.00)	About 90 days	Cost-plus pricing	No significant difference	1,248,711	100.00	
LITEON LI SHIN TECHNOLOGY (GANZHOU) LTD	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(601,152)	(100.00)	About 90 days	Cost-plus pricing	No significant difference	96,292	100.00	
LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	LITE-ON SINGAPORE PTE. LTD. Lite-On Overseas Trading Co., Ltd.	Affiliate Affiliate	Sale Sale	(13,578,591) (7,973,665)	(61.72) (36.24)	About 90 days About 90 days	Cost-plus pricing Cost-plus pricing	No significant difference No significant difference	4,284,268 2,139,501	65.65 32.78	
LITE-ON TECHNOLOGY (XIANNING) CO., LTD.	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(469,689)	(100.00)	About 90 days	Cost-plus pricing	No significant difference	78,255	100.00	
LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD. LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Affiliate Affiliate	Sale Sale	(102,142) (132,403)	(1.87) (2.43)	About 90 days About 90 days	Cost-plus pricing Cost-plus pricing	No significant difference No significant difference	30,535 50,382	1.71 2.82	
LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(10,674,968)	(100.00)	About 90 days	Cost-plus pricing	No significant difference	2,630,904	100.00	
SILITEK ELEC. (DONGGUAN) CO., LTD.	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD. LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD. Lite-On Overseas Trading Co., Ltd.	Affiliate Affiliate Affiliate	Sale Sale Sale	(229,203) (138,538) (7,866,989)	(2.76) (1.67) (94.86)	About 90 days About 90 days About 90 days	Cost-plus pricing Cost-plus pricing Cost-plus pricing	No significant difference No significant difference No significant difference	92,568 46,198 2,927,033	3.01 1.50 95.18	
LITE-ON POWER TECHNOLOGY (DONGGUAN) CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(1,561,448)	(100.00)	About 90 days	Cost-plus pricing	No significant difference	496,564	100.00	
LITE-ON ELECTRONICS H.K. LIMITED	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(131,721)	(7.26)	About 90 days	Cost-plus pricing	No significant difference	51,784	13.67	
HUIZHOU LI SHIN ELECTRONIC CO., LTD	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(1,641,788)	(87.87)	About 90 days	Cost-plus pricing	No significant difference	257,126	82.68	
LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD. Lite-On Overseas Trading Co., Ltd.	Affiliate Affiliate	Sale Sale	(560,239) (9,284,723)	(5.69) (94.26)	About 90 days About 90 days	Cost-plus pricing Cost-plus pricing	No significant difference No significant difference	277,642 3,372,495	7.58 92.04	
LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD.	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD. Lite-On Overseas Trading Co., Ltd.	Affiliate Affiliate	Sale Sale	(40,500) (1,282,215)	(40.50) (59.50)	About 90 days About 90 days	Cost-plus pricing Cost-plus pricing	No significant difference No significant difference	880,499 978,105	47.37 52.62	
LITEON-IT OPTO TECH (BH) CO., LTD.	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(4,900,173)	(100.00)	About 90 days	Cost-plus pricing	No significant difference	1,097,730	100.00	

(Continued)

Company Name	Related Party	Nature of Relationship	Purchase/ Sale	Transaction Details		Payment Terms	Unit Price	Abnormal Transaction	Notes/Traffic (Payable) or Receivable		Note			
				Amount	% of Total				Ending Balance	% of Total				
Lite-On Electronics (Thailand) Co., Ltd.	LITE-ON SINGAPORE PTE. LTD. LITE-ON JAPAN (Thailand) CO., LTD.	Affiliate Affiliate	Sale Sale	\$ (3,942,319) (1,094,533)	(97.30) (2.70)	About 90 days About 90 days	Cost-plus pricing Cost-plus pricing	No significant difference No significant difference	\$ 512,968 21,262	96.01 3.99				
LITE-ON SINGAPORE PTE. LTD.	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD. LITE-ON ELECTRONICS P.R.K. LIMITED Lite-On Japan Ltd. LITE-ON, INC. LITE-ON TRADING USA, INC. LITE-ON MOBILE INDUSTRIA E COMERCIO DE PLASTICOS LTD.A.	Subsidiary Affiliate Affiliate Affiliate Affiliate Affiliate	Sale Sale Sale Sale Sale Sale	(1,173,246) (1,590,988) (326,836) (400,484) (9,233,739) (382,834)	(1.77) (2.40) (0.49) (0.60) (13.27) (0.38)	About 90 days About 90 days About 90 days About 90 days About 90 days About 90 days	Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing	No significant difference No significant difference No significant difference No significant difference No significant difference No significant difference	460,469 583,231 110,687 14,477 3,541,756 88,297	2.45 3.11 0.39 0.22 18.84 0.47				
LITE-ON AUTOMOTIVE ELECTRONICS MEXICO, S.A. DE C.V.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(595,902)	(100.00)	About 90 days	Cost-plus pricing	No significant difference	80,190	100.00				
Lite-On Overseas Trading Co., Ltd.	LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD. LITE-ON ELECTRONICS (DONGGUAN) CO., LTD. SULTEK ELEC. (DONGGUAN) CO., LTD. HUZHOU LISHIN ELECTRONIC CO., LTD. LITE-ON ELECTRONICS (GUANGZHOU) LIMITED LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD. LITEON-IT OPTO TECH (BH) CO., LTD. LITE-ON VIETNAM CO. LTD. LITE-ON SINGAPORE PTE. LTD.	Affiliate Affiliate Affiliate Affiliate Affiliate Affiliate Affiliate Affiliate Affiliate Affiliate	Sale Sale Sale Sale Sale Sale Sale Sale Sale Sale	(5,457,536) (10,738,672) (8,069,305) (5,728,840) (6,735,087) (6,258,337) (1,063,414) (3,940,556) (4,798,189) (13,355,870)	(5.51) (10.84) (8.15) (5.78) (6.33) (6.32) (1.07) (3.98) (4.84) (13.48)	About 90 days About 90 days About 90 days About 90 days About 90 days About 90 days About 90 days About 90 days About 90 days About 90 days	Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing	No significant difference No significant difference No significant difference No significant difference No significant difference No significant difference No significant difference No significant difference No significant difference No significant difference	934,786 4,414,424 1,472,671 942,891 64,340 2,301,023 722,128	2.99 14.14 4.72 3.02 0.21 7.37 2.31				
													Lite-On (Guangzhou) Automotive Electronics Limited	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD. LITE-ON SINGAPORE PTE. LTD.

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

(Concluded)

TABLE 7

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, 2023
(Amounts in Thousands of New Taiwan Dollars)

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 Fourth-tier subsidiary	\$ -	\$ 2,884,803	\$ 68,930	3.13	-	-	\$ 2,269,448	\$ -
	LITE-ON SINGAPORE PTE. LTD.	Subsidiary	-	257,623	-	2.28	-	-	67,472	-
	LITE-ON SINGAPORE PTE. LTD.	Subsidiary	-	306,505	176,053	4.25	-	-	389,452	-
	LITE-ON TRADING USA, INC.	Subsidiary	-	3,379,701	13,123	2.64	-	-	1,225,193	-
	Lite-On International Holding Co., Ltd.	Subsidiary	-	-	3,216,675	-	-	-	-	-
	Lite-On Overseas Trading Co., LTD.	Subsidiary	-	391,691	261	-	-	-	-	-
	Lite-On Automotive International (Cayman) Co., Ltd.	Subsidiary	-	-	219,464	-	-	-	-	-
	LITE-ON MOBILE PTE. LTD.	Subsidiary	-	-	628,018	-	-	-	628,018	-
LEOTEK CORPORATION	LEOTEK ELECTRONICS USA LLC.	Subsidiary	-	213,824	812	3.59	-	-	62,619	-
Philips & Lite-On Digital Solutions Corporation	PLDS Germany GmbH	Subsidiary	-	208,115	30,780	2.29	-	-	238,895	-
LITE-ON ELECTRONICS (TIANJIN) CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	320,197	-	4.84	-	-	207,744	-
LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	Lite-On Overseas Trading Co., Ltd.	Affiliate	-	1,007,500	3,105	4.86	-	-	317,856	-
LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	1,248,711	7,218	4.16	-	-	502,643	-
LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	LITE-ON TECHNOLOGY CORPORATION	The parent company	-	102,320	1,241	2.94	-	-	74,374	-
	CHANGZHOU LEOTEK NEW ENERGY TRADE LIMITED	Affiliate	-	-	102,154	-	-	-	22	-
	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	4,284,268	-	3.26	-	-	1,699,048	-
	Lite-On Overseas Trading Co., LTD.	Affiliate	-	2,139,501	-	4.10	-	-	734,220	-
LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	Lite-On Overseas Trading Co., LTD.	Affiliate	-	2,630,904	-	5.05	-	-	1,505,237	-
SILITEK ELEC. (DONGGUAN) CO., LTD.	Lite-On Overseas Trading Co., LTD.	Affiliate	-	2,927,033	-	2.65	-	-	805,811	-
LITE-ON POWER TECHNOLOGY (DONGGUAN) CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	496,564	-	4.91	-	-	246,681	-
HUIZHOU LI SHIN ELECTRONIC CO., LTD.	Lite-On Overseas Trading Co., LTD.	Affiliate	-	257,126	-	5.99	-	-	127,952	-
LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Affiliate	-	277,642	-	2.25	-	-	117,586	-
	Lite-On Overseas Trading Co., LTD.	Affiliate	-	3,372,495	-	1.74	-	-	1,024,256	-
LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD.	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Affiliate	-	880,499	18,106	1.67	-	-	28,807	-
	Lite-On Overseas Trading Co., LTD.	Affiliate	-	978,105	-	2.30	-	-	508,050	-
	BEIJING LITE-ON MOBILE ELECTRONIC AND TELECOMMUNICATION COMPONENTS CO., LTD.	Affiliate	-	-	130,606	-	-	-	-	-
LITEON-IT OPTO TECH (BH) CO., LTD.	Lite-On Overseas Trading Co., LTD.	Affiliate	-	1,097,730	-	4.23	-	-	777,810	-
Lite-On Electronics (Thailand) Co., LTD.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	512,068	8,930	6.80	-	-	520,990	-

(Continued)

Consolidated Financial Statements

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 VIETNAM CO., LTD.	LITE-ON TECHNOLOGY CORPORATION	The parent company	\$ -	\$ 2,252,072	\$ -	2.51	\$ -	-	\$ 1,905,171	\$ -
LITE-ON SINGAPORE PTE. LTD.	LITE-ON TECHNOLOGY CORPORATION	The parent company	-	6,830,132	7,273	2.75	-	-	3,452,590	-
	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Subsidiary	-	460,469	-	2.15	-	-	190,750	-
	LITE-ON ELECTRONICS H.K. LIMITED	Affiliate	-	585,231	5	2.82	-	-	37,182	-
	Lite-On Japan LTD.	Affiliate	-	110,687	156	2.84	-	-	54,920	-
	LITE-ON TRADING USA, INC.	Affiliate	-	3,541,756	22,065	2.53	-	-	889,909	-
G&W TECHNOLOGY (BV) LIMITED	G&W TECHNOLOGY LIMITED	Subsidiary	-	-	107,732	-	-	-	-	-
Lite-On Overseas Trading Co., LTD.	LITE-ON TECHNOLOGY CORPORATION	The parent company	-	11,977,606	-	2.62	-	-	6,734,632	-
	(DONGGUAN) LIMITED	Affiliate	-	934,786	56	3.65	-	-	1,102	-
	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Affiliate	-	4,414,424	-	2.50	-	-	1,195,665	-
	LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	Affiliate	-	1,472,671	-	5.20	-	-	755,842	-
	SILITEK ELEC. (DONGGUAN) CO., LTD.	Affiliate	-	942,891	3	7.64	-	-	936,926	-
	LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	Affiliate	-	2,301,023	28,737	1.92	-	-	752,691	-
	LITE-ON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD.	Affiliate	-	722,128	897	2.31	-	-	1,200	-
	LITEON-HI OPTO TECH(BH) CO., LTD.	Affiliate	-	1,336,254	-	3.11	-	-	770,815	-
	LITE-ON VIETNAM CO., LTD.	Affiliate	-	2,736,627	-	2.75	-	-	339,824	-
	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	4,365,522	-	4.26	-	-	2,176,592	-
Lite-On (Guangzhou) Automotive Electronics Limited	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Affiliate	-	242,333	8,252	2.95	-	-	247,291	-
	LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD.	Affiliate	-	-	1,404,297	-	-	-	1,334,133	-

Note: All intercompany transactions have been eliminated upon consolidation.

(Concluded)

TABLE 8

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2023

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023		Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of Ownership (%)			
LITE-ON TECHNOLOGY CORPORATION	Silitech Technology Corporation	New Taipei City, Taiwan	Manufacture and sale of modules and plastic/rubber products	\$ 168,405	\$ 168,405	11,707,548	17.22	\$ 119,328	\$ 19,941	Associate (Notes 1 and 5)
	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	21,968,856	29.62	91,854	30,641	Associate
	Lite-On Capital Corporation	Taipei City, Taiwan	Investment activities	-	3,707,984	-	-	71,922	(3,657)	Subsidiary (Note 2)
	LITE-ON ELECTRONICS H.K. LIMITED	Hong Kong	Sale of LED optical products	7,339,481	7,339,481	17,865,367	100.00	832,141	849,219	Subsidiary
	Lite-On Electronics (Thailand) Co., Ltd.	Thailand	Manufacture and sale of LED optical products	724,047	632,128	7,049,844	100.00	56,394	78,044	Subsidiary
	Lite-On Japan Ltd.	Japan	Sale of LED optical products and power supplies	679,856	679,856	12,451,058	100.00	69,574	72,680	Subsidiary
	Lite-On International Holding Co., Ltd.	British Virgin Islands	Investment activities	5,781,605	11,142,730	188,725,483	100.00	1,683,022	1,541,718	Subsidiary
	LITE GROUP LTD.	British Virgin Islands	Investment activities	1,098,752	1,098,752	32,915,855	100.00	34,171	6,505	Subsidiary
	LITE-ON TECHNOLOGY USA, INC.	USA	Investment activities	1,782,089	1,690,184	470,239	100.00	(131,400)	(134,472)	Subsidiary
	LITE-ON ELECTRONICS (EUROPE) LIMITED	United Kingdom	Manufacture and sale of power supplies	44,359	44,559	300,000	100.00	86,995	7,751	Subsidiary
	Lite-On Technology (Europe) B.V.	Netherlands	Market research and after-sales services	4,260,135	4,260,135	612,771	100.00	(18,167)	(9,115)	Subsidiary (Note 5)
	Lite-On Overseas Trading Co., Ltd.	British Virgin Islands	Investment activities	168,947	168,947	5,142,962	100.00	2,642	2,642	Subsidiary
	LITE-ON SINGAPORE PTE. LTD.	Singapore	Manufacture and supply of computer peripheral products	1,954,140	1,954,140	51,776,500	100.00	32,878,068	4,882,407	Subsidiary
	LITE-ON VIETNAM CO., LTD.	Vietnam	Electronic contract manufacturing	2,726,515	1,593,020	-	100.00	(189,248)	(189,248)	Subsidiary
	EAGLE ROCK INVESTMENT LTD.	British Virgin Islands	Import and export and investment activities	341	341	10,000	100.00	102,399	102,400	Subsidiary
	LITE-ON MOBILE PTE. LTD.	Singapore	Manufacture and sale of mobile phone modules and design of assembly lines	15,495,882	15,495,882	136,518,338	100.00	893,684	893,684	Subsidiary
	LET (HK) LIMITED	Hong Kong	Sale of optical disc drives	251,322	251,322	62,059,600	100.00	(1,031)	(1,031)	Subsidiary
	HIGH YIELD GROUP CO. LTD.	British Virgin Islands	Holding company	179,506	2,274,586	238,000	100.00	3,879,798	143,646	Subsidiary
	Philips & Lite-On Digital Solutions Corporation	Taipei City, Taiwan	Sale of optical disc drives	267,113	267,113	17,150,000	49.00	26,334	12,904	Subsidiary
	LiteSpace Technology Company Limited	Hong Kong	Sale of computer components	-	165,498	-	-	-	-	Associate (Note 5)
	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	272,958	272,958	294,825	99.00	57,703	57,126	Subsidiary
Lite-On Automotive International (Cayman) Co., Ltd.	Cayman	Investment activities	2,909,166	3,082,678	6,303,465	100.00	253,902	244,351	Subsidiary	
KBW-LEOTEK Jordan Private Shareholding Limited	Jordan	Investment activities	(US\$ 94,962)	(US\$ 100,626)	-	-	498	244	Subsidiary (Note 4)	
KBW-LITEON Jordan Private Shareholding Limited	Jordan	Production and manufacture of energy-saving lights and project construction and maintenance	-	(US\$ 69)	-	-	215,181	214,877	Subsidiary (Note 4)	
LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED	India	Manufacture and sale of phone chargers and power supplies	370,185	(US\$ 50,928)	102,374,058	99.00	54,578	54,032	Subsidiary (Note 4)	
SK YLA CORPORATION	Taiwan	Manufacture and sale of medical equipment	(INR 1,023,741)	(INR 1,023,741)	148,700	44.17	26,438	20,497	Subsidiary	

(Continued)

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Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023		Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Note
				December 31, 2023	December 31, 2022	Shares	Carrying Amount			
LITE-ON TECHNOLOGY CORPORATION	LEOTEK CORPORATION	Taipei City, Taiwan	Wholesale, import, export and installation of street lights, signal lights, scenery lights and new-type electronic components	\$ 600,000	\$ 600,000	60,000,000	\$ 639,830	\$ 50,368	\$ 99,365	Subsidiary
	LITE-ON MOBILE INDÚSTRIA E COMÉRCIO DE PLÁSTICOS LTDA.	Brazil	Manufacture and sale of mobile phone modules and design of assembly lines	(US\$ 1,040,000)	(US\$ 39,783)	6,507,001	43,068	195,965	5,820	Subsidiary
	Lite-On Green Technologies, Inc.	Taipei City, Taiwan	Manufacture and wholesale of electronic components and energy technology services	(US\$ 3,100)	(US\$ 94,969)	3,100,000	6,132	3,738	52	Subsidiary (Note 5)
	Lite-On Green Energy (HK) Limited	Hong Kong	Investment activities	(US\$ 227,434)	(US\$ 227,434)	3,457,760	105,741	(2,034)	(1)	Subsidiary (Note 5)
	LITE-ON GREEN ENERGY (SINGAPORE) PTE. LTD.	Singapore	Investment activities	(US\$ 1,000)	(US\$ 30,635)	1,363,200	30,312	(1,411)	267	Subsidiary (Note 5)
	CEDARS DIGITAL PTE. LTD.	Singapore	Software development and application, IT consulting services	(US\$ 293,452)	(US\$ 293,452)	-	336,447	35,791	-	Subsidiary
LEOTEK CORPORATION	LEOTEK ELECTRONICS USA LLC.	USA	Sale of LED products	(EUR 11,520)	(EUR 390,614)	6,818,200	55,772	3,507	-	Subsidiary
Lite-On Green Technologies, Inc.	Lite-On Green Technologies B.V.	Netherlands	Solar energy engineering	(EUR 84,767)	(EUR 84,767)	9,139,785	20,183	3	-	Subsidiary
LITE-ON GREEN ENERGY (SINGAPORE) PTE. LTD.	Lite-On Green Energy B.V.	Netherlands	Investment activities	(EUR 2,500)	(EUR 2,500)	-	-	-	-	Subsidiary
Lite-On Green Technologies B.V.	KompaktSolar GmbH	Germany	Solar energy engineering	(EUR 401)	(EUR 13,597)	51,000	-	-	-	Associate
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 156,744)	-	237,244	1,984	-	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 85,015)	(CNY 367,663)	-	432,054	238,044	-	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 2,279,697)	-	5,293,334	676,164	-	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 2,179,550)	-	2,999,671	238,044	-	Subsidiary
	LITE-ON MEDICAL DEVICE (CHANGZHOU) LTD.	Changzhou, China	Manufacture and sale of medical equipment	(CNY 30,640)	(CNY 132,509)	-	87,219	(2,717)	-	Subsidiary
	LITE-ON AUTOMOTIVE ELECTRONICS (CHANGZHOU) CO., LTD.	Changzhou, China	Manufacture, sale and processing of electronic products	(CNY 223,746)	(CNY 967,632)	-	968,143	(6,360)	-	Subsidiary
Lite-On Automotive International (Cayman) Co., Ltd.	LITE-ON AUTOMOTIVE HOLDINGS (HONG KONG) CO., LIMITED	Hong Kong	Investment activities	(HK\$ 42,009)	(HK\$ 164,718)	101,250,185	2,139,456	201,329	-	Subsidiary
HIGH YIELD GROUP CO., LTD.	LITE-ON IT INTERNATIONAL (HK) LIMITED	Hong Kong	Sale of optical disc drives	(US\$ 102,400)	(US\$ 3,137,024)	102,400,000	3,716,316	(100,558)	-	Subsidiary
Philips & Lite-On Digital Solutions Corporation	Philips & Lite-On Digital Solutions USA, Inc.	USA	Sale of optical disc drives	33	33	1,000	288,171	11,556	-	Subsidiary
	PLDS Germany GmbH	Germany	Development and sale of modules of automotive recorders	1,326,996	1,326,996	-	1,106,314	30,943	-	Subsidiary
	Philips & Lite-On Digital Solutions Korea Ltd.	South Korea	Sale of optical disc drives	-	15,376	-	-	(4,153)	-	Subsidiary (Note 7)

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of Ownership (%)	Carrying Amount			
KBW-LEOTEK Jordan Private Shareholding Limited	LEOTEK_PSC	Jordan	Production, manufacture energy-saving lights	\$ (JOD) -	\$ (JOD) 1,298 (30)	-	-	\$ 618	\$ -	Subsidiary (Note 4)	
LITE-ON TECHNOLOGY USA, INC.	LITE-ON, INC.	USA	Sales data processing business of optoelectronic products and power supplies	(US\$) 755,240	(US\$) 91,905 (3,000)	100.00	915,357	(17,099)	-	Subsidiary	
	LITE-ON TRADING USA, INC.	USA	Sale of optical products	(US\$) 965,003	(US\$) 31,500	100.00	1,039,068	58,574	-	Subsidiary	
	POWER INNOVATIONS INTERNATIONAL, INC.	USA	Development, design and manufacture of power controls and energy management	(US\$) 482,689	(US\$) 15,756	100.00	(34,169)	(177,137)	-	Subsidiary	
	LITE-ON TECHNOLOGY SERVICE, INC.	USA	After-sales services of optical products	(US\$) 45,953	(US\$) 1,500	100.00	58,581	(2,247)	-	Subsidiary	
Lite-On International Holding Co., Ltd.	LITE-ON CHINA HOLDING CO., LTD.	British Virgin Islands	Investment activities	(US\$) 13,091,608	(US\$) 13,091,608 (427,342)	100.00	20,443,721	1,451,937	-	Subsidiary	
LITE-ON SINGAPORE PTE. LTD.	LiteStar JV Holding (BVI) Co., Ltd.	British Virgin Islands	Investment activities	(US\$) 827,145	(US\$) 27,000	17.59	704,930	(238,730)	-	Associate	
	LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED	India	Manufacture and sale of phone chargers and power supplies	(INR) 3,739	(INR) 10,341	1.00	3,240	54,578	-	Subsidiary	
	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\$) 2,757	(US\$) 90	1.00	5,288	57,703	-	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) 84,016	(CNY) 19,427	100.00	64,986	(6,844)	-	Subsidiary	
LTC GROUP LTD.	TITANIC CAPITAL SERVICES LTD.	British Virgin Islands	Investment activities	1,014,620	1,014,620	100.00	1,003,400	33,146	-	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) 2,200,252	(EUR) 64,891	100.00	409,852	(19,566)	-	Subsidiary	
Lite-On (Finland) Oy	Lite-On Mobile Oyj	Finland	Manufacture and sale of mobile phone modules and design of assembly lines	(EUR) -	(EUR) 6,514,083 (196,618)	-	-	1,313	-	Subsidiary (Note 8)	
LITE-ON CHINA HOLDING CO., LTD.	LITE-ON ELECTRONICS COMPANY LIMITED	Hong Kong	Investment activities	(US\$) 11,511,401	(US\$) 375,760	100.00	19,001,765	1,374,795	-	Subsidiary	
	YET FOUNDATE LIMITED	Hong Kong	Manufacture of plastic and computer peripheral products	(CNY) 316,655	(CNY) 73,220	100.00	594,729	28,610	-	Subsidiary	
	FORDGOOD ELECTRONIC LIMITED	Hong Kong	Import and export and real estate business	(US\$) 388,014	(US\$) 12,666	100.00	649,132	45,445	-	Subsidiary	
	G&W TECHNOLOGY (BVI) LIMITED	British Virgin Islands	Real estate management	(US\$) 119,477	(US\$) 3,900	50.00	125,885	1,123	-	Subsidiary	
G&W TECHNOLOGY (BVI) LIMITED	G&W TECHNOLOGY LIMITED	Hong Kong	Leasing business	(US\$) 1,991	(US\$) 65	100.00	25,111	7,182	-	Subsidiary	
Lite-On Japan Ltd.	Lite-On Japan (H.K.) Limited	Hong Kong	Import and export of electronic components	(JPY) 15,176	(JPY) 70,000	100.00	15,176	15,421	-	Subsidiary (Note 9)	
	LITE-ON JAPAN (Thailand) CO., LTD.	Thailand	Import and export of electronic components	(JPY) 14,090	(JPY) 64,992	100.00	14,090	6,069	-	Subsidiary (Note 9)	
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\$) 3,317,826	(US\$) 108,302	97.03	1,407,042	195,965	-	Subsidiary	

(Continued)

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Note 1: 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 2: Dissolved upon merging with the Company in December 2023.

Note 3: Liquidated in July 2023.

Note 4: Disposed in December 2023. Refer to Note 29 for further information.

Note 5: Originally held by Lite-On Capital Corporation, which was subsequently dissolved after the merger with the company. The investment holdings of Lite-On Capital Corporation are now held directly by the Company.

Note 6: Established in August 2023.

Note 7: Liquidated in September 2023.

Note 8: Liquidated in March 2023.

Note 9: The share of profit from investments accounted for using the equity method and adjustments for changes in equities are recognized by the Group.

Note 10: Refer to Table 9 for information on investments in mainland China.

(Concluded)

TABLE 9

LITE-ON TECHNOLOGY CORPORATION AND INVESTEEES

INFORMATION ON INVESTMENT IN MAINLAND CHINA

FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts in Thousands of New Taiwan Dollars or in 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, 2023	Investment of Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net Income (Losses) of the Investee Company (Note 2)	Percentage of Ownership	Share of Profits/Losses (Note 2)	Carrying Amount as of December 31, 2023 (Note 2)	Accumulated Inward Remittance of Earnings as of December 31, 2023	Note	
						Outflow	Inflow								
LITE-ON TECHNOLOGY CORPORATION	LITE-ON COMPUTER TECHNOLOGY (DONGGUAN) CO., LTD.	Manufacture and sale of display device	\$ 502,414	a	\$ 872,162	-	\$ -	\$ 872,162	\$ -	100.00	\$ -	\$ -	-	Note 3	
	LITE-ON ELECTRONICS (TIANJIN) CO., LTD.	ODM services	(US\$ 16,400)	a	(US\$ 28,469)	-	-	(US\$ 28,469)	192,699	100.00	192,699	2,530,788	335,744		
	LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	Manufacture of electronic components	(US\$ 2,129,133)	a	(US\$ 2,037,166)	-	-	(US\$ 2,037,166)	3,199	100.00	3,199	2,890,126	-		
	SILITEK ELEC. (DONGGUAN) CO., LTD.	Manufacture and sale of keyboards	(US\$ 69,500)	a	(US\$ 1,084,479)	-	-	(US\$ 1,084,479)	108,926	100.00	108,926	4,592,959	120,499	Note 3	
	LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	Manufacture and sale of printers and scanners	(US\$ 35,400)	a	(US\$ 35,400)	-	-	(US\$ 35,400)	244,939	100.00	244,939	7,597,164	1,592,088	Notes 4	
	CHINA BRIDGE (CHINA) CO., LTD.	Investment activities, consulting services and acting as a sales agent	(US\$ 147,048)	a	(US\$ 147,048)	-	-	(US\$ 147,048)	50,396	100.00	50,396	1,225,684	-		
	LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	Manufacture and sale of IT products	(US\$ 1,160,147)	a	(US\$ 1,335,416)	-	-	(US\$ 1,335,416)	53,636	100.00	53,636	2,254,589	2,831,300		
	LITE-ON COMMUNICATION (GUANGZHOU) COMPANY LIMITED	Manufacture and sale of mobile terminal equipment	(US\$ 919,050)	a	(US\$ 43,591)	-	-	(US\$ 43,591)	-	100.00	-	-	-	408,420	Note 4
	LITE-ON TECHNOLOGY (GUANGZHOU) LIMITED	Manufacture and sale of computer case	(US\$ 30,000)	a	(US\$ 29,745)	-	-	(US\$ 29,745)	-	100.00	-	-	-	411,807	Note 4
	LITE-ON ELECTRONICS AND WIRELESS (GUANGZHOU) LIMITED	Manufacture and sale of application software and multimedia product design	(US\$ 1,360,688)	a	(US\$ 1,320,213)	-	-	(US\$ 1,320,213)	-	1.87	-	-	-	-	
	LITE-ON (GUANGZHOU) PRECISION TOOLING LTD.	Manufacture and sale of modules	(US\$ 484,339)	a	(US\$ 484,339)	-	-	(US\$ 484,339)	-	100.00	-	-	-	-	Note 4
	LITE-ON LI SHIN TECHNOLOGY (GANZHOU) LTD.	Manufacture and sale of electronic components	(US\$ 15,810)	a	(US\$ 15,810)	-	-	(US\$ 15,810)	-	100.00	-	-	-	-	Note 4
	LITE-ON TECHNOLOGY (XIANNING) CO., LTD.	Manufacture and sale of electronic components	(US\$ 557,557)	a	(US\$ 373,747)	-	-	(US\$ 373,747)	47,043	100.00	47,043	626,517	-		
	LITE-ON TECHNOLOGY (JIANGSU) CO., LTD.	Investment activities, consulting services and acting as a sales agent	(US\$ 18,200)	a	(US\$ 12,200)	-	-	(US\$ 12,200)	27,728	100.00	27,728	453,024	-		
	LITE-ON TECHNOLOGY (GZ) INVESTMENT COMPANY LIMITED	Development, manufacture and sale of electronic components, power supplies and provision of technology consulting services	(US\$ 5,085,410)	a	(US\$ 6,500)	-	-	(US\$ 6,500)	874,445	100.00	874,445	10,068,317	-		
LITE-ON POWER TECHNOLOGY (DONGGUAN) CO., LTD.	Development, manufacture and sale of electronic components, power supplies and provision of technology consulting services	(US\$ 166,000)	a	(US\$ 166,000)	-	-	(US\$ 166,000)	11,843	100.00	11,843	643,214	-			
CHANGZHOU LEOTEK NEW ENERGY TRADE LIMITED	Wholesale, import, export and insulation of street lights, signal lights, scenery lights and new-type electronic components	(US\$ 80,000)	a	(US\$ 80,000)	-	-	(US\$ 80,000)	229,491	100.00	229,491	912,299	-			
LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD.	Manufacture of automotive components	(US\$ 15,972)	a	(US\$ 15,972)	-	-	(US\$ 15,972)	(19,583)	100.00	(19,583)	(77,701)	-			
Lite-On Auto Electric Technology (Guangzhou) Ltd.	Manufacture and sale of optical disc drives	(US\$ 30,635)	a	(US\$ 30,635)	-	-	(US\$ 30,635)	16,239	100.00	16,239	1,733,937	7,592,476	Note 5		
LITEON-IT OPTO TECH (BH) CO., LTD.	Manufacture and sale of optical disc drives	(US\$ 1,378,575)	a	(US\$ 1,317,305)	-	-	(US\$ 1,419,463)	1,044	-	1,044	1,977,729	-	Note 5		
Lite-On (Guangzhou) Automotive Electronics Limited	Manufacture, sale and processing of electronic products	(US\$ 45,000)	a	(US\$ 43,000)	-	-	(US\$ 46,335)	214,386	100.00	214,386	1,959,725	-			
			(US\$ 1,684,925)	a	(US\$ 2,000)	-	(US\$ 1,684,925)	(117,849)	100.00	(117,849)	-	-	-		
			(US\$ 55,000)	a	(US\$ 55,000)	-	(US\$ 55,000)	179,831	100.00	179,831	1,959,725	-			
			(US\$ 189,937)	a	(US\$ 189,937)	-	(US\$ 189,937)	5,870	100.00	5,870	5,870	-	-		

(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 January 1, 2023	Investment of Flows		Accumulated Outflow of Investment from December 31, 2023	Net Income (Losses) of the Investee Company (Note 2)	Percentage of Ownership	Share of Profits/Losses (Note 2)	Carrying Amount as of December 31, 2023 (Note 2)	Accumulated Inward Remittance of Earnings as of December 31, 2023	Note
						Outflow	Inflow							
LITE-ON TECHNOLOGY CORPORATION	LITE-ON AUTOMOTIVE (WUXI) CO., LTD. HUZHOU LI SHIN ELECTRONIC CO., LTD. LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD. BEIJING LITE-ON MOBILE ELECTRONIC AND TELECOMMUNICATION COMPONENTS CO., LTD. GUANGZHOU LITE-ON MOBILE ENGINEERING PLASTICS CO., LTD. LITE-ON GREEN TECHNOLOGIES (NANJING) CORPORATION Changzhou Binhu Thin Film Solar Greenhouse Co., Ltd. Epcystal (Changzhou) Co., Ltd.	Manufacture, sale and processing of electronic products Manufacture of computer peripheral products Manufacture and sale of energy-saving equipment Manufacture and sale of mobile phone modules and design of assembly lines	\$ - (US\$ 406,716) (US\$ 13,276) (US\$ 2,175,085) (US\$ 71,000) (US\$ 490,160) (US\$ 16,000)	a a a a a a a a	\$ 153,175 (US\$ 5,000) (US\$ 197,348) (US\$ 6,442) (US\$ 2,175,085) (US\$ 71,000) (US\$ 1,245,111) (US\$ 40,643)	\$ - - - - - -	(US\$ 5,000) (US\$ 197,348) (US\$ 6,442) (US\$ 2,175,085) (US\$ 71,000) (US\$ 1,245,111) (US\$ 40,643)	\$ 4,214 64,997 116,506 (57,612) -	- 100.00 100.00 100.00 -	- 64,997 3,064,775 139,723 -	\$ 4,214 64,997 116,506 (57,612) -	\$ - 807,219 3,064,775 139,723 -	\$ 46,603 -	Note 6
Philips & Lite-On Digital Solutions Corporation	DONGGUAN LITE-ON COMPUTER CO., LTD. NL (SHANGHAI) CO., LTD. Philips & Lite-On Digital Solutions (Shanghai) Co., Ltd.	Manufacture and sale of computer hosts and components, keyboards, scanners, printers and mouses Import and export of electronic components Sale of optical disc drives	\$ 61,270 (US\$ 2,000) (US\$ 9,191) (US\$ 300) (US\$ 30,635) (US\$ 1,000)	a a a a a	1,834,891 (US\$ 59,895) (US\$ 22,963) (US\$ 750) (US\$ 91,804) (US\$ 2,997) (US\$ 827,145) (US\$ 27,000) 61,270 (US\$ 2,000) 94,906 (US\$ 3,098) 30,635 (US\$ 1,000)	- - - - - -	(US\$ 1,834,891) (US\$ 59,895) (US\$ 22,963) (US\$ 750) (US\$ 91,804) (US\$ 2,997) (US\$ 827,145) (US\$ 27,000) 61,270 (US\$ 2,000) 94,906 (US\$ 3,098) 30,635 (US\$ 1,000)	(23,500) (1,292) - - (50,454) 880 (160) (8,087)	- 100.00 19.90 19.74 100.00 100.00 100.00	(23,500) (1,292) - - (50,454) 880 (160) (8,087)	- (9,578) 4,274 846,440 59,762 7,730 380,335	360,406 -	Note 10 Note 7	

Investor Company	Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	
		Upper Limit on Investment	Upper Limit on Investment
LITE-ON TECHNOLOGY CORPORATION	\$ 29,005,402 (US\$ 946,806)	\$ 38,315,960 (US\$ 1,250,725)	Note 8
Philips & Lite-On Digital Solutions Corporation	30,635 (US\$ 1,000)	30,635 (US\$ 1,000)	\$ 346,498 (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 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. 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: LITE-ON AUTO ELECTRIC TECHNOLOGY (GUANGZHOU) LTD. merged with LITE-ON AUTOMOTIVE ELECTRONICS (GUANGZHOU) LIMITED, with LITE-ON AUTOMOTIVE ELECTRONICS (GUANGZHOU) LIMITED as the surviving entity. It was approved by the Ministry of Economic Affairs, and the investment amount was US\$3,335 thousand on December 26, 2023 under Order No. 11256146250.

Note 6: Liquidated in September 2023.

Note 7: Investment profits or losses and adjustments for changes in equity investment were recognized by the Company.

Note 8: Under Order No. 11251027150 issued by the Ministry of Economic Affairs on June 26, 2023, the Company acquired a certification approved by the Industrial Development Bureau and valid from June 19, 2023 to June 18, 2026 of its status as operation headquarters. Thus, the 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.

Note 10: Liquidated in December 2023.

(Concluded)

TABLE 10

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(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 Philips & Lite-On Digital Solutions Corporation LITE-ON SINGAPORE PTE. LTD. LITE-ON TRADING USA, INC. LITE-ON TRADING USA, INC. Lite-On International Holding Co., Ltd. LITE-ON VIETNAM CO., LTD. LITE-ON VIETNAM CO., LTD. LITE-ON SINGAPORE PTE. LTD. LITE-ON SINGAPORE PTE. LTD. Lite-On Overseas Trading Co., Ltd. Lite-On Overseas Trading Co., Ltd.	a. a. a. c. c. a. a. a. a. a. a. a.	Sales Trade receivables Sales Sales Trade receivables Other receivables Purchases Trade payables Purchases Trade payables Purchases Trade payables	\$ 7,708,622 2,884,803 2,962,843 7,404,979 3,379,701 3,216,675 3,947,670 2,252,072 21,317,406 6,830,132 39,100,391 11,894,751	Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing No significant difference Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing	5 2 2 5 2 2 3 1 14 4 26 6
1	Philips & Lite-On Digital Solutions Corporation	Philips & Lite-On Digital Solutions USA, Inc.	a.	Sales	1,795,693	Cost-plus pricing	1
2	LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	Lite-On Overseas Trading Co., Ltd.	c.	Sales	7,522,586	Cost-plus pricing	5
3	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	c.	Sales	4,965,197	Cost-plus pricing	3
4	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	LITE-ON SINGAPORE PTE. LTD. LITE-ON SINGAPORE PTE. LTD. LITE-ON SINGAPORE PTE. LTD. Lite-On Overseas Trading Co., Ltd. Lite-On Overseas Trading Co., Ltd.	c. c. c. c. c.	Sales Trade receivables Sales Sales Trade receivables	13,578,591 4,284,268 7,973,665 2,139,501	Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing	9 2 5 1
5	LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	Lite-On Overseas Trading Co., Ltd. Lite-On Overseas Trading Co., Ltd.	c. c.	Sales Trade receivables	10,674,968 2,630,904	Cost-plus pricing Cost-plus pricing	7 1
6	SILITEK ELEC. (DONGGUAN) CO., LTD.	Lite-On Overseas Trading Co., Ltd. Lite-On Overseas Trading Co., Ltd.	c. c.	Sales Trade receivables	7,866,989 2,927,033	Cost-plus pricing Cost-plus pricing	5 2
7	LITE-ON POWER TECHNOLOGY (DONGGUAN) CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	c.	Sales	1,561,448	Cost-plus pricing	1
8	HUIZHOU LI SHIN ELECTRONIC CO., LTD.	Lite-On Overseas Trading Co., Ltd.	c.	Sales	1,641,788	Cost-plus pricing	1

(Continued)

Consolidated Financial Statements

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	
9	LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	Lite-On Overseas Trading Co., Ltd. Lite-On Overseas Trading Co., Ltd.	c. c.	Sales	\$ 9,284,723	Cost-plus pricing	6
				Trade receivables	3,372,495	Cost-plus pricing	2
10	LITEON-IT OPTO TECH (BH) CO., LTD.	Lite-On Overseas Trading Co., Ltd.	c.	Sales	4,900,173	Cost-plus pricing	3
11	Lite-On Electronics (Thailand) Co., Ltd.	LITE-ON SINGAPORE PTE. LTD.	c.	Sales	3,942,319	Cost-plus pricing	3
12	LITE-ON SINGAPORE PTE. LTD.	LITE-ON ELECTRONICS H.K. LIMITED LITE-ON TRADING USA, INC. LITE-ON TRADING USA, INC.	c. c. c.	Sales	1,590,968	Cost-plus pricing	1
				Trade receivables	9,253,739	Cost-plus pricing	6
13	Lite-On Overseas Trading Co., Ltd.	LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD. LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD. LITE-ON ELECTRONICS (DONGGUAN) CO., LTD. SILITEK ELEC. (DONGGUAN) CO., LTD. LITE-ON ELECTRONICS (GUANGZHOU) LIMITED LITE-ON ELECTRONICS (GUANGZHOU) LIMITED LITEON-IT OPTO TECH (BH) CO., LTD. LITE-ON VIE/TNAM CO., LTD. LITE-ON VIE/TNAM CO., LTD. LITE-ON SINGAPORE PTE. LTD. LITE-ON SINGAPORE PTE. LTD.	c.	Sales	5,457,536	Cost-plus pricing	4
				Sales	10,738,672	Cost-plus pricing	7
				Trade receivables	4,414,424	Cost-plus pricing	2
				Sales	8,069,305	Cost-plus pricing	5
				Sales	5,728,840	Cost-plus pricing	4
				Sales	6,258,337	Cost-plus pricing	4
				Trade receivables	2,301,023	Cost-plus pricing	1
				Sales	3,940,556	Cost-plus pricing	3
				Sales	4,798,189	Cost-plus pricing	3
				Trade receivables	2,736,627	Cost-plus pricing	1
				Sales	13,355,870	Cost-plus pricing	9
				Trade receivables	4,365,522	Cost-plus pricing	2
14	Lite-On (Guangzhou) Automotive Electronics Limited	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD. LITE-ON SINGAPORE PTE. LTD.	c. c.	Sales	2,164,534	Cost-plus pricing	1
				Sales	2,687,920	Cost-plus pricing	2

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

- a. The 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, 2023. For profit or loss items, cumulative amounts are shown as a percentage to consolidated total operating revenues for the year ended December 31, 2023.

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 is not additionally disclosed.

(Concluded)

Appendix B. Standalone Financial Statements

LITE-ON TECHNOLOGY CORPORATION

Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditors' Report

Deloitte.

勤業眾信

勤業眾信聯合會計師事務所
110016 台北市信義區松仁路100號20樓

Deloitte & Touche
20F, Taipei Nan Shan Plaza
No. 100, Songren Rd.,
Xinyi Dist., Taipei 110016, Taiwan

Tel :+886 (2) 2725-9988
Fax:+886 (2) 4051-6888
www.deloitte.com.tw

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
LITE-ON TECHNOLOGY CORPORATION

Opinion

We have audited the accompanying financial statements of LITE-ON TECHNOLOGY CORPORATION (the "Company"), which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the 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 matter identified in the audit of the Company's financial statements for the year ended December 31, 2023 is as follows:

Allowance for Impairment Loss of Trade Receivables

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

Refer to Note 4 to the consolidated financial statements for the summary of material accounting policy information. 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 reasonableness and the calculation accuracy of allowance for impairment loss.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 Standards on Auditing of 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 financial statements.

As part of an audit in accordance with the Standards on Auditing of 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the 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 financial statements for the year ended December 31, 2023 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 Shiu-Ran Cheng.

Meng-Chieh, Chiu

Deloitte & Touche
Taipei, Taiwan
Republic of China

Shiu-Ran Cheng

February 26, 2024

Notice to Readers

The accompanying financial statements are intended only to present the 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 financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying 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 financial statements shall prevail.

LITE-ON TECHNOLOGY CORPORATION

BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 4,176,144	3	\$ 7,418,633	4
Financial assets at fair value through profit or loss (Note 7)	568,509	-	2,653,305	2
Financial assets at amortized cost (Notes 9 and 31)	21,625	-	-	-
Contract assets	111,187	-	102,194	-
Trade receivables, net (Note 11)	16,722,598	10	22,815,140	13
Trade receivables from related parties (Note 30)	7,385,726	5	8,012,686	5
Other receivables	1,452,976	1	1,126,609	1
Other receivables from related parties (Note 30)	4,499,487	3	190,320	-
Inventories, net (Note 12)	5,963,002	4	5,751,382	3
Prepayments	808,438	-	1,194,160	1
Total current assets	<u>41,709,692</u>	<u>26</u>	<u>49,264,429</u>	<u>29</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss (Note 7)	549,201	-	507,325	-
Financial assets at fair value through other comprehensive income (Note 8)	731,747	1	727,700	1
Financial assets at amortized cost (Notes 9 and 31)	446,149	-	398,394	-
Investments accounted for using the equity method (Notes 13 and 30)	100,023,491	62	101,569,154	60
Property, plant and equipment, net (Notes 14 and 30)	10,750,740	7	9,794,480	6
Right-of-use assets, net (Note 15)	403,160	-	567,588	1
Investment properties, net (Note 16)	26,468	-	-	-
Intangible assets, net (Note 17)	2,725,363	2	3,580,319	2
Deferred tax assets (Note 24)	1,880,923	1	2,021,745	1
Refundable deposits	793,517	1	154,232	-
Net defined benefit assets (Note 20)	198,016	-	146,607	-
Other non-current assets	6,471	-	6,471	-
Total non-current assets	<u>118,535,246</u>	<u>74</u>	<u>119,474,015</u>	<u>71</u>
TOTAL	<u>\$ 160,244,938</u>	<u>100</u>	<u>\$ 168,738,444</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 18)	\$ 20,425,595	13	\$ 26,759,770	16
Financial liabilities at fair value through profit or loss (Note 7)	376,452	-	243,387	-
Contract liabilities	69,807	-	79,782	-
Notes payable	30	-	32	-
Trade payables	6,042,109	4	5,034,229	3
Trade payables to related parties (Note 30)	21,257,717	13	27,733,148	17
Other payables	13,727,721	9	14,950,106	9
Other payables to related parties (Note 30)	36,598	-	573,248	-
Current tax liabilities	4,653,289	3	3,002,064	2
Provisions (Note 19)	522,119	-	628,867	-
Lease liabilities (Note 15)	128,506	-	189,387	-
Advances received	3,926,398	2	2,859,275	2
Total current liabilities	<u>71,166,341</u>	<u>44</u>	<u>82,053,295</u>	<u>49</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 18)	3,000,000	2	3,000,000	2
Deferred tax liabilities (Note 24)	1,405,450	1	1,919,736	1
Lease liabilities (Note 15)	272,962	-	389,911	-
Guarantee deposits	19,589	-	19,497	-
Total non-current liabilities	<u>4,698,001</u>	<u>3</u>	<u>5,329,144</u>	<u>3</u>
Total liabilities	<u>75,864,342</u>	<u>47</u>	<u>87,382,439</u>	<u>52</u>
EQUITY				
Share capital				
Ordinary shares	23,531,300	15	23,630,830	14
Capital surplus	22,734,080	14	22,706,153	13
Retained earnings				
Legal reserve	18,258,300	11	16,780,649	10
Special reserve	2,908,326	2	3,214,551	2
Unappropriated earnings	23,507,087	15	21,736,118	13
Total retained earnings	44,673,713	28	41,731,318	25
Other equity	(3,831,534)	(2)	(3,243,884)	(2)
Treasury shares	(2,726,963)	(2)	(3,468,412)	(2)
Total equity	<u>84,380,596</u>	<u>53</u>	<u>81,356,005</u>	<u>48</u>
TOTAL	<u>\$ 160,244,938</u>	<u>100</u>	<u>\$ 168,738,444</u>	<u>100</u>

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

LITE-ON TECHNOLOGY CORPORATION

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales (Notes 22 and 30)	\$ 98,845,121	102	\$ 118,231,667	102
Less: Sales returns	235,573	-	184,748	-
Sales allowance	<u>2,271,364</u>	<u>2</u>	<u>2,477,605</u>	<u>2</u>
Total operating revenue	<u>96,338,184</u>	<u>100</u>	<u>115,569,314</u>	<u>100</u>
COST OF GOODS SOLD (Notes 12, 23 and 30)	<u>(77,370,040)</u>	<u>(80)</u>	<u>(98,434,771)</u>	<u>(85)</u>
GROSS PROFIT	18,968,144	20	17,134,543	15
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	-	-	49,724	-
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	<u>34,494</u>	<u>-</u>	<u>-</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>19,002,638</u>	<u>20</u>	<u>17,084,819</u>	<u>15</u>
OPERATING EXPENSES (Notes 23 and 30)				
Selling and marketing expenses	(2,430,234)	(3)	(2,729,803)	(3)
General and administrative expenses	(3,383,757)	(3)	(3,520,107)	(3)
Research and development expenses	(5,518,230)	(6)	(4,946,621)	(4)
Expected credit loss (Notes 11 and 22)	<u>(60,152)</u>	<u>-</u>	<u>(31,404)</u>	<u>-</u>
Total operating expenses	<u>(11,392,373)</u>	<u>(12)</u>	<u>(11,227,935)</u>	<u>(10)</u>
OPERATING INCOME	<u>7,610,265</u>	<u>8</u>	<u>5,856,884</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 30)	1,872,159	2	1,905,978	2
Other gains and losses (Notes 14, 17 and 23)	(527,872)	(1)	704,877	1
Finance costs (Note 23)	(1,318,405)	(1)	(563,270)	(1)
Interest income	72,644	-	30,965	-
Share of profit of subsidiaries and associates accounted for using the equity method	<u>9,001,878</u>	<u>9</u>	<u>6,450,425</u>	<u>5</u>
Total non-operating income and expenses	<u>9,100,404</u>	<u>9</u>	<u>8,528,975</u>	<u>7</u>

(Continued)

LITE-ON TECHNOLOGY CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
PROFIT BEFORE INCOME TAX	\$ 16,710,669	17	\$ 14,385,859	12
INCOME TAX EXPENSE (Note 24)	<u>(2,140,053)</u>	<u>(2)</u>	<u>(234,843)</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>14,570,616</u>	<u>15</u>	<u>14,151,016</u>	<u>12</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 20, 21 and 24)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	39,578	-	92,036	-
Unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income	64,388	-	(68,772)	-
Share of other comprehensive income of subsidiaries and associates accounted for using the equity method	11,676	-	8,086	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(7,916)</u>	<u>-</u>	<u>(18,407)</u>	<u>-</u>
	<u>107,726</u>	<u>-</u>	<u>12,943</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(1,059,334)	(1)	4,229,179	4
Share of other comprehensive income of subsidiaries and associates accounted for using the equity method	41,088	-	118,370	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>186,064</u>	<u>-</u>	<u>(849,696)</u>	<u>(1)</u>
	<u>(832,182)</u>	<u>(1)</u>	<u>3,497,853</u>	<u>3</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(724,456)</u>	<u>(1)</u>	<u>3,510,796</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 13,846,160</u>	<u>14</u>	<u>\$ 17,661,812</u>	<u>15</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 25)				
Basic	<u>\$6.36</u>		<u>\$6.19</u>	
Diluted	<u>\$6.29</u>		<u>\$6.10</u>	

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

(Concluded)

LITE-ON TECHNOLOGY CORPORATION

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(in Thousands of New Taiwan Dollars)

	Issue of Share Capital (Note 21)		Capital Surplus (Note 21)		Retained Earnings (Note 21)		Unappropriated Earnings (Note 21)		Other Equity (Notes 21 and 26)		Treasury Shares (Note 21)	Total Equity
	Shares (In Thousands)	Amount	Legal Reserve	Special Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Difference on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Gain (Loss) on Disposal of Investments Through Other Comprehensive Income	Unearned Employees' Compensation		
BALANCE AT JANUARY 1, 2022	2,350,867	\$ 23,508,670	\$ 15,613,679	\$ 5,940,218	\$ 15,199,955	\$ 3,675,382	\$ (2,369,985)	\$ (6,056,988)	\$ (3,700,808)	\$ 72,341,068		
Appropriation of earnings	-	-	1,166,970	-	(1,166,970)	-	-	-	-	-	-	(9,241,620)
Cash dividends	-	-	-	(2,725,667)	2,725,667	-	-	-	-	-	-	30,549
Special reserve	-	-	-	-	-	-	-	6,490	-	-	-	6,490
Disposal of investments accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	120,925
Difference between subsidiaries' disposal of consideration and carrying amount	-	-	-	-	-	-	-	-	-	-	-	320,411
Share-based payment transaction	12,216	122,160	-	-	-	-	-	-	-	-	232,396	37,793
Disposal of treasury stocks	-	-	-	-	-	-	-	-	-	-	-	(29,824)
Changes in percentage of ownership interests in subsidiaries	-	-	-	-	(12,430)	(12,430)	-	-	-	-	-	10,843
Restructuring	-	-	-	-	-	-	-	-	-	-	-	97,517
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	41
Changes in capital surplus from cash dividends of the Company paid to subsidiaries	-	-	-	-	-	-	-	-	-	-	-	14,151,016
Other changes in equity	-	-	-	-	-	-	-	-	-	-	-	3,510,206
Net profit for the year ended December 31, 2022	-	-	-	-	80,500	80,500	-	-	-	-	-	17,661,812
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	(11,622,983)	(11,622,983)	-	-	-	-	-	81,356,005
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	(11,622,983)	(11,622,983)	-	-	-	-	-	(1,622,983)
BALANCE AT DECEMBER 31, 2022	2,363,083	23,630,830	16,780,649	3,214,551	21,736,118	41,731,318	(3,044,655)	(3,243,884)	(3,468,412)	81,356,005		
Appropriation of earnings	-	-	1,477,651	-	(1,477,651)	-	-	-	-	-	-	(1,622,983)
Cash dividends	-	-	-	(306,225)	306,225	-	-	-	-	-	-	108,246
Special reserve	-	-	-	-	-	-	-	-	-	-	-	122,895
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	45,697
Cancellation of treasury shares	(15,578)	(155,778)	-	-	-	-	-	-	-	-	741,449	(1,334)
Changes in capital surplus from cash dividends of the Company paid to subsidiaries	-	-	-	-	-	-	-	-	-	-	-	108,246
Disposal of investments accounted for using equity method or subsidiaries	-	-	-	-	-	-	-	-	-	-	-	45,697
Disposal of partial interests in subsidiaries	-	-	-	-	(106,181)	(106,181)	-	-	-	-	-	(17,529)
Changes in percentage of ownership interests in subsidiaries	-	-	-	-	1,206	1,206	-	-	-	-	-	548,439
Share-based payment transaction	5,625	56,248	-	-	-	-	-	-	-	-	-	113,648
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	67,362	67,362	(67,362)	-	-	-	-	14,570,616
Net profit for the year ended December 31, 2023	-	-	-	-	14,570,616	14,570,616	-	-	-	-	-	14,570,616
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	(75,351)	(75,351)	-	-	-	-	-	(75,351)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	(75,351)	(75,351)	-	-	-	-	-	(75,351)
BALANCE AT DECEMBER 31, 2023	2,351,200	23,511,300	18,258,300	2,908,326	23,807,087	44,673,713	(4,005,024)	(4,831,434)	(5,10,034)	81,380,526	(2,726,963)	\$ 81,380,526

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

LITE-ON TECHNOLOGY CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 16,710,669	\$ 14,385,859
Adjustments for:		
Depreciation expenses	1,268,589	1,098,681
Amortization expenses	128,889	119,072
Expected credit loss	60,152	31,404
Net gain on fair value changes of financial instruments as at fair value through profit or loss	(456,712)	(3,295,859)
Finance costs	1,318,405	563,270
Interest income	(72,644)	(30,965)
Dividend income	(3,870)	(3,721)
Share-based payments	517,511	115,543
Share of profit of subsidiaries and associates accounted for using the equity method	(9,001,878)	(6,450,425)
Net gain on disposal of property, plant and equipment	(15,362)	(13,847)
Net loss on disposal of investments	55,595	-
Impairment loss recognized on non-financial assets	959,819	137,099
Unrealized gain on transactions with subsidiaries and associates	-	49,724
Realized gain on transactions with subsidiaries and associates	(34,494)	-
Unrealized net loss (gain) on foreign currency exchange	(566,339)	328,453
Recognition of provisions	9,241	105,271
Gain on lease modification	(128)	-
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	2,632,697	1,041,832
Contract assets	(7,774)	11,601
Trade receivables	5,880,791	1,483,350
Trade receivables from related parties	626,960	(1,233,622)
Other receivables	534,937	(604,975)
Other receivables from related parties	(50,883)	14,591
Inventories	(332,584)	1,163,097
Prepayments	300,398	(464,913)
Contract liabilities	(9,975)	79,684
Notes payable	(2)	30
Trade payables	1,456,468	925,495
Trade payables to related parties	(6,475,431)	(2,246,915)
Other payables	(698,670)	2,325,875
Other payables to related parties	(536,650)	426,934
Provisions	(115,989)	(140,138)
Advance receipts	1,172,369	1,062,913
Net defined benefit assets	(11,831)	(11,441)
Cash generated from operations	15,242,274	10,972,957
Interest received	72,025	30,580
Dividends received	3,870	3,721

(Continued)

LITE-ON TECHNOLOGY CORPORATION

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)**

	2023	2022
Interest paid	\$ (1,361,799)	\$ (415,934)
Income tax paid	<u>(684,144)</u>	<u>(565,010)</u>
Net cash generated from operating activities	<u>13,272,226</u>	<u>10,026,314</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of financial assets at fair value through other comprehensive income	(47,108)	(195,347)
Proceeds from disposal of financial assets at fair value through other comprehensive income	109,827	-
Purchases of financial assets at amortized costs	(69,380)	(171,642)
Proceeds from disposal of financial assets at amortized costs	-	3,213
Net cash outflow on acquisition of subsidiary	(32,395)	-
Net cash inflow on disposal of subsidiary	-	48,052
Proceeds from the capital reduction on investments accounted for using the equity method	4,157,455	-
Acquisition of property, plant and equipment	(2,131,363)	(1,595,901)
Proceeds from disposal of property, plant and equipment	20,086	14,340
Increase in refundable deposits	(639,285)	(79,661)
Acquisition of intangible assets	(75,724)	(146,584)
Proceeds from disposal of intangible assets	-	2,969
Net cash inflows from business combination	527,703	-
Dividends received from subsidiaries and associates	1,263,086	134,871
Net cash outflow on Spin-off	<u>-</u>	<u>(689,587)</u>
Net cash generated from (used in) investing activities	<u>3,082,902</u>	<u>(2,675,277)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	-	1,569,407
Repayments of short-term borrowings	(6,507,725)	-
Proceeds from long-term borrowings	-	3,000,000
Proceeds from guarantee deposits received	92	-
Decrease in guarantee deposits received	-	(1,339)
Repayments of the principal portion of lease liabilities	(230,945)	(199,449)
Cash dividends paid	(11,622,983)	(9,241,620)
Acquisition of subsidiaries	(1,328,188)	(188,759)
Proceeds from disposal of partial interests in subsidiary without a loss of control	90,926	54,840
Restricted share dividends returned	<u>1,206</u>	<u>-</u>
Net cash used in financing activities	<u>(19,597,617)</u>	<u>(5,006,920)</u>

(Continued)

LITE-ON TECHNOLOGY CORPORATION

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)**

	2023	2022
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (3,242,489)	\$ 2,344,117
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>7,418,633</u>	<u>5,074,516</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 4,176,144</u>	<u>\$ 7,418,633</u>

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

(Concluded)

LITE-ON TECHNOLOGY CORPORATION

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

LITE-ON TECHNOLOGY CORPORATION (the “Company”) was established in March 1989. The main businesses include research and development design, manufacturing and sales of key modules and system solutions for opto-electronics, cloud computing power management systems, automotive electronics and EV chargers, energy management, LED packaging for lighting applications, AIoT and networking applications, information technology and consumer electronics.

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 financial statements of the Company are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company’s board of directors on February 26, 2024.

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 “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Except for the following, the initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies:

Amendments to IAS 12 “International Tax Reform - Pillar Two Model Rules”

The amendments introduce a temporary exception to the requirements in IAS 12 by stipulating that the Company should neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. The amendments also require the Company to disclose that it has applied the exception and separately disclose its current tax expense (income) related to Pillar Two income taxes. In addition, for periods in which Pillar Two legislation is enacted or substantively enacted

but not yet in effect, the Company should disclose qualitative and quantitative information that helps users of financial statements understand the Company's exposure to Pillar Two income taxes. The requirement that the Company apply the exception and the requirement to disclose that fact are applied immediately and retrospectively upon issuance of the amendments. The remaining disclosure requirements apply for annual reporting periods beginning on or after January 1, 2023, but not for any interim period ending on or before December 31, 2023.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company's financial position and financial performance.

- c. New IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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

4. SUMMARY OF MATERIAL SIGNIFICANT ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit 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.

When preparing the Company's financial statements, the Company used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company's financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and associates, the share of other comprehensive income of subsidiaries and associates and the related equity items, as appropriate, in the parent company only financial statements.

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 Company 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. Foreign currencies

In preparing the Company's financial statements, transactions in currencies other than the Company's functional currency (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 financial statements, the financial statements of the Company's foreign operations (including subsidiaries, associates and branches in other countries) 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.

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.

e. Inventories

Inventories consist of raw materials, work in progress, finished goods and merchandise 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.

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of loss of a subsidiary exceeds its interest in that subsidiary (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 Company's net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business 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 Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

When the Company acquires a subsidiary that does not constitute a business, the Company appropriately allocates the cost of acquisition to the Company's share of the amounts of the identifiable assets acquired (including intangible assets) and liabilities assumed, and the transaction does not give rise to goodwill nor gains.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions between subsidiaries is eliminated in full in the financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only to the extent of interests in the subsidiaries that are not related to the Company.

g. Investments in associates

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

The Company 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 Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company's share of the equity of associates.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate 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 Company'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 Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates and joint ventures accounted for using the equity method. If the Company's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate 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 Company'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 Company's net investment in the associate), the Company discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Company 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 Company 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 Company 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 Company continues to apply the equity method and does not remeasure the retained interest.

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

h. 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.

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

i. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation.

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.

j. 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 Company'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 Company 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.

k. 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. 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.

l. Impairment of property, plant and equipment, right-of-use assets, investment properties, intangible assets other than goodwill

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

m. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or 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 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 29: 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 related party) at amortized cost, and other receivables (including related party), 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 with original maturities with 3 months from the date of acquisition, highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Company 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 Company'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 Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivable (including related party), other receivables (including related party) and contract assets).

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

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

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

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

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

2) Equity instruments

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

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

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types. 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 all 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 29.

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 Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including currency 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.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts, and the host contracts are not measured at FVTPL.

n. 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 Company's obligations.

o. Revenue recognition

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

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of 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 or contract assets are recognized concurrently.

2) Revenue from the rendering of services

Services revenue are recognized when services are provided.

p. Leases

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

1) The Company as lessor

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

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. 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. Lease modification that resulted from a negotiation with a lessee is accounted for as a new lease from the effective date of modification.

When a lease includes both land and building elements, the Company 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 Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for 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 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 Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Company 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 balance sheets.

The Company 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, 2022, that results in the revised consideration for the lease. There is no substantive change to other terms and conditions. The Company 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 Company recognizes the reduction in lease payment in profit or loss as a deduction of depreciation of right-of-use assets, 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.

q. 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.

r. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

Defined benefit costs (including service cost, net interest and rereasurement) 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. Rereasurement, 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. Rereasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit 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 Company can no longer withdraw the offer of the termination benefit and when the Company recognizes any related restructuring costs.

s. Share-based payment arrangements

Restricted shares for employees

Restricted shares for employees are expensed on a straight-line basis over the vesting period, based on the fair value at the grant date and the Company's best estimated amount expected to ultimately vest, with a corresponding increase in other equity - unearned employees' compensation. It is recognized as an expense in full at the grant date if vesting immediately.

When the Company issues the restricted shares for employees, other equity unearned employee's compensation is recognized on the grant date, with a corresponding increase in capital surplus - restricted shares for employees.

At the end of each reporting period, the Company revises its estimated amount of restricted shares for employees that are expected to vest. The impact from such revision is recognized as profit or loss so that the cumulative expense reflects the revised estimated, amount with a corresponding adjustment to capital surplus - restricted shares for employees.

t. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

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 Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and 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 Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The Company has applied the exception from the recognition and disclosure of deferred tax assets and liabilities relating to Pillar Two income taxes. Accordingly, the Company neither recognizes nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

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. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimations, and assumptions on 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.

When developing material 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.

Material Accounting Judgements

- Business model assessment for financial assets

The Company 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 Company 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 Company 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 Company'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

- Estimated impairment of financial assets

The provision for impairment of trade receivables is based on assumptions on risk of default and expected loss rates. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company'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.

- 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.

- 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, or change in facts and circumstances results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	\$ 219	\$ 248
Checking accounts	1,324	1,673
Demand deposits	<u>4,174,601</u>	<u>7,416,712</u>
	<u>\$ 4,176,144</u>	<u>\$ 7,418,633</u>

The market interest rate intervals of cash and cash equivalents at the end of the reporting period are as follows:

	<u>December 31</u>	
	2023	2022
Demand deposits	0%-5.15%	0%-4.12%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

	<u>December 31</u>	
	2023	2022
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivative financial instruments (not under hedge accounting)		
Forward exchange contracts	\$ 568,509	\$ 2,365,339
Currency swaps	-	287,966
	<u>\$ 568,509</u>	<u>\$ 2,653,305</u>
<u>Financial assets at FVTPL - non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	\$ 261,862	\$ 211,497
Domestic listed shares	10,393	10,045
Hybrid financial assets		
Foreign convertible preferred shares	<u>276,946</u>	<u>285,783</u>
	<u>\$ 549,201</u>	<u>\$ 507,325</u>
<u>Financial liabilities at FVTPL - current</u>		
Financial liabilities held for trading		
Derivative financial instruments (not under hedge accounting)		
Forward exchange contracts	\$ 263,882	\$ 238,530
Currency swaps	<u>112,570</u>	<u>4,857</u>
	<u>\$ 376,452</u>	<u>\$ 243,387</u>

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

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2023</u>			
Currency swaps	USD/NTD	2024.10.21-2024.11.20	USD80,000/NTD2,468,875
Forward exchange contracts	USD/NTD	2024.01.11-2024.12.23	USD1,055,500/NTD31,615,618
<u>December 31, 2022</u>			
Currency swaps	USD/NTD	2023.01.09-2023.02.10	USD600,000/NTD18,647,720
Forward exchange contracts	USD/NTD	2023.01.04-2023.12.18	USD1,534,000/NTD44,463,226

The Company entered into derivative contracts in 2023 and 2022 to manage exposures due to fluctuations of foreign exchange rates. The derivative contracts entered into by the Company 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 Company were to minimize risks due to changes in fair value or cash flows.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVTOCI)

Investments in Equity Instruments at FVTOCI

	<u>December 31</u>	
	2023	2022
<u>Non-current</u>		
Domestic investments		
Listed shares and emerging market shares	\$ 237,011	\$ 282,485
Listed Taiwan Innovation Board shares	418,392	421,780
Unlisted shares	<u>76,344</u>	<u>23,435</u>
	<u>\$ 731,747</u>	<u>\$ 727,700</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 Company's investment strategy.

9. FINANCIAL ASSETS AT AMORTIZED COSTS

	<u>December 31</u>	
	2023	2022
Pledged deposits	<u>\$ 467,774</u>	<u>\$ 398,394</u>
Current	\$ 21,625	\$ -
Non-current	<u>446,149</u>	<u>398,394</u>
	<u>\$ 467,774</u>	<u>\$ 398,394</u>

- a. Refer to Note 10 for information related to credit risk management and impairment evaluation of financial assets at amortized cost.
- b. Refer to Note 31 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 are classified as at amortized cost.

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>At amortized cost</u>		
Gross carrying amount	\$ 467,774	\$ 398,394
Less: Allowance for impairment loss	<u> -</u>	<u> -</u>
Amortized costs	<u>\$ 467,774</u>	<u>\$ 398,394</u>

In order to minimize credit risk, the Company has tasked its credit management committee with the development and maintenance of a credit risk grading framework for categorizing exposures according to the degree of the 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. TRADE RECEIVABLES, NET

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 16,803,593	\$ 22,847,191
Allowance for impairment loss	<u> (80,995)</u>	<u> (32,051)</u>
	<u>\$ 16,722,598</u>	<u>\$ 22,815,140</u>

The average credit period of sales on goods was approximately 90 days, and no interest was charged on trade receivables. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company 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 Company 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 Company 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. For trade receivables that have been written off, the Company 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 Company's provision matrix.

December 31, 2023

	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%-0.2%	0.1%-5%	20%-70%	50%-100%	100%	
Gross carrying amount	\$ 16,694,316	\$ 60,389	\$ 8,746	\$ -	\$ 40,142	\$ 16,803,593
Loss allowance	<u>(36,349)</u>	<u>(154)</u>	<u>(4,350)</u>	<u>-</u>	<u>(40,142)</u>	<u>(80,995)</u>
Amortized cost	<u>\$ 16,657,967</u>	<u>\$ 60,235</u>	<u>\$ 4,396</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,722,598</u>

December 31, 2022

	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%	20%-70%	50%-100%	100%	
Gross carrying amount	\$ 22,477,098	\$ 271,137	\$ 92,265	\$ -	\$ 6,691	\$ 22,847,191
Loss allowance	<u>-</u>	<u>(1,873)</u>	<u>(23,487)</u>	<u>-</u>	<u>(6,691)</u>	<u>(32,051)</u>
Amortized cost	<u>\$ 22,477,098</u>	<u>\$ 269,264</u>	<u>\$ 68,778</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,815,140</u>

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

	<u>For the Year Ended December 31</u>	
	2023	2022
Balance at January 1	\$ 32,051	\$ 1,866
Expected credit loss	61,371	30,185
Reclassified as the loss allowance of overdue receivable	<u>(12,427)</u>	<u>-</u>
Balance at December 31	<u>\$ 80,995</u>	<u>\$ 32,051</u>

12. INVENTORIES, NET

	<u>December 31</u>	
	2023	2022
Finished good and merchandise	\$ 3,770,766	\$ 3,274,608
Raw materials	1,967,028	2,114,708
Work in progress	225,208	361,704
Inventory in transit	<u>-</u>	<u>362</u>
	<u>\$ 5,963,002</u>	<u>\$ 5,751,382</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 was \$77,370,040 thousand and \$98,434,771 thousand, respectively.

The cost of inventories recognized as cost of goods sold included an increase in cost of goods sold due to inventory write-downs to the net realizable value. The separate columns are as follows:

	<u>For the Year Ended December 31</u>	
	2023	2022
Write-down of inventories	<u>\$ 120,964</u>	<u>\$ 137,099</u>

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2023	2022
Investments in subsidiaries	\$ 99,146,666	\$ 100,610,248
Investments in associates	<u>876,825</u>	<u>958,906</u>
	<u>\$ 100,023,491</u>	<u>\$ 101,569,154</u>

a. Investments in subsidiaries

	December 31			
	2023		2022	
	%	Book Value	%	Book Value
Lite-On International Holding Co., Ltd.	100.00	\$ 19,907,871	100.00	\$ 24,349,246
LITE-ON ELECTRONICS H.K. LIMITED	100.00	21,564,330	100.00	21,402,178
LITE-ON SINGAPORE PTE. LTD.	100.00	32,878,068	100.00	28,203,803
HIGH YIELD GROUP CO., LTD.	100.00	3,879,798	100.00	5,984,977
LITE-ON MOBILE PTE. LTD.	100.00	2,519,802	100.00	2,591,215
LITE-ON TECHNOLOGY USA, INC.	100.00	2,164,881	100.00	2,166,987
Lite-On Automotive International (Cayman) Co., Ltd.	100.00	2,643,744	100.00	2,701,701
Lite-On Electronics (Thailand) Co., Ltd.	100.00	2,299,274	100.00	2,241,492
KBW-LITEON Jordan Private Shareholding Limited	-	-	99.86	466,605
Lite-On Capital Corporation	-	-	100.00	1,150,486
EAGLE ROCK INVESTMENT LTD.	100.00	1,515,703	100.00	1,462,733
Lite-On Japan Ltd.	100.00	928,898	100.00	881,530
LITE-ON VIETNAM CO., LTD.	100.00	2,864,173	100.00	1,923,755
Lite-On Technology (Europe) B.V.	100.00	540,158	54.00	275,831
LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED	99.00	320,827	99.00	270,249
Philips & Lite-On Digital Solutions Corporation	49.00	282,973	49.00	272,026
Lite-On Overseas Trading Co., Ltd.	100.00	1,485,206	100.00	1,493,477
LITE-ON AUTOMOTIVE ELECTRONICS MEXICO, S.A. DE C.V.	99.00	523,491	99.00	408,903
SKYLA CORPORATION	44.17	204,081	55.19	229,290
LTC GROUP LTD.	100.00	1,429,248	100.00	1,395,488
LITE-ON ELECTRONICS (EUROPE) LIMITED	100.00	86,995	100.00	74,779
LET (HK) LIMITED	100.00	41,226	100.00	42,267
KBW-LEOTEK Jordan Private Shareholding Limited	-	-	49.00	633
LEOTEK CORPORATION	100.00	639,830	100.00	586,374

(Continued)

	December 31			
	2023		2022	
	%	Book Value	%	Book Value
LITE-ON MOBILE INDÚSTRIA E COMÉRCIO DE PLÁSTICOS LTDA.	2.97	\$ 43,068	2.97	\$ 34,223
LITE-ON GREEN TECHNOLOGIES, INC.	100.00	240,836	-	-
Lite-On Green Energy (HK) Limited	100.00	6,132	-	-
CEDARS DIGITAL PTE. LTD.	100.00	30,312	-	-
LITE-ON GREEN ENERGY (SINGAPORE) PTE. LTD.	100.00	<u>105,741</u>	-	<u>-</u>
		<u>\$ 99,146,666</u>		<u>\$ 100,610,248</u> (Concluded)

Pursuant to Article 19 of the Business Mergers and Acquisitions Act, the Company entered into a simplified merger with Lite-On Capital Corporation (hereinafter referred to as LCC), which is 100% owned by the Company, with the Company as the surviving company, and LCC was dissolved due to the merger, all rights and obligations related to LCC shall be as inherited by the Company in accordance with law from the merger effective date of December 1, 2023.

Assets acquired and liabilities assumed at the date of acquisition:

Current assets		
Cash and cash equivalents		\$ 527,703
Other receivables - net		124
Other current assets		637
Non-current assets		
Financial assets at fair value through other comprehensive income		2,378
Investments accounted for using the equity method		<u>612,905</u>
Total assets		<u>1,143,747</u>
Current liabilities		
Other payables		300
Other current liabilities		<u>5,521</u>
Total liabilities		<u>5,821</u>
Net assets		<u>\$ 1,137,926</u>

b. Investments in associates

	December 31	
	2023	2022
Associates that are not individually material	<u>\$ 876,825</u>	<u>\$ 958,906</u>

Aggregate information of associates that are not individually material

	<u>For the Year Ended December 31</u>	
	2023	2022
The Company's share of:		
Profit for the year	\$ 50,582	\$ 36,248
Other comprehensive income (loss) for the year	<u>(5,088)</u>	<u>52,916</u>
 Total comprehensive income for the year	 <u>\$ 45,494</u>	 <u>\$ 89,164</u>

Fair values (Level 1) of investments in associates with available published price quotations are summarized as follows:

<u>Name of Associate</u>	<u>December 31</u>	
	2023	2022
Silitech Technology Corporation	<u>\$ 446,643</u>	<u>\$ 374,758</u>

To facilitate organization restructure and professional specialization, the board of directors of the Company approved the spin-off outdoor lighting business unit-related operation to LEOTEK CORPORATION in March 2022. The net assets as of May 12, 2022, as the date of the spin-off, were as follows:

ASSETS		
Cash and cash equivalents		\$ 689,587
Other receivables including related parties, net		662
Other current assets		4,995
Property, plant and equipment, net		14,930
Intangible assets, net		4,387
Right-of-use assets, net		<u>1,091</u>
Total assets		<u>715,652</u>
LIABILITIES		
Advances received		2,225
Provisions		215,866
Other current liabilities		46,455
Lease liabilities		<u>1,106</u>
Total liabilities		<u>265,652</u>
 Net assets		 <u>\$ 450,000</u>

14. PROPERTY, PLANT AND EQUIPMENT, NET

	<u>For the Year Ended December 31, 2023</u>							Total
	Freehold Land	Buildings	Machinery Equipment	Tooling Equipment	Transportation Equipment	Office Equipment	Other Equipment	
<u>Cost</u>								
January 1, 2023	\$ 2,768,874	\$ 7,119,254	\$ 3,039,860	\$ 417,609	\$ 2,745	\$ 842,822	\$ 1,616,701	\$ 15,807,865
Additions	-	45,226	543,483	3,476	-	18,408	1,474,108	2,084,701
Disposals	-	(7,336)	(66,035)	(37,554)	-	(15,957)	(9,529)	(136,411)
Reclassification	-	102,793	68,917	-	-	-	(218,262)	(46,552)
December 31, 2023	<u>\$ 2,768,874</u>	<u>\$ 7,259,937</u>	<u>\$ 3,586,225</u>	<u>\$ 383,531</u>	<u>\$ 2,745</u>	<u>\$ 845,273</u>	<u>\$ 2,863,018</u>	<u>\$ 17,709,603</u>

(Continued)

For the Year Ended December 31, 2023								
	Freehold Land	Buildings	Machinery Equipment	Tooling Equipment	Transportation Equipment	Office Equipment	Other Equipment	Total
Accumulated depreciation								
January 1, 2023	\$ -	\$ 2,438,116	\$ 2,064,869	\$ 365,443	\$ 1,909	\$ 752,618	\$ 387,777	\$ 6,010,732
Additions	-	291,275	536,104	26,672	400	53,058	143,298	1,050,807
Disposals	-	(7,336)	(53,995)	(37,150)	-	(15,957)	(7,314)	(121,752)
Reclassification	-	(10,452)	-	-	-	-	-	(10,452)
December 31, 2023	<u>\$ -</u>	<u>\$ 2,711,603</u>	<u>\$ 2,546,978</u>	<u>\$ 354,965</u>	<u>\$ 2,309</u>	<u>\$ 789,719</u>	<u>\$ 523,761</u>	<u>\$ 6,929,335</u>
Accumulated impairment								
January 1, 2023	\$ -	\$ -	\$ 426	\$ 751	\$ -	\$ 267	\$ 1,209	\$ 2,653
Additions	-	-	19,456	-	62	118	7,907	27,543
Disposals	-	-	(265)	(403)	-	-	-	(668)
December 31, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,617</u>	<u>\$ 348</u>	<u>\$ 62</u>	<u>\$ 385</u>	<u>\$ 9,116</u>	<u>\$ 29,528</u>
December 31, 2023, net	<u>\$ 2,768,874</u>	<u>\$ 4,548,334</u>	<u>\$ 1,019,630</u>	<u>\$ 28,218</u>	<u>\$ 374</u>	<u>\$ 55,169</u>	<u>\$ 2,330,141</u>	<u>\$ 10,750,740</u>

(Concluded)

For the Year Ended December 31, 2022								
	Freehold Land	Buildings	Machinery Equipment	Tooling Equipment	Transportation Equipment	Office Equipment	Other Equipment	Total
Cost								
January 1, 2022	\$ 2,768,874	\$ 6,998,010	\$ 2,410,557	\$ 593,398	\$ 3,628	\$ 808,022	\$ 1,002,018	\$ 14,584,507
Additions	-	95,451	573,426	40,639	256	29,160	992,601	1,731,533
Disposals	-	(113,228)	(79,555)	(21,500)	-	(11,435)	(19,058)	(244,776)
Spin-off	-	-	(11,915)	(211,512)	(1,139)	(7,194)	(40,032)	(271,792)
Reclassification	-	139,021	147,347	16,584	-	24,269	(318,828)	8,393
December 31, 2022	<u>\$ 2,768,874</u>	<u>\$ 7,119,254</u>	<u>\$ 3,039,860</u>	<u>\$ 417,609</u>	<u>\$ 2,745</u>	<u>\$ 842,822</u>	<u>\$ 1,616,701</u>	<u>\$ 15,807,865</u>
Accumulated depreciation								
January 1, 2022	\$ -	\$ 2,283,800	\$ 1,721,701	\$ 561,908	\$ 2,580	\$ 709,632	\$ 315,466	\$ 5,595,087
Additions	-	267,266	431,755	15,748	413	60,696	128,566	904,444
Disposals	-	(112,950)	(79,469)	(21,499)	-	(11,434)	(18,931)	(244,283)
Spin-off	-	-	(9,118)	(203,060)	(1,084)	(6,276)	(37,324)	(256,862)
Reclassification	-	-	-	12,346	-	-	-	12,346
December 31, 2022	<u>\$ -</u>	<u>\$ 2,438,116</u>	<u>\$ 2,064,869</u>	<u>\$ 365,443</u>	<u>\$ 1,909</u>	<u>\$ 752,618</u>	<u>\$ 387,777</u>	<u>\$ 6,010,732</u>
Accumulated impairment								
January 1, 2022	\$ -	\$ -	\$ 426	\$ 751	\$ -	\$ 267	\$ 1,209	\$ 2,653
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
December 31, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 426</u>	<u>\$ 751</u>	<u>\$ -</u>	<u>\$ 267</u>	<u>\$ 1,209</u>	<u>\$ 2,653</u>
December 31, 2022, net	<u>\$ 2,768,874</u>	<u>\$ 4,681,138</u>	<u>\$ 974,565</u>	<u>\$ 51,415</u>	<u>\$ 836</u>	<u>\$ 89,937</u>	<u>\$ 1,227,715</u>	<u>\$ 9,794,480</u>

The Company assessed that the recoverable amount of some projects and equipment was less than the carrying amount due to the fact that there was no need for future use, so the Company recognized impairment loss of \$27,543 thousand for the years ended December 31, 2023. The impairment losses was recognized in other gains and losses of the statements of comprehensive income.

The Company determined the recoverable amount on the basis of the machinery equipment, tooling equipment, office equipment and other equipment fair value less costs of disposal. The fair values used in determining the recoverable amounts were categorized as Level 3 measurements and were measured using the market value method.

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

Buildings	3-55 years
Machinery equipment	2-10 years
Tooling equipment	2-3 years
Transportation equipment	3-5 years
Office equipment	2-5 years
Other equipment	2-5 years

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31</u>	
	2023	2022
<u>Carrying amount</u>		
Land	\$ 141,548	\$ 123,168
Buildings	243,626	434,312
Transportation equipment	16,291	6,638
Other equipment	<u>1,695</u>	<u>3,470</u>
	<u>\$ 403,160</u>	<u>\$ 567,588</u>
	<u>For the Year Ended December 31</u>	
	2023	2022
Additions to right-of-use assets	<u>\$ 55,362</u>	<u>\$ 268,724</u>
Depreciation charge for right-of-use assets		
Land	\$ 11,811	\$ 10,155
Buildings	198,490	177,378
Transportation equipment	5,595	4,929
Other equipment	<u>1,775</u>	<u>1,775</u>
	<u>\$ 217,671</u>	<u>\$ 194,237</u>

b. Lease liabilities

	<u>December 31</u>	
	2023	2022
<u>Carrying amounts</u>		
Current	<u>\$ 128,506</u>	<u>\$ 189,387</u>
Non-current	<u>\$ 272,962</u>	<u>\$ 389,911</u>

Range of discount rate for lease liabilities was as follows:

	<u>December 31</u>	
	2023	2022
Land	1.00%-1.79%	1.00%-1.79%
Buildings	1.00%-4.00%	1.00%-4.00%
Transportation equipment	1.00%-1.67%	1.00%-1.79%
Other equipment	1.00%-2.10%	1.00%-2.10%

c. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	<u>\$ 17,863</u>	<u>\$ 18,940</u>
Expenses relating to low-value asset leases	<u>\$ 2,288</u>	<u>\$ 2,864</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 91,565</u>	<u>\$ 104,904</u>
Total cash outflow for leases	<u>\$ 348,388</u>	<u>\$ 333,003</u>

16. INVESTMENT PROPERTIES, NET

	Completed Investment Properties
<u>Cost</u>	
Balance at January 1, 2023	\$ -
Transfers from property, plant and equipment	<u>37,031</u>
Balance at December 31, 2023	<u>\$ 37,031</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2023	\$ -
Depreciation expenses	111
Transfers from property, plant and equipment	<u>10,452</u>
Balance at December 31, 2023	<u>\$ 10,563</u>
Carrying amounts at December 31, 2023	<u>\$ 26,468</u>

Except for the recognized depreciation, the Company did not have significant additions, disposals or impairment of investment properties for the year ended December 31, 2023.

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

Buildings	49-55 years
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The management of the Company used the valuation model that market participants would use in determining the fair value, and the fair value was measured using Level 3 inputs. The valuation was arrived at by reference to market evidence of transaction prices for similar properties. The fair value as appraised was as follows:

	December 31	
	2023	2022
Fair value	<u>\$ 169,877</u>	<u>\$ -</u>

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

17. INTANGIBLE ASSETS, NET

	For the Year Ended December 31, 2023				
	Goodwill	Patents	Software	Client Relationships	Total
<u>Cost</u>					
January 1, 2023	\$ 5,662,190	\$ 3,440,501	\$ 1,816,260	\$ 163,819	\$ 11,082,770
Additions	-	-	75,724	-	75,724
Disposals	-	-	(59,056)	-	(59,056)
Reclassification	-	-	9,521	-	9,521
December 31, 2023	<u>\$ 5,662,190</u>	<u>\$ 3,440,501</u>	<u>\$ 1,842,449</u>	<u>\$ 163,819</u>	<u>\$ 11,108,959</u>
<u>Accumulated amortization</u>					
January 1, 2023	\$ 77,234	\$ 3,408,588	\$ 1,627,582	\$ 163,819	\$ 5,277,223
Additions	-	13,657	115,232	-	128,889
Disposals	-	-	(59,056)	-	(59,056)
December 31, 2023	<u>\$ 77,234</u>	<u>\$ 3,422,245</u>	<u>\$ 1,683,758</u>	<u>\$ 163,819</u>	<u>\$ 5,347,056</u>
<u>Accumulated impairment</u>					
January 1, 2022	\$ 2,215,366	\$ -	\$ 9,862	\$ -	\$ 2,225,228
Additions	811,312	-	-	-	811,312
Disposals	-	-	-	-	-
December 31, 2022	<u>\$ 3,026,678</u>	<u>\$ -</u>	<u>\$ 9,862</u>	<u>\$ -</u>	<u>\$ 3,036,540</u>
December 31, 2022, net	<u>\$ 2,558,278</u>	<u>\$ 18,256</u>	<u>\$ 148,829</u>	<u>\$ -</u>	<u>\$ 2,725,363</u>
	For the Year Ended December 31, 2022				
	Goodwill	Patents	Software	Client Relationships	Total
<u>Cost</u>					
January 1, 2022	\$ 5,662,190	\$ 3,440,572	\$ 1,789,727	\$ 163,819	\$ 11,056,308
Additions	-	21,961	124,623	-	146,584
Disposals	-	-	(76,741)	-	(76,741)
Spin-off	-	(22,032)	(25,302)	-	(47,334)
Reclassification	-	-	3,953	-	3,953
December 31, 2022	<u>\$ 5,662,190</u>	<u>\$ 3,440,501</u>	<u>\$ 1,816,260</u>	<u>\$ 163,819</u>	<u>\$ 11,082,770</u>
<u>Accumulated amortization</u>					
January 1, 2022	\$ 77,234	\$ 3,423,671	\$ 1,610,146	\$ 163,819	\$ 5,274,870
Additions	-	6,949	112,123	-	119,072
Disposals	-	-	(73,772)	-	(73,772)
Spin-off	-	(22,032)	(20,915)	-	(42,947)
December 31, 2022	<u>\$ 77,234</u>	<u>\$ 3,408,588</u>	<u>\$ 1,627,582</u>	<u>\$ 163,819</u>	<u>\$ 5,277,223</u>
<u>Accumulated impairment</u>					
January 1, 2022	\$ 2,215,366	\$ -	\$ 9,862	\$ -	\$ 2,225,228
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
December 31, 2022	<u>\$ 2,215,366</u>	<u>\$ -</u>	<u>\$ 9,862</u>	<u>\$ -</u>	<u>\$ 2,225,228</u>
December 31, 2022, net	<u>\$ 3,369,590</u>	<u>\$ 31,913</u>	<u>\$ 178,816</u>	<u>\$ -</u>	<u>\$ 3,580,319</u>

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

Patents	3 years
Software	2-4 years
Client relationships	4 years

- a. Goodwill is allocated to the Company'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.
- b. The Company observed the current status and future development direction of the global information optical disk player industry in the fourth quarter 2023 and assessed that there was an impairment indication. Therefore, the Company conducted a goodwill impairment assessment. According to the assessment, the Company recognized the impairment loss of \$811,312 thousand, and the discount rate used to assess the value in use was 13.04%. The impairment losses were recognized in other gains and losses on the statement of comprehensive income.
- c. The Company's management determined gross margin based on past performance expected profits under normal operations and management's expectations of market development. The growth rate used is consistent with the forecasts included in industry reports. The discount rates used were 13.04% and 11.82% as of December 31, 2023 and 2022, respectively and reflected specific risks relating to the relevant cash-generating units.

18. BORROWINGS

- a. Short-term borrowings

	December 31	
	2023	2022
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>\$ 20,425,595</u>	<u>\$ 26,759,770</u>

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

	December 31	
	2023	2022
Line of credit borrowings	1.58%-6.17%	1.20%-5.40%

- b. Long-term borrowings

	December 31	
	2023	2022
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>

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

	<u>December 31</u>	
	2023	2022
Line of credit borrowings	1.61%	1.49%

19. PROVISIONS

	<u>December 31</u>	
	2023	2022
<u>Current</u>		
Warranties	<u>\$ 522,119</u>	<u>\$ 628,867</u>

Movements in the provisions were as follows:

	<u>For the Year Ended December 31</u>	
	2023	2022
Balance at January 1	\$ 628,867	\$ 879,600
Recognition of provisions	9,241	105,271
Usage	(115,989)	(140,138)
Spin-off	<u>-</u>	<u>(215,866)</u>
Balance at December 31	<u>\$ 522,119</u>	<u>\$ 628,867</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 Company'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 the entry of new materials, altered manufacturing processes or other events affecting product quality.

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company 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.

b. Defined benefit plans

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

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

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 734,663	\$ 806,578
Fair value of plan assets	<u>(932,679)</u>	<u>(953,185)</u>
Net defined benefit assets	<u>\$ (198,016)</u>	<u>\$ (146,607)</u>

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2022	<u>\$ 904,007</u>	<u>\$ (947,137)</u>	<u>\$ (43,130)</u>
Service cost	1,370	-	1,370
Net interest expense (income)	<u>4,349</u>	<u>(4,598)</u>	<u>(249)</u>
Recognized in profit or loss	<u>5,719</u>	<u>(4,598)</u>	<u>1,121</u>
Remeasurement			
Return on plan assets	-	(78,321)	(78,321)
Actuarial loss - changes in financial assumptions	(37,794)	-	(37,794)
Actuarial loss - experience adjustments	<u>24,079</u>	<u>-</u>	<u>24,079</u>
Recognized in other comprehensive income	<u>(13,715)</u>	<u>(78,321)</u>	<u>(92,036)</u>
Contributions from the employer	-	(12,562)	(12,562)
Spin-off	(4,437)	4,437	-
Benefits paid	<u>(84,996)</u>	<u>84,996</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ 806,578</u>	<u>\$ (953,185)</u>	<u>\$ (146,607)</u>
Balance at January 1, 2023	<u>\$ 806,578</u>	<u>\$ (953,185)</u>	<u>\$ (146,607)</u>
Service cost	1,256	-	1,256
Net interest expense (income)	<u>8,950</u>	<u>(10,707)</u>	<u>(1,757)</u>
Recognized in profit or loss	<u>10,206</u>	<u>(10,707)</u>	<u>(501)</u>
Remeasurement			
Return on plan assets	-	(9,660)	(9,660)
Actuarial loss - changes in financial assumptions	(2,413)	-	(2,413)
Actuarial loss - experience adjustments	<u>(27,505)</u>	<u>-</u>	<u>(27,505)</u>
Recognized in other comprehensive income	<u>(29,918)</u>	<u>(9,660)</u>	<u>(39,578)</u>
Contributions from the employer	-	(11,330)	(11,330)
Benefits paid	<u>(52,203)</u>	<u>52,203</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 734,663</u>	<u>\$ (932,679)</u>	<u>\$ (198,016)</u>

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

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government 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.

	December 31	
	2023	2022
Discount rate	1.20%	1.15%
Expected rate of salary increase	3.00%	3.00%

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	
	2023	2022
Discount rate		
0.25% increase	<u>\$ (11,860)</u>	<u>\$ (13,819)</u>
0.25% decrease	<u>\$ 12,205</u>	<u>\$ 14,209</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 11,561</u>	<u>\$ 13,496</u>
0.25% decrease	<u>\$ (11,299)</u>	<u>\$ (13,203)</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	
	2023	2022
The expected contributions to the plan for the next year	<u>\$ 11,041</u>	<u>\$ 12,321</u>
The average duration of the defined benefit obligation	6.59 years	6.99 years

21. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2023	2022
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>2,353,130</u>	<u>2,363,083</u>
Amount of shares issued	<u>\$ 23,531,300</u>	<u>\$ 23,630,830</u>

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

Of the total number of shares aforementioned, 100 million shares are reserved for the issuance of stock options, preferred shares with stock options or corporate bonds with stock options that are ready for exercising of options.

On May 20, 2022, the shareholders' meeting of the Company resolved to issue 18,700 thousand new stocks with employee restricted stock awards (RSAs) for employees. The aforementioned issuance of new shares was approved by the Financial Supervisory Commission on July 26, 2022. The Company's board of directors authorized the Chairman to determine the actual issuance date. The Company's Chairman determined that November 15, 2022 and May 19, 2023 to be the record dates of the issuance of new shares and the actual number of shares issued are 12,216 thousand and 6,484 thousand, respectively. Refer to Note 26 for the information on RSAs.

For the year ended December 31, 2023, the Company withdrew the issued 859 thousand new stocks with RSAs for employees. Among the aforementioned withdrawals of issued new stocks, RSAs for employees were cancelled. The capital reduction was approved by the Financial Supervisory Commission, and the registration procedures were completed. Refer to Note 26 for the information on RSAs.

b. Capital surplus

	December 31	
	2023	2022
From business combinations	\$ 9,949,325	\$ 10,015,194
Conversion of bonds	7,413,059	7,462,138
Issuance of ordinary shares	3,617,377	3,442,029
Treasury share transactions	600,509	944,076
Change in equity of associates	101,459	102,793
Changes in ownership interests in subsidiaries	175,579	86,927
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	76,246	30,549
Employee restricted shares	<u>800,526</u>	<u>622,447</u>
	<u>\$ 22,734,080</u>	<u>\$ 22,706,153</u>

The premium from shares issued in excess of par (including share premium from issuance of ordinary shares, conversion of bonds, business combinations, treasury share transactions and difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition) 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 paid-in capital).

The capital surplus arising from change in ownership interests of subsidiaries, changes in equities of associates accounted for by the equity method may only be used to offset a deficit. And the capital surplus arising from issuing the restricted stocks may not be used for any purpose.

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the Articles, the Company may distribute 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 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. Where such legal reserve amounts reach the total paid-in capital, this provision shall not apply. If the Company distributes surplus earnings in the form of cash, it shall be approved by the board of directors in their meeting; if such surplus earnings are distributed in the form of new shares to be issued, they shall be approved by shareholders in their meetings 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 preceding surplus earning, legal reserve and capital reserve in the form of cash, such distribution is authorized by a special resolution of the board of directors; and in addition to 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 meetings according to the regulations. For the policies on distribution of compensation of employees and remuneration of directors before and after amendment, refer to Note 23(e) on compensation of employees and remuneration of directors.

In consideration of business development plan, investing environment, demand for funds, global competitiveness and the shareholders' interest, the Dividend Policy of the Company is the distribution to shareholders with the appropriation of the amount which shall be no less than 70% of the balance amount after income tax, contribution of legal reserve and contribution or reversal of special earnings reserve as required by laws, under the circumstance that there is no cumulated loss in prior years. The distribution may be executed in cash dividend and/or share dividend, and the cash dividend shall be no less than 90% of the total distributed dividends. The dividend distribution ratio in the preceding paragraph could be adjusted taking into consideration finance, business and operations, etc.

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 reserve 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. The 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.

Additional special reserve should be appropriated for an amount equal to the net debit balance of other equity items. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and is thereafter distributed.

The Company appropriated earnings to a special reserve for the difference between the market price and carrying amount of the Company's shares held by subsidiaries proportional to its holding of those subsidiaries. The special reserve appropriated may be reversed to the extent that the market price reverses.

The appropriation of the earnings in 2022 and 2021, which were resolved by the Company's board of directors, were as follows:

	Fourth Quarter of 2022	Second Quarter of 2022
Board of directors' meeting	February 21, 2023	July 28, 2022
Legal reserve	<u>\$ 815,530</u>	<u>\$ 606,379</u>
Special reserve	<u>\$ (594,349)</u>	<u>\$ (2,842,437)</u>
Cash dividends	<u>\$ 6,966,279</u>	<u>\$ 3,465,608</u>
Cash dividends per share (NT\$)	\$ 3.0	\$ 1.5
	Fourth Quarter of 2021	Second Quarter of 2021
Board of directors' meeting	February 24, 2022	July 29, 2021
Legal reserve	<u>\$ 560,591</u>	<u>\$ 829,247</u>
Special reserve	<u>\$ 116,770</u>	<u>\$ 117,525</u>
Cash dividends	<u>\$ 5,776,013</u>	<u>\$ 4,700,810</u>
Cash dividends per share (NT\$)	\$ 2.5	\$ 2.0

The above-mentioned appropriations for cash dividends had been resolved by the Company's board of directors; the other proposed appropriations had been resolved by the shareholders in their meetings on May 17, 2023 and May 20, 2022, respectively.

The appropriations of the earnings in 2023, which were resolved by the Company's board of directors, were as follows:

	Fourth Quarter of 2023	Second Quarter of 2023
Board of directors' meeting	February 26, 2024	July 28, 2023
Legal reserve	<u>\$ 794,416</u>	<u>\$ 662,121</u>
Special reserve	<u>\$ 413,174</u>	<u>\$ 288,124</u>
Cash dividends	<u>\$ 5,782,825</u>	<u>\$ 4,656,704</u>
Cash dividends per share (NT\$)	\$ 2.5	\$ 2.0

The above-mentioned appropriations 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 on May 27, 2024.

d. Other equity items

Movements in other equity items were as follows:

	For the Year Ended December 31, 2023			
	Foreign Currency Translation Reserve	Unrealized Gain (Loss) from Financial Assets at FVTOCI	Unearned Employees' Compensation	Total
Balance at January 1	\$ (2,315,737)	\$ (304,465)	\$ (623,682)	\$ (3,243,884)
Exchange differences on translation of the financial statements of foreign operations	(1,059,334)	-	-	(1,059,334)
Unrealized gain on equity instruments designated as at FVTOCI	-	64,388	-	64,388
Share of subsidiary and associates accounted for using the equity method	41,088	10,963	-	52,051
Disposal of subsidiary accounted for using the equity method	122,895	-	-	122,895
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	-	(67,362)	-	(67,362)
Grant of employee restricted stocks in current period	-	-	(424,802)	(424,802)
Recognition of share-based payment expense	-	-	517,511	517,511
Share-based payments of subsidiaries	-	-	29,721	29,721
Adjustment of employee turnover rates	-	-	(8,782)	(8,782)
Income tax expense	<u>186,064</u>	<u>-</u>	<u>-</u>	<u>186,064</u>
Balance at December 31	<u>\$ (3,025,024)</u>	<u>\$ (296,476)</u>	<u>\$ (510,034)</u>	<u>\$ (3,831,534)</u>

For the Year Ended December 31, 2022

	Foreign Currency Translation Reserve	Unrealized Gain (Loss) from Financial Assets at FVTOCI	Unearned Employees' Compensation	Total
Balance at January 1	\$ (5,820,080)	\$ (236,908)	\$ -	\$ (6,056,988)
Exchange differences on translation of the financial statements of foreign operations	4,229,179	-	-	4,229,179
Unrealized loss on equity instruments designated as at FVTOCI	-	(68,772)	-	(68,772)
Share of subsidiary and associates accounted for using the equity method	118,370	1,215	-	119,585
Disposal of associates accounted for using the equity method	6,490	-	-	6,490
Grant of employee restricted stocks in current period	-	-	(744,607)	(744,607)
Recognition of share-based payment expense	-	-	115,543	115,543
Share-based payments of subsidiaries	-	-	5,382	5,382
Income tax expense	(849,696)	-	-	(849,696)
Balance at December 31	<u>\$ (2,315,737)</u>	<u>\$ (304,465)</u>	<u>\$ (623,682)</u>	<u>\$ (3,243,884)</u>

e. Treasury shares

Unit: In Thousands of Shares

Purpose of Buyback	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, 2023</u>				
Shares held by subsidiaries	22,120	-	(15,116)	7,004
Buyback of dissenting shareholders' shares in accordance with the Business Mergers and Acquisitions Act	462	-	(462)	-
Transfer shares to employees	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>40,000</u>
	<u>62,582</u>	<u>-</u>	<u>(15,578)</u>	<u>47,004</u>

(Continued)

Purpose of Buyback	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, 2022</u>				
Shares held by subsidiaries	26,841	-	(4,721)	22,120
Buyback of dissenting shareholders' shares in accordance with the Business Mergers and Acquisitions Act	462	-	-	462
Transfer shares to employees	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>40,000</u>
	<u>67,303</u>	<u>-</u>	<u>(4,721)</u>	<u>62,582</u> (Concluded)

The 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, 2023</u>			
TITANIC CAPITAL SERVICES LTD.	7,004	<u>\$ 297,469</u>	<u>\$ 819,494</u>
<u>December 31, 2022</u>			
Lite-On Capital Corporation	15,116	\$ 718,857	\$ 964,392
TITANIC CAPITAL SERVICES LTD.	7,004	<u>297,469</u>	<u>446,869</u>
		<u>\$ 1,016,326</u>	<u>\$ 1,411,261</u>

In September 2022, YET FOUNDATE LIMITED and LITE-ON ELECTRONICS COMPANY LIMITED sold 2,271 thousand shares and 2,450 thousand shares of the Company in amounts of \$153,879 thousand and \$166,532 thousand, respectively.

On February 21, 2023, the Company's board of directors held a meeting and approved to cancel 462 thousand treasury stocks. The aforementioned cancellation of treasury stocks was approved by the Financial Supervisory Commission, and the registration procedures was completed.

Lite-On Capital Corporation was dissolved after the merger with the Company on December 1, 2023. The 15,116 thousand shares of the Company held by it were cancelled, and the registration of capital reduction were completed.

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

22. REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 94,626,437	\$ 113,803,948
Royalty income	759,544	846,628
Revenue from management services	860,277	826,203
Rental income from property	<u>91,926</u>	<u>92,535</u>
	<u>\$ 96,338,184</u>	<u>\$ 115,569,314</u>

Contract Balances

	December 31, 2023	December 31, 2022	January 1, 2022
Trade receivables (Note 11)	<u>\$ 16,722,598</u>	<u>\$ 22,815,140</u>	<u>\$ 24,739,559</u>
Contract assets - current			
Sale of goods	<u>\$ 111,187</u>	<u>\$ 102,194</u>	<u>\$ 115,014</u>
Contract liabilities - current			
Sale of goods	<u>\$ 69,807</u>	<u>\$ 79,782</u>	<u>\$ 98</u>

The Company measures the loss allowance for contract assets at an amount equal to lifetime ECLs. The expected credit loss during the lifetime ECLs is calculated by taking into account the past default experience of the customer, the customer's current financial position, possible recoverable amounts, and the forward-looking factors.

	December 31	
	2023	2022
Gross carrying amount	\$ 111,187	\$ 103,413
Allowance for impairment loss (lifetime ECLs)	<u>-</u>	<u>(1,219)</u>
	<u>\$ 111,187</u>	<u>\$ 102,194</u>

The movements of the loss allowance of contract assets were as follows:

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 1,219	\$ -
Expected credit (gain) loss	<u>(1,219)</u>	<u>1,219</u>
Balance at December 31	<u>\$ -</u>	<u>\$ 1,219</u>

Revenue in the years of 2023 and 2022 that were recognized from the contract liability balance at the beginning of year were \$79,782 thousand and \$98 thousand, respectively.

23. NET PROFIT

	For the Year Ended December 31	
	2023	2022
a. Other gains and losses		
Net gain on disposal of property, plant and equipment	\$ 15,362	\$ 13,847
Net loss on disposal of investment	(55,595)	-
Net gain (loss) on foreign currency exchange	54,070	(2,580,725)
Net gain on financial assets at fair value through profit or loss	456,712	3,295,859
Impairment loss	(838,855)	-
Other losses	<u>(159,566)</u>	<u>(24,104)</u>
	<u>\$ (527,872)</u>	<u>\$ 704,877</u>
b. Finance costs		
Interest on borrowings	\$ 1,312,678	\$ 556,424
Interest on lease liabilities	<u>5,727</u>	<u>6,846</u>
	<u>\$ 1,318,405</u>	<u>\$ 563,270</u>
c. Depreciation and amortization		
Property, plant and equipment	\$ 1,050,807	\$ 904,444
Intangible assets	128,889	119,072
Investment properties	111	-
Right-of-use assets	<u>217,671</u>	<u>194,237</u>
	<u>\$ 1,397,478</u>	<u>\$ 1,217,753</u>
An analysis of depreciation by function		
Recognized in operating costs	\$ 425,478	\$ 341,683
Recognized in operating expenses	<u>843,111</u>	<u>756,998</u>
	<u>\$ 1,268,589</u>	<u>\$ 1,098,681</u>
An analysis of amortization by function		
Recognized in operating costs	\$ 1,465	\$ 1,412
Recognized in operating expenses	<u>127,424</u>	<u>117,660</u>
	<u>\$ 128,889</u>	<u>\$ 119,072</u>
d. Employee benefit expenses		
Post-employment benefits		
Defined contribution plans	\$ 246,060	\$ 232,129
Defined benefit plans (Note 20)	<u>(501)</u>	<u>1,121</u>
	245,559	233,250
Share-based payment - equity-settled	517,511	115,543
Termination benefits	52,902	11,347
Other employee benefits	<u>7,940,327</u>	<u>7,931,148</u>
	<u>\$ 8,756,299</u>	<u>\$ 8,291,288</u>

(Continued)

	For the Year Ended December 31	
	2023	2022
Employee benefit expenses summarized by function		
Recognized in operating costs	\$ 1,944,694	\$ 1,762,279
Recognized in operating expenses	<u>6,811,605</u>	<u>6,529,009</u>
	<u>\$ 8,756,299</u>	<u>\$ 8,291,288</u>
		(Concluded)

e. 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, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors for 2023 and 2022, which were approved by the Company's board of directors February 26, 2024 and February 21, 2023, respectively, are as follows:

	For the Year Ended December 31			
	2023		2022	
	Cash	Share	Cash	Share
Employees compensation	\$ 1,983,061	\$ -	\$ 1,925,953	\$ -
Remuneration of directors	202,532	-	196,699	-

If there is a change in the proposed amounts after the annual 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 approved amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2022 and 2021.

Information on the compensation of employees 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.

24. INCOME TAX

a. Income tax recognized in profit or loss

Major components of tax expense were as follows:

	For the Year Ended December 31	
	2023	2022
Current income tax expense		
In respect of the current year	\$ 2,533,763	\$ (642,160)
Adjustments for prior year	<u>(198,394)</u>	<u>(88,733)</u>
	<u>2,335,369</u>	<u>(730,893)</u>
Deferred tax		
The recognition and reversal of temporary differences	<u>(195,316)</u>	<u>965,736</u>
Income tax expense recognized in profit or loss	<u>\$ 2,140,053</u>	<u>\$ 234,843</u>

A reconciliation of income before income tax and income tax expense (benefit) recognized in profit or loss is as follows:

	For the Year Ended December 31	
	2023	2022
Income before income tax	<u>\$ 16,710,669</u>	<u>\$ 14,385,859</u>
Income tax expense calculated at the statutory rate	\$ 3,342,134	\$ 2,877,172
Deductible items in determining taxable income	(1,098,475)	(3,609,203)
Additional tax on unappropriated earnings	290,104	89,871
The recognition and reversal of temporary differences	(195,316)	965,736
Adjustments for prior year	<u>(198,394)</u>	<u>(88,733)</u>
Income tax expense recognized in profit or loss	<u>\$ 2,140,053</u>	<u>\$ 234,843</u>

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

	For the Year Ended December 31	
	2023	2022
<u>Deferred tax</u>		
In respect of the current year		
Translation of foreign operations	\$ (186,064)	\$ 849,696
Remeasurement on defined benefit plans	<u>7,916</u>	<u>18,407</u>
Income tax expense (benefit) recognized in other comprehensive income	<u>\$ (178,148)</u>	<u>\$ 868,103</u>

c. Deferred tax assets and liabilities

The analysis of deferred tax assets was as follows:

	Opening Balance	Recognized in (Loss) Profit	Recognized in Other Comprehensive (Loss) Income	Closing Balance
<u>For the year ended December 31, 2023</u>				
Temporary differences				
Investment accounted for using the equity method	\$ 727,749	\$ (10,996)	\$ 186,064	\$ 902,817
Impairment loss on assets	819,252	(256,871)	-	562,381
Accrued warranty expense	164,812	(60,388)	-	104,424
Unrealized loss on inventories	159,322	24,162	-	183,484
Net defined benefit liability	55,290	-	(7,916)	47,374
Unrealized loss and expense	<u>95,320</u>	<u>(14,877)</u>	<u>-</u>	<u>80,443</u>
	<u>\$ 2,021,745</u>	<u>\$ (318,970)</u>	<u>\$ 178,148</u>	<u>\$ 1,880,923</u>

(Continued)

	Opening Balance	Recognized in Loss (Profit)	Recognized in Other Comprehensive Loss (Income)	Closing Balance
<u>For the year ended December 31, 2022</u>				
Temporary differences				
Investment accounted for using the equity method	\$ 1,981,155	\$ (403,710)	\$ (849,696)	\$ 727,749
Impairment loss on assets	1,186,079	(366,827)	-	819,252
Accrued warranty expense	175,920	(11,108)	-	164,812
Unrealized loss on inventories	139,330	19,992	-	159,322
Net defined benefit liability	73,697	-	(18,407)	55,290
Unrealized loss and expense	<u>82,557</u>	<u>12,763</u>	<u>-</u>	<u>95,320</u>
	<u>\$ 3,638,738</u>	<u>\$ (748,890)</u>	<u>\$ (868,103)</u>	<u>\$ 2,021,745</u> (Concluded)

The analysis of deferred tax liabilities was as follows:

	Opening Balance	Recognized in Loss (Profit)	Recognized in Other Comprehensive Loss (Income)	Closing Balance
<u>For the year ended December 31, 2023</u>				
Temporary differences				
Investment accounted for using the equity method	\$ 322,878	\$ -	\$ -	\$ 322,878
Unrealized amortization of goodwill	673,918	(162,262)	-	511,656
Land value increment tax	270,843	-	-	270,843
Unrealized net exchange gains	136,203	91,820	-	228,023
Unrealized sales profit	34,005	6,898	-	40,903
Unrealized net gains on financial assets	<u>481,889</u>	<u>(450,742)</u>	<u>-</u>	<u>31,147</u>
	<u>\$ 1,919,736</u>	<u>\$ (514,286)</u>	<u>\$ -</u>	<u>\$ 1,405,450</u>
<u>For the year ended December 31, 2022</u>				
Temporary differences				
Investment accounted for using the equity method	\$ 541,220	\$ (218,342)	\$ -	\$ 322,878
Unrealized amortization of goodwill	673,918	-	-	673,918
Land value increment tax	270,843	-	-	270,843
Unrealized net exchange gains	127,709	8,494	-	136,203
Unrealized sales profit	43,949	(9,944)	-	34,005
Unrealized net gains on financial assets	<u>45,251</u>	<u>436,638</u>	<u>-</u>	<u>481,889</u>
	<u>\$ 1,702,890</u>	<u>\$ 216,846</u>	<u>\$ -</u>	<u>\$ 1,919,736</u>

d. Income tax assessments

The Company's tax returns for all years through 2020 have been assessed by the tax authorities.

25. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2023	2022
Basic earnings per share	<u>\$ 6.36</u>	<u>\$ 6.19</u>
Diluted earnings per share	<u>\$ 6.29</u>	<u>\$ 6.10</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

	For the Year Ended December 31	
	2023	2022
Net profit attributable to the Company	<u>\$ 14,570,616</u>	<u>\$ 14,151,016</u>

Weighted Average Number of Ordinary Shares Outstanding

Unit: In Thousand Shares

	For the Year Ended December 31	
	2023	2022
Weighted average number of ordinary shares outstanding in computation of basic earnings per share	2,289,246	2,285,001
Effect of potentially dilutive ordinary shares:		
Compensation of employees	20,772	34,880
Employee restricted shares	<u>8,036</u>	<u>427</u>
Weighted average number of ordinary shares outstanding in computation of diluted earnings per share	<u>2,318,054</u>	<u>2,320,308</u>

If the Company settles the bonuses or remuneration paid to employees in cash or shares, the Company presumes that the entire amount of the bonus or remuneration will be settled in shares, and the resulting potential shares will be 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.

26. SHARE-BASED PAYMENT ARRANGEMENTS

Employee Restricted Stock Awards - (RSAs)

The issuance of RSAs for 2022 (2022 RSAs) of no more than 18,700 thousand common shares has been approved by the Company's shareholders in their meeting held on May 20, 2022. The grants will be made free of charge. The Company's board of directors approved the issuance of RSAs of 12,216 thousand shares and 6,484 thousand shares on September 20, 2022, and April 27, 2023, respectively. The Company's board of directors authorized the Chairman to determine that November 15, 2022 and May 19, 2023 to be the record dates of the issuance of new shares, respectively.

- a. Vesting conditions of the aforementioned arrangement are as follows:
- 1) If an employee, after having been granted a restricted stock award, who remains on the job on the vesting date, is determined by the Company as having not violated the employment contract, employee handbook, non-competition and non-disclosure agreement of the Company or any other agreement with the Company, and has fulfilled the individual performance goals and the Company's operational goals set by the Company, proportions of the vesting shares to be granted for such employee on the vesting date each year is as follows:
 - a) First anniversary of the grant: 30%.
 - b) Second anniversary of the grant: 30%.
 - c) Third anniversary of the grant: 40%.
 - 2) Employee's year-end performance rating shall be PL3 rating (Note: PL3 represents "Meets Expectations") and above.
 - 3) The Company's operational goals are either one of the follows:
 - a) The consolidated gross margin of the year (e.g., Year 1) prior to the end of the vesting period shall be equal to or higher than the consolidated gross margin of the previous year (e.g., Year 0), and the amount of consolidated operating profit (in Year 1) must increase by minimum 10% compared with that in the previous year (Year 0).
 - b) The consolidated gross margin and operating margin for the year prior to the end of the vesting period are equal to or higher than 20% and 10%, respectively.
- b. Restrictions applicable prior to vesting:
- 1) Recipient shall have no right to sell, transfer (other than by laws of inheritance), pledge, mortgage, hypothecate, gift or otherwise dispose of the Shares prior to such Shares being fully vested.
 - 2) Unvested Shares shall have the same rights to attend the Company's shareholders' meeting, submit proposals, or speak and vote at the meeting as those attached to other issued shares of the Company's common stock. However, the exercise of such rights shall be performed in accordance with the trust agreement.
 - 3) Unvested Shares shall have the same rights to receive cash, stock dividends and distributions from capital reserve, as well as the same share subscription rights as those attached to other issued shares of the Company's common stock. However, with respect to unvested Shares, the Recipients shall have no right to withdraw the cash and stock dividends received on such Shares; such dividends shall be kept in trust in accordance with the trust agreement.
- c. Failure to meet vesting conditions:
- 1) If either (i) the Recipient has ceased their employment as of the Vesting Date, (ii) the Recipient has violated any provisions of the employment contract, work rules, non-competition, non-disclosure and/or any other agreement entered into with the Company/Affiliate, (iii) the individual and/or company-level performance requirements have not been met; or (iv) the Recipient has, in violation of subparagraph 1, paragraph 8, Article 5 of "The Issuance Rules of 2022 Employee Restricted Stock Awards Plan", demanded modification, revocation, termination, suspension or cancellation of the authorization granted to the Company as related to the trust/custody account, the Company shall have the power to repurchase for no consideration and cancel any Shares that have not vested pursuant to this Article.
 - 2) The Company shall also repurchase for no consideration and cancel any unvested Shares in the event of voluntary or involuntary termination of the Recipient's employment.

Details of granted RSAs are as follows:

	Number of Stocks (In Thousands)		
	For the Year Ended December 31, 2023		
	<u>Approval Date</u> September 20, 2022	<u>Approval Date</u> April 27, 2023	Total
Balance, beginning of period	12,216	-	12,216
Issuance of stocks	-	6,484	6,484
Withdrawal (expired amount)	(859)	-	(859)
Remove notation of restriction	<u>(3,427)</u>	<u>-</u>	<u>(3,427)</u>
Balance, end of period	<u>7,930</u>	<u>6,484</u>	<u>14,414</u>
Weighted-average fair value of RSAs granted (in dollars)	<u>\$ 67.73</u>	<u>\$ 72.80</u>	

The RSAs is measured at fair value at grant date using market value method. The fair value is based on the market value per share at grant date, minus the discounted value of dividends received derived from average dividend yield over the past three years.

Refer to Note 23 for the employee compensation costs of the RSAs recognized by the Company.

27. DISPOSAL OF INVESTMENT SUBSIDIARIES

Since December 31, 2023, the Company has been assessed to have lost control over the financial and operational policies of its subsidiaries, KBW-LITEON Jordan Private Shareholding Limited, KBW-LEOTEK Jordan Private Shareholding Limited and LEOTEK, PSC (referred to as the “Jordan Subsidiaries”). Refer to Note 29 for information of the disposal of Jordan Subsidiaries on the consolidated financial statements.

28. CAPITAL MANAGEMENT

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

The Company’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 expenses and other needs.

29. FINANCIAL INSTRUMENTS

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

For certain financial instruments that are not measured at fair value but measured at amortized cost, including notes receivable, trade receivables including related parties, other receivables including related parties, refundable deposits, financial assets at amortized costs, short-term borrowings, notes payable, trade payables including related parties, other payables including related parties, long-term borrowings and guarantee deposits, the Company’s management considers the carrying amounts of these financial instruments recognized in the consolidated financial statements as approximating their fair values.

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

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	\$ -	\$ 568,509	\$ -	\$ 568,509
Mutual funds	-	261,862	-	261,862
Domestic listed shares	10,393	-	-	10,393
Foreign convertible preferred stocks	-	-	276,946	276,946
	<u>\$ 10,393</u>	<u>\$ 830,371</u>	<u>\$ 276,946</u>	<u>\$ 1,117,710</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	\$ 237,011	\$ -	\$ -	\$ 237,011
Domestic innovation board listed shares	-	418,392	-	418,392
Domestic unlisted shares	-	-	76,344	76,344
	<u>\$ 237,011</u>	<u>\$ 418,392</u>	<u>\$ 76,344</u>	<u>\$ 731,747</u>
Financial liabilities at FVTPL				
Derivative instruments	\$ -	\$ 376,452	\$ -	\$ 376,452

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	\$ -	\$ 2,653,305	\$ -	\$ 2,653,305
Mutual funds	-	211,497	-	211,497
Domestic listed shares	10,045	-	-	10,045
Foreign convertible preferred stocks	-	-	285,783	285,783
	<u>\$ 10,045</u>	<u>\$ 2,864,802</u>	<u>\$ 285,783</u>	<u>\$ 3,160,630</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	\$ 282,485	\$ -	\$ -	\$ 282,485
Domestic innovation board listed shares	-	421,780	-	421,780
Domestic unlisted shares	-	-	23,435	23,435
	<u>\$ 282,485</u>	<u>\$ 421,780</u>	<u>\$ 23,435</u>	<u>\$ 727,700</u>
Financial liabilities at FVTPL				
Derivative instruments	\$ -	\$ 243,487	\$ -	\$ 243,387

There were no transfers between Levels 1 and 2 for the years ended December 31, 2023 and 2022.

There were transfers between Levels 3 and 2 for the years ended December 31, 2023 and 2022. The investment in an equity instrument held by the Company was originally an investment in foreign unlisted shares, classified as financial assets at fair value through other comprehensive income and evaluated by the market approach. This investee has become an Taiwan Innovation Board listed company since August 2022. Taiwan innovation board launched in the third quarter of 2021 by the Taiwan Stock Exchange Corporation, which has restrictions on the eligibility of traders. It is not always available to find buyers and sellers in the market so it has no active-market-quoted price. As a result, the Company measured it at Level 2 fair value.

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

The financial assets measured at Level 3 fair value were financial assets at FVTPL and equity investments classified as financial assets at FVTOCI. Reconciliations for the years ended December 31, 2023 and 2022 were as follows:

	For the Year Ended December 31	
	2023	2022
Balance, beginning of period	\$ 309,218	\$ 718,131
Total gains or losses		
Recognized in profit or (loss)	(8,837)	7,383
Recognized in other comprehensive income or (loss)	5,801	23,872
Addition	47,108	27,647
Reclassified to Level 2	<u>-</u>	<u>(467,815)</u>
Balance, end of period	<u>\$ 353,290</u>	<u>\$ 309,218</u>

3) Valuation techniques and inputs applied for the purpose of 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 the reporting period 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 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	Obtain the financial information of underlying assets, evaluate its market value, analyze the amount to be adjusted, and consider minority interest and liquidity reduction.
National innovation board listed shares	Obtain the market price of the investee's shares listed on Taiwan Innovation Board at the end of the reporting period and derive from analyzing other observable parameters.

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

Level 3 fair value is measured by using the asset-based approach and comparable company method of market approach. The asset-based approach assesses the fair value by calculating the value of net assets. The comparable company method of market approach is based on the profitability at the reporting period to select the market multiplier of comparable companies. The valuation method is chosen by the Company after deliberate assessment. Therefore, the fair value measurement is deemed to be reasonable. However, the adoption of different valuation models or fair value may lead to different valuation results.

c. Categories of financial instruments

	December 31	
	2023	2022
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 1,117,710	\$ 3,160,630
Financial assets at amortized costs (1)	35,498,222	40,116,014
Investment in equity instruments at FVTOCI	731,747	727,700
<u>Financial liabilities</u>		
FVTPL		
Held for trading	376,452	243,387
Amortized cost		
Short-term borrowings	20,425,595	26,759,770
Payables (2)	41,083,764	48,310,260
Long-term borrowings	3,000,000	3,000,000

- 1) The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, debt instruments measured at amortized cost, 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 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 Company's major financial instruments include equity investments, trade receivables, trade payables, borrowings and lease liabilities. The Company'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 Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (comprising foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company 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 Company'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 Company did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Company'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 Company 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 from exports.

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

a) Foreign currency risk

The Company's had foreign currency sales and purchases, which exposed the Company to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing forward exchange contracts and currency swaps. It is within the Company'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 Company'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 33.

The Company required all its entities to use forward exchange contracts and currency swaps to eliminate currency exposure. It is within the Company'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 Company was mainly exposed to the U.S. dollar.

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

	USD Impact	
	For the Year Ended December 31	
	2023	2022
Profit or loss	<u>\$ 675,096</u>	<u>\$ 1,039,701</u>

b) Interest rate risk

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

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

	December 31	
	2023	2022
Fair value interest rate risk		
Financial assets (i)	\$ 242,774	\$ 171,861
Financial liabilities (ii)	20,827,063	25,339,068
Cash flow interest rate risk		
Financial assets (iii)	4,399,601	7,643,245
Financial liabilities (iv)	3,000,000	5,000,000

- i. The balances included time deposits and 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 and financial assets at amortized cost with floating interest rates.
- iv. The balance included financial liabilities exposed to cash flow risk from interest rate fluctuation.

Sensitivity analysis

The sensitivity analyses below were determined based on the Company's exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the 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 Company's pre-tax profit years ended December 31, 2023 and 2022 would have increased by \$3,499 thousand and \$6,608 thousand, respectively.

c) Other price risk

The Company was exposed to equity price risk through its investments in listed equity securities. Equity investments are held for strategic rather than trading purposes. The Company 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, 2023 and 2022 would have increased by \$1,039 thousand and \$1,005 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, 2023 and 2022 would have increased by \$23,701 thousand and \$28,249 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 Company. The Company is exposed to credit risk from trade receivables, deposits and other financial instruments. Credit risk on business-related exposures are managed separately from that on financial-related exposures.

a) Business related credit risk

To maintain the quality of receivables, the Company 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 Company's internal credit rating, and transaction history as well as current economic conditions that may affect the customer's ability to pay. The Company 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 Company's finance department to be measured and monitored. However, since the Company's counterparties are all reputable financial institutions and government agencies, there is no significant financial credit risk.

3) Liquidity risk

The Company's objective of liquidity risk management is to maintain sufficient cash and cash equivalents for operating needs, in order to ensure that the Company has sufficient financial flexibility.

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

December 31, 2023

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Year	1-3 Years	3 Years to 5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	-	\$ 41,064,175	\$ 19,589	\$ -	\$ -
Lease liabilities	1%-4%	170,120	130,913	34,633	100,603
Floating interest rate liabilities	1.61%	48,300	3,032,818	-	-
Fixed interest rate liabilities	1.58%-6.17%	<u>20,526,576</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>\$ 61,809,171</u>	<u>\$ 3,183,320</u>	<u>\$ 34,633</u>	<u>\$ 100,603</u>

December 31, 2022

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Year	1-3 Years	3 Years to 5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	-	\$ 48,290,763	\$ 19,497	\$ -	\$ -
Lease liabilities	1%-4%	230,866	218,072	80,238	83,308
Floating interest rate liabilities	1.49%-1.65%	2,001,745	3,119,370	-	-
Fixed interest rate liabilities	1.20%-5.40%	<u>24,833,619</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>\$ 75,356,993</u>	<u>\$ 3,356,939</u>	<u>\$ 80,238</u>	<u>\$ 83,308</u>

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

December 31, 2023

	On Demand or Less than 1 Year	1-3 Years	3 Years to 5 Years	5+ Years
Forwards exchange contracts				
Inflows	\$ 32,329,264	\$ -	\$ -	\$ -
Outflows	<u>(31,621,597)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 707,667</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Currency swaps				
Inflows	\$ 2,581,350	\$ -	\$ -	\$ -
Outflows	<u>(2,468,875)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 112,475</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2022

	On Demand or Less than 1 Year	1-3 Years	3 Years to 5 Years	5+ Years
Forwards exchange contracts				
Inflows	\$ 47,047,780	\$ -	\$ -	\$ -
Outflows	<u>(44,463,226)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,584,554</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Currency swaps				
Inflows	\$ 18,647,720	\$ -	\$ -	\$ -
Outflows	<u>(18,752,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ (104,280)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

30. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are summarized below:

a. Related parties and relationships

Related Party	Relationship with the Company
Lite-On Japan Ltd.	Subsidiary
LITE-ON JAPAN (Thailand) CO., LTD.	Sub-subsidiary
LITE-ON SINGAPORE PTE. LTD.	Subsidiary
Lite-On Overseas Trading Co., Ltd.	Subsidiary
WUXI CHINA BRIDGE EXPRESS TRADING CO., LTD.	Third-tier subsidiary
Lite-On Integrated Service Inc.	Subsidiary (liquidated since November 2022)
Lite-On Capital Corporation	Subsidiary (dissolved since December 2023 after merger with the Company)
Philips & Lite-On Digital Solutions Corporation	Subsidiary
Philips & Lite-On Digital Solutions USA, Inc.	Sub-subsidiary
Silitech Technology Corporation	Associate
LITE-ON TRADING USA, INC.	Sub-subsidiary
LITE-ON, INC.	Sub-subsidiary
LITE-ON TECHNOLOGY SERVICE, INC.	Sub-subsidiary
LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	Fourth-tier subsidiary
LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Fourth-tier subsidiary
LITE-ON AUTOMOTIVE ELECTRONICS (CHANGZHOU) CO., LTD.	Fourth-tier subsidiary
LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	Sub-subsidiary
LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Sub-subsidiary
LITE-ON ELECTRONICS (EUROPE) LIMITED	Subsidiary
LEOTEK ELECTRONICS USA LLC	Sub-subsidiary
KBW-LITEON Jordan Private Shareholding Limited	Subsidiary (disposed since December 2023)
SKYLA CORPORATION	Subsidiary
Lite-On (Guangzhou) Automotive Electronics Limited	Third-tier subsidiary
LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	Fourth-tier subsidiary
LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD.	Third-tier subsidiary
Lite-On Vietnam Co., Ltd.	Subsidiary
Lite-On Electronics (Thailand) Co., Ltd.	Subsidiary
Lite-On Power Electronic India Private Limited	Subsidiary
LITE-ON ELECTRONICS H.K. LIMITED	Subsidiary
Lite-On International Holding Co., Ltd.	Subsidiary
LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	Sub-subsidiary
LITE-ON POWER TECHNOLOGY (DONGGUAN) CO., LTD.	Fourth-tier subsidiary
LEOTEK CORPORATION	Subsidiary
HUIZHOU LI SHIN ELECTRONIC CO., LTD.	Sub-subsidiary
Lite-Space Technology Company Limited	Associate (liquidated since July 2023)
Lite-On Culture Foundation	Related party in substance
Silport Technology Corp.	Related party in substance

(Continued)

<u>Related Party</u>	<u>Relationship with the Company</u>
LITE-ON TECHNOLOGY SERVICE, INC. TAIWAN BRANCH	Subsidiary
DragonJet Corporation	Associate
LITE-ON LI SHIN (GANGHOU) CO., LTD.	Fourth-tier subsidiary
LITE-ON TECHNOLOGY (XIANNING) CO., LTD.	Sub-subsidiary
LITE-ON TECHNOLOGY USA, INC.	Subsidiary
Lite-On Mobile Indústria E Comércio De Plásticos Ltda.	Sub-subsidiary
Lite-On Mobile Pte. Ltd.	Subsidiary
Liao, Xue-Fu	Related party in substance
Ben Fu Company Ltd.	Related party in substance
	(Concluded)

b. Sales of goods

<u>Related Party Category</u>	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Subsidiaries	\$ 21,077,287	\$ 18,651,481
Related party in substance	<u>401</u>	<u>478</u>
	<u>\$ 21,077,688</u>	<u>\$ 18,651,959</u>

The sales terms between the Company and its related parties were not significantly different as those between the Company 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 Company and its related parties were not significantly different from those between the Company and non-related parties.

c. Purchases of goods

<u>Related Party Category</u>	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Subsidiaries		
Lite-On Overseas Trading Co., Ltd.	\$ 39,100,391	\$ 59,044,842
LITE-ON SINGAPORE PTE. LTD.	21,317,406	24,948,174
Others	<u>4,609,641</u>	<u>2,705,473</u>
	<u>65,027,438</u>	<u>86,698,489</u>
Associates	<u>1,710</u>	<u>2,080</u>
	<u>\$ 65,029,148</u>	<u>\$ 86,700,569</u>

The sales prices and payment terms between the Company and its related parties were not significantly different from those between the Company and non-related parties. For other related party transactions, price and terms were determined in accordance with mutual agreements.

d. Receivables from related parties

Related Party Category	December 31	
	2023	2022
<u>Trade receivables</u>		
Subsidiaries		
LITE-ON TRADING USA, INC.	\$ 3,379,701	\$ 2,225,104
Philips & Lite-On Digital Solutions Corporation	2,884,803	2,044,260
Others	<u>1,121,222</u>	<u>3,743,322</u>
	<u>\$ 7,385,726</u>	<u>\$ 8,012,686</u>
<u>Other receivables</u>		
Subsidiaries		
Lite-On International Holding Co., Ltd	\$ 3,216,675	\$ -
Lite-On Mobile Pte. Ltd.	628,018	-
Others	<u>654,794</u>	<u>190,320</u>
	<u>\$ 4,499,487</u>	<u>\$ 190,320</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, 2023 and 2022.

e. Payables to related parties

Related Party Category	December 31	
	2023	2022
<u>Trade payables</u>		
Subsidiaries		
Lite-On Overseas Trading Co., Ltd.	\$ 11,977,606	\$ 17,915,360
LITE-ON SINGAPORE PTE. LTD.	6,830,132	8,705,126
Others	<u>2,449,488</u>	<u>1,111,431</u>
	<u>21,257,226</u>	<u>27,731,917</u>
Associates	<u>491</u>	<u>1,231</u>
	<u>\$ 21,257,717</u>	<u>\$ 27,733,148</u>
<u>Other payables</u>		
Subsidiaries	\$ 36,317	\$ 571,580
Associates	-	759
Related party in substance	<u>281</u>	<u>909</u>
	<u>\$ 36,598</u>	<u>\$ 573,248</u>

The outstanding trade payables to related parties are unsecured.

f. Acquisition of property, plant and equipment

Related Party Category	Purchase Price	
	For the Year Ended December 31	
	2023	2022
Subsidiaries	\$ 2,263	\$ 58,316
Related party in substance	<u>87</u>	<u>660</u>
	<u>\$ 2,350</u>	<u>\$ 58,976</u>

g. Disposal of property, plant and equipment

Related Party Category	For the Year Ended December 31			
	2023		2022	
	Proceeds of Disposal	Gain on Disposal	Proceeds of Disposal	Gain on Disposal
Subsidiaries				
Lite-On Vietnam Co., Ltd.	\$ 13,473	\$ 4,889	\$ -	\$ -
LEOTEK CORPORATION	2,214	-	-	-
LITE-ON, INC.	1,518	-	-	-
LITE-ON AUTOMOTIVE ELECTRONICS (CHANGZHOU) CO., LTD.	2,295	1,206	-	-
LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	<u>586</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 20,086</u>	<u>\$ 6,095</u>	<u>\$ -</u>	<u>\$ -</u>

h. Operating expenses

Related Party Category	For the Year Ended December 31	
	2023	2022
	Subsidiaries	\$ 233,707
Associates	-	34
Related party in substance	<u>10,811</u>	<u>10,625</u>
	<u>\$ 244,518</u>	<u>\$ 199,492</u>

The Company recognized and paid associated donation expenses of \$10,000 thousand for both years ended December 31, 2023 and 2022, to help Lite-On Cultural Foundation, a related party in substance, facilitate communal, cultural and educational projects.

i. Other revenue

Related Party Category	For the Year Ended December 31	
	2023	2022
	Subsidiaries	\$ 109,931
Associates	1,422	1,533
Related party in substance	<u>49</u>	<u>37</u>
	<u>\$ 111,402</u>	<u>\$ 112,691</u>

The Company leased out buildings to its subsidiaries under operating lease with lease term of 5 years.

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 Company and its related parties were not significantly different as those between the Company and non-related parties.

j. Remuneration of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 384,231	\$ 386,154
Post-employment benefits	1,425	1,414
Share-based payments	<u>234,108</u>	<u>54,376</u>
	<u>\$ 619,764</u>	<u>\$ 441,944</u>

The remuneration of directors and key executives was determined by the remuneration committee, based on the performance of individuals and market trends.

k. Other related party transactions

For the year ended December 31, 2023

Related Party Category	Line Items	Number of Shares (In thousands)	Underlying Assets	Proceeds of Disposal	Gain on Disposal
Related party in substance	Investments accounted for using the equity method	3,200	Shares of SKYLA CORPORATION	<u>\$ 90,926</u>	<u>\$ -</u>

31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

	December 31	
	2023	2022
Pledged time deposits (classified as financial assets at amortized costs)	<u>\$ 467,774</u>	<u>\$ 398,394</u>

Above assets included the guarantee deposits provided for government projects and general construction bids.

32. SIGNIFICANT UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies of the Company at December 31, 2023 were as follows:

- a. In order to effectively utilize assets and to improve the safety of the plant structure and the efficiency of building bulk, the Company's board of director passed an urban renewal resolution on October 28, 2021 to rebuild the original Zhonghe factory into Zhonghe Digital Building. In the second quarter of 2022, the Company entered a contract and engaged ZEN RAY Construction Co., Ltd. to build on its own land. The total contract amount did not exceed \$1,886,000 thousand.
- b. In order to carry on future business and expansion of capacity, the Company's board of director resolved to build the second-phase plant of Kaohsiung Manufacturing Center on October 28, 2022. In the second quarter of 2023, the Company signed a contract with RUENTEX ENGINEERING & CONSTRUCTION CO., LTD. to construct on the leased land. The total contract amount did not exceed \$4,395,000 thousand.

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2023

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 954,659	30.6350 (USD:NTD)	<u>\$ 29,245,981</u>
Non-monetary items			
Investments in associates and joint ventures accounted for using the equity method			
USD	2,233,734	30.6350 (USD:NTD)	<u>\$ 68,430,454</u>
<u>Financial liabilities</u>			
Monetary items			
USD	1,395,394	30.6350 (USD:NTD)	<u>\$ 42,747,902</u>

December 31, 2022

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 1,155,378	30.6700 (USD:NTD)	<u>\$ 35,435,429</u>
Non-monetary items			
Investments in associates and joint ventures accounted for using the equity method			
USD	2,360,037	30.6700 (USD:NTD)	<u>\$ 72,382,350</u>
<u>Financial liabilities</u>			
Monetary items			
USD	1,833,370	30.6700 (USD:NTD)	<u>\$ 56,229,453</u>

For the years ended December 31, 2023 and 2022, the net foreign exchange gains (losses) were \$54,070 thousand and \$(2,580,725) 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.

34. SEPARATELY DISCLOSED ITEMS

- a. Information about significant transactions:
 - 1) Financing provided to others: See Table 1 below.
 - 2) Endorsements/guarantees provided: See Table 2 below.
 - 3) Marketable securities held (excluding investment in subsidiaries, associates and joint ventures): See Table 3 below.
 - 4) Marketable securities acquired or 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 at costs of at least NT\$300 million or 20% of the paid-in capital: See Table 5 below.
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: See Table 6 below.
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: See Table 7 below.
 - 9) Trading in derivative instruments: See Notes 7 and 29 to the financial statements.

- b. Information on investees: See Table 8 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, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: See Table 9 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 Tables 6 and 7 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.

35. OTHER ITEMS

- a. In response to the adjustment of the operating direction, the Company passed the Kaohsiung Lite-On Building project design change and budget proposal by resolution of the board of directors on February 26, 2024 (the original budget proposal for the Kaohsiung R&D Building construction project passed on February 21, 2023), and the overall project budget does not exceed \$3.816 billion.
- b. In order to enrich working capital, the Company's board of directors resolved to issue the first domestic unsecured convertible corporate bonds on October 30, 2023. The face value per bond is \$100 thousand, with maximum total issued amount \$10,000,000 thousand. The issuance period is 5 years, with a 0% coupon rate. The issuance price will not less than 100% of par value. The case has been filing effective by the Financial Supervisory Commission Order Jin-guan-cheng-fa-zi-di No. 1120366124 dated January 11, 2024. As of the date of approval of this financial report, the unsecured convertible corporate bonds have not been issued.

TABLE 1

LITE-ON TECHNOLOGY CORPORATION AND INVESTEES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(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 TECHNOLOGY (CHANGZHOU) CO., LTD.	CHANGZHOU LEOTEK NEW ENERGY TRADE LIMITED	Receivables from related parties	Yes	\$ 102,276	\$ 99,468	\$ 99,468	2.45%	b	\$ -	Operating capital	\$ -	None	\$ -	\$ 5,293,334	\$ 5,293,334	
2	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	LITE-ON INTELLIGENT TECHNOLOGY (YENCHENG) CORP.	Receivables from related parties	Yes	98,647	43,247	43,247	2.45%~2.50%	b	-	Operating capital	-	None	-	3,431,725	3,431,725	
2	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	LITE-ON GREEN TECHNOLOGIES(NANJING) CORPORATION	Receivables from related parties	Yes	16,898	16,434	16,434	2.50%	b	-	Operating capital	-	None	-	3,431,725	3,431,725	
2	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	BEIJING LITE-ON MOBILE ELECTRONIC AND TELECOMMUNICATION COMPONENTS CO., LTD.	Receivables from related parties	Yes	88,936	-	-	2.50%	b	-	Operating capital	-	None	-	3,431,725	3,431,725	
3	LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD.	BEIJING LITE-ON MOBILE ELECTRONIC AND TELECOMMUNICATION COMPONENTS CO., LTD.	Receivables from related parties	Yes	132,945	129,741	129,741	2.45%	b	-	Operating capital	-	None	-	1,733,941	1,733,941	

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.

TABLE 2

LITE-ON TECHNOLOGY CORPORATION AND INVESTEEES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(Amounts in Thousands of New Taiwan Dollars)

No.	Endorser/ 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)											
0	LITE-ON TECHNOLOGY CORPORATION	Lite-On Green Energy B.V.	b	\$ 8,438,060	\$ 318,701	\$ 318,701	\$ -	\$ -	0.38	\$ 33,752,238	Yes	No	No	

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

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

Note 2: a. The process of financing others and the process of making endorsements/quadrants were established by the Company, and the aggregate amounts to the entities or ceilings on the amounts for any single entity shall not exceed 40% and 10% of the net worth of the Company, respectively.
b. The net worth is based on the latest audited financial statements.

TABLE 3

LITE-ON TECHNOLOGY CORPORATION AND INVESTEEES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2023

(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, 2023			Note
				Shares/Units (In Thousands)	Carrying Value (In Thousands)	Percentage of Ownership (%)	
LITE-ON TECHNOLOGY CORPORATION	Ordinary shares	-	Financial assets at FVTPL	224	\$ 10,393	0.03	\$ 10,393
	ENNOSTAR Inc.	-	Financial assets at FVTOCI	7,578	84,497	8.14	84,497
	Logah Technology Corp.	-	Financial assets at FVTOCI	1,710	29,236	15.05	29,236
	InSynerger Technology Co., Ltd.	Member of the board of directors	Financial assets at FVTOCI	4,235	418,392	3.95	418,392
	PlayNitride Inc.	Member of the board of directors	Financial assets at FVTOCI	258	148,866	0.16	148,866
	Airoha Technology Corp.	-	Financial assets at FVTOCI	2,355	47,108	17.00	47,108
	EMRIGHT TECHNOLOGY CO., LTD.	-	Financial assets at FVTOCI	865	3,648	0.59	3,648
	LEAD DATA INC.	-	Financial assets at FVTOCI	2,000	-	2.86	-
	COMPOUND SOLAR TECHNOLOGY CO., LTD.	-	Financial assets at FVTPL and FVTOCI	53,300	-	-	-
	Others	-	Financial assets at FVTOCI	-	-	-	-
	Foreign convertible preferred stock	-	Financial assets at FVTPL	1,500	276,946	2.19	276,946
	Kneron Holding Corporation	-	Financial assets at FVTPL	-	-	-	-
	Preferred stock	-	Financial assets at FVTPL	16,781	-	-	-
Others	-	Financial assets at FVTPL	-	-	-	-	
Fund	Arm IoT Fund, L.P.	-	Financial assets at FVTPL	-	62,394	10.33	62,394
	Esquare IoT Landing Fund	-	Financial assets at FVTPL	-	199,468	20.95	199,468
	PaeRim Venture Partners	-	Financial assets at FVTPL	-	-	3.00	-
Domestic convertible bond	Xepex Electronics Co., Ltd.	-	Financial assets at FVTPL	150	-	-	-
	Ordinary shares	-	Financial assets at FVTOCI	-	US\$ 140	19.90	US\$ 140
Lite-on Green Energy (HK) Limited	Changzhou Binhu Thin Film Solar Greenhouse Co., Ltd.	-	Financial assets at FVTPL	-	-	-	-
	Ordinary shares	-	Financial assets at FVTPL	3,000	-	5.91	-
YET FOUNDATE LIMITED	Northern Lights Semiconductor	-	Financial assets at FVTPL	-	-	-	-
	Fund	-	Financial assets at FVTPL	-	HK\$ 2,541	0.55	HK\$ 2,541
LET (HK) LIMITED	Innovation Works Development Fund, L.P.	-	Financial assets at FVTPL	-	-	-	-
	Ordinary shares	-	Financial assets at FVTPL	-	-	-	-

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2023			Note
				Shares/Units (In Thousands)	Carrying Value (In Thousands)	Percentage of Ownership (%)	
LITE-ON TECHNOLOGY USA, INC.	Fund SMART WORLD INNOVATION FUND GP, LLC	-	Financial assets at FVTPL	-	US\$ 2,755	18.61	US\$ 2,755
	Amed Ventures II, L.P.	-	Financial assets at FVTPL	-	US\$ 1,152	1.60	US\$ 1,152
	SMART WORLD INNOVATION FUND II, L.P.	-	Financial assets at FVTPL	-	US\$ 343	7.50	US\$ 343
LITE-ON SINGAPORE PTE. LTD.	Foreign convertible preference shares MerryX Inc.	-	Financial assets at FVTPL	590	US\$ 425	1.76	US\$ 425
	Ordinary shares LuxVisions Innotech Limited	-	Financial assets at FVTOCI	12,000	US\$ 40,000	2.93	US\$ 40,000
TITANIC CAPITAL SERVICES LTD.	Fund Grandfull Convergence Innovation Growth Fund, L.P.	-	Financial assets at FVTPL	-	US\$ 9,514	15.62	US\$ 9,514
	Ordinary shares LITE-ON TECHNOLOGY CORPORATION	The parent company	Financial assets at FVTOCI	7,004	819,494	0.30	819,494
LITE-ON CHINA HOLDING CO., LTD.	Ordinary shares COMMIT Incorporated	-	Financial assets at FVTPL	4,962	-	1.87	-

Note 1: As the amount is not significant, it would be disclosed under aggregation.

Note 2: Lite-On Capital Corporation was dissolved after the merger with the Company, and the securities held by it were absorbed by the Company.

(Concluded)

TABLE 4

LITE-ON TECHNOLOGY CORPORATION AND INVESTEEES

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, 2023

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

Holding Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal		Ending Balance	
					Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Gain (Loss) on Disposal	Shares/Units (In Thousands)
LTC GROUP LTD.	The common stock of VIZIO HOLDING CORP.	Financial asset at fair value through profit or loss	-	-	2,447	\$ 556,171 (US\$ 18,134)	-	\$ -	\$ 522,222 (US\$ 16,860)	\$ 563,264 (US\$ 18,134)	\$ (41,042) (US\$ -1,274)	-
LITE-ON MOBILE PTE. LTD.	The ordinary shares of Jiangxi Firstar Panel Technology Co., Ltd.	Financial asset at fair value through profit or loss	-	-	-	-	45,822 (Note)	-	641,880 (CNY 148,759)	-	641,880 (CNY 148,759)	-

Note: There is no stock price because LITE-ON MOBILE PTE. LTD. agreed to acquire the shares by debt-for-equity swap, in accordance with the restructuring plan of debtor, Jiangxi Firstar Panel Technology Co., Ltd., approved by the court.

TABLES

LITE-ON TECHNOLOGY CORPORATION AND INVESTEEES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2023
(Amounts in Thousands of New Taiwan Dollars or in Thousands of Foreign Currencies)

Buyer	Property	Event Date	Transaction Amount (Note)	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party		Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship			
LITE-ON TECHNOLOGY CORPORATION	Buildings	May 31, 2023	Total contract amount shall not exceed \$4,395,000	Monthly settlement by the construction progress and acceptance, paid by wire transfer 30 days after month-end.	RUENTEX ENGINEERING & CONSTRUCTION CO., LTD.	-	Not applicable	Not applicable	Tendering, the most advantageous tender awarded	Operation of the second-phase plant of Kaohsiung Manufacturing Center	None
LITE-ON VIETNAM CO., LTD.	Buildings	December 18, 2023	Total contract amount shall not exceed VND439,912,982. Approximately NT\$579,647	Monthly settlement by the construction progress and acceptance, paid by wire transfer 30 days after month-end.	TOPSCIENCE VIETNAM CO., LTD.; CONG TY TNHH XIN YA; CONG TY TNHH XUAT NHAP KHAU THUY PHONG	-	Not applicable	Not applicable	Tendering, the most advantageous tender awarded	For production and based on operation demand	None

Note: The final transaction amount will be based on the actual settlement.

TABLE 6

LITE-ON TECHNOLOGY CORPORATION AND INVESTEEES

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, 2023
(Amounts in Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details		Abnormal Transaction	Notes/Trade (Payable) or Receivable		Note	
			Purchase/Sale	Amount		Unit Price	Payment Terms		Ending Balance
LITE-ON TECHNOLOGY CORPORATION	Philips & Lite-On Digital Solutions Corporation LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD. WUXI CHINA BRIDGE EXPRESS TRADING CO., LTD. LITE-ON SINGAPORE PTE. LTD. Lite-On Singapore Ltd. LITE-ON Japan Ltd. LITE-ON, INC. LITE-ON TRADING USA, INC. LEOTEK CORPORATION LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD. LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD. LITE-ON VIETNAM CO., LTD. LITE-ON SINGAPORE PTE. LTD. LITE-ON, INC. Lite-On Overseas Trading Co., Ltd.	Subsidiary Fourth-tier subsidiary Fourth-tier subsidiary Subsidiary Subsidiary Subsidiary Subsidiary Subsidiary Fourth-tier subsidiary Subsidiary Subsidiary Subsidiary Subsidiary Subsidiary	Sale Sale Sale Sale Sale Sale Purchase Purchase Purchase Purchase Purchase Purchase Purchase	\$ (7,708,622) (628,503) (104,924) (2,962,843) (195,211) (198,858) (7,404,979) 199,184 448,993 3,947,670 21,317,406 160,318 39,100,391	(8.05) (0.66) (0.11) (3.09) (0.20) (0.21) (7.73) 0.26 0.60 5.23 28.26 0.21 51.84	About 90 days About 90 days About 90 days About 90 days About 90 days About 90 days About 90 days About 90 days About 90 days About 90 days About 90 days About 90 days About 90 days	No significant difference No significant difference No significant difference No significant difference No significant difference No significant difference No significant difference No significant difference No significant difference No significant difference No significant difference No significant difference No significant difference	\$ 2,884,803 257,623 33,471 306,505 58,855 54,114 3,379,701 (92,290) (102,320) (2,252,072) (6,830,132) -	12.04 1.08 0.14 1.28 0.25 0.23 14.11 (0.39) (0.43) (9.52) (28.89) -
LEOTEK CORPORATION	LEOTEK ELECTRONICS USA LLC.	Subsidiary	Sale	(842,131)	(75.44)	About 90 days	No significant difference	213,824	62.63
Philips & Lite-On Digital Solutions Corporation	Philips & Lite-On Digital Solutions USA, Inc. PLDS Germany GmbH	Subsidiary Subsidiary	Sale Sale	(1,795,693) (245,266)	(22.45) (3.07)	About 90 days About 90 days	No significant difference No significant difference	23,579 208,115	1.90 16.80
LITE-ON ELECTRONICS (TIANJIN) CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(1,346,874)	(100.00)	About 90 days	No significant difference	320,197	100.00
LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	LITE-ON ELECTRONICS (GUANGZHOU) LIMITED Lite-On Overseas Trading Co., Ltd.	Affiliate Affiliate	Sale Sale	(342,118) (7,522,586)	(4.33) (95.25)	About 90 days About 90 days	No significant difference No significant difference	14,450 1,007,500	1.38 95.94
LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(4,965,197)	(100.00)	About 90 days	No significant difference	1,248,711	100.00
LITEON LI SHIN TECHNOLOGY (GANZHOU) LTD	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(601,152)	(100.00)	About 90 days	No significant difference	96,292	100.00
LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	LITE-ON SINGAPORE PTE. LTD. Lite-On Overseas Trading Co., Ltd.	Affiliate Affiliate	Sale Sale	(13,578,591) (7,973,665)	(61.72) (36.24)	About 90 days About 90 days	No significant difference No significant difference	4,284,268 2,139,501	65.65 32.78
LITE-ON TECHNOLOGY (XIANNING) CO., LTD.	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(469,689)	(100.00)	About 90 days	No significant difference	78,255	100.00
LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD. LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Affiliate Affiliate	Sale Sale	(102,142) (132,403)	(1.87) (2.43)	About 90 days About 90 days	No significant difference No significant difference	30,535 50,382	1.71 2.82
LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(10,674,968)	(100.00)	About 90 days	No significant difference	2,630,904	100.00
SILITEK ELEC. (DONGGUAN) CO., LTD.	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD. LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD. Lite-On Overseas Trading Co., Ltd.	Affiliate Affiliate Affiliate	Sale Sale Sale	(229,203) (138,538) (7,866,989)	(2.76) (1.67) (94.86)	About 90 days About 90 days About 90 days	No significant difference No significant difference No significant difference	92,568 461,938 2,927,033	3.01 1.50 95.18
LITE-ON POWER TECHNOLOGY (DONGGUAN) CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(1,561,448)	(100.00)	About 90 days	No significant difference	496,564	100.00
LITE-ON ELECTRONICS H.K. LIMITED	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(131,721)	(7.26)	About 90 days	No significant difference	51,784	13.67
HUIZHOU LI SHIN ELECTRONIC CO., LTD.	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(1,641,788)	(87.87)	About 90 days	No significant difference	257,126	82.68
LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD. Lite-On Overseas Trading Co., Ltd.	Affiliate Affiliate	Sale Sale	(560,239) (9,284,723)	(5.69) (94.26)	About 90 days About 90 days	No significant difference No significant difference	277,642 3,372,495	7.58 92.04
LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD.	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD. Lite-On Overseas Trading Co., Ltd.	Affiliate Affiliate	Sale Sale	(872,740) (1,282,215)	(40.50) (59.50)	About 90 days About 90 days	No significant difference No significant difference	880,499 978,105	47.37 52.62
LITEON-IT OPTO TECH (BH) CO., LTD.	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(4,900,173)	(100.00)	About 90 days	No significant difference	1,097,730	100.00
Lite-On Electronics (Thailand) Co., Ltd.	LITE-ON SINGAPORE PTE. LTD. LITE-ON JAPAN (THAILAND) CO., LTD.	Affiliate Affiliate	Sale Sale	(3,942,319) (109,453)	(97.30) (2.70)	About 90 days About 90 days	No significant difference No significant difference	512,068 21,262	96.01 3.99

(Continued)

Company Name	Related Party	Nature of Relationship	Purchase/ Sale	Transaction Details		Abnormal Transaction		Notes/Trade (Payable) or Receivable		Note
				Amount	% of Total	Unit Price	Payment Terms	Ending Balance	% of Total	
LITE-ON SINGAPORE PTE. LTD.	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Subsidiary	Sale	\$ (1,173,246)	(1.77)	Cost-plus pricing	About 90 days	No significant difference	\$ 460,469	2.45
	LITE-ON ELECTRONICS H.K. LIMITED	Affiliate	Sale	(1,590,988)	(2.40)	Cost-plus pricing	About 90 days	No significant difference	585,231	3.11
	Lite-On Japan Ltd.	Affiliate	Sale	(326,856)	(0.49)	Cost-plus pricing	About 90 days	No significant difference	110,687	0.59
	LITE-ON, INC.	Affiliate	Sale	(400,494)	(0.60)	Cost-plus pricing	About 90 days	No significant difference	41,477	0.22
	LITE-ON TRADING USA, INC.	Affiliate	Sale	(9,253,739)	(13.97)	Cost-plus pricing	About 90 days	No significant difference	3,541,756	18.84
	LITE-ON MOBILE INDUSTRIA E COMERCIO DE PLASTICOS LTDA.	Affiliate	Sale	(382,834)	(0.58)	Cost-plus pricing	About 90 days	No significant difference	86,297	0.47
	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(595,902)	(100.00)	Cost-plus pricing	About 90 days	No significant difference	80,190	100.00
	LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	Affiliate	Sale	(5,457,536)	(5.51)	Cost-plus pricing	About 90 days	No significant difference	934,786	2.99
	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Affiliate	Sale	(10,738,672)	(10.84)	Cost-plus pricing	About 90 days	No significant difference	4,414,424	14.14
	LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	Affiliate	Sale	(8,069,305)	(8.15)	Cost-plus pricing	About 90 days	No significant difference	1,473,671	4.72
SULTEK ELEC. (DONGGUAN) CO., LTD.	Affiliate	Sale	(5,728,846)	(5.78)	Cost-plus pricing	About 90 days	No significant difference	943,891	3.02	
HUIZHOU LISHIN ELECTRONIC CO., LTD.	Affiliate	Sale	(3,725,087)	(3.78)	Cost-plus pricing	About 90 days	No significant difference	643,340	2.11	
LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	Affiliate	Sale	(6,258,337)	(6.32)	Cost-plus pricing	About 90 days	No significant difference	2,301,023	7.37	
LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD.	Affiliate	Sale	(1,063,414)	(1.07)	Cost-plus pricing	About 90 days	No significant difference	722,128	2.31	
LITEON-IT OPTO TECH (BHJ) CO., LTD.	Affiliate	Sale	(3,940,556)	(3.98)	Cost-plus pricing	About 90 days	No significant difference	1,336,254	4.28	
LITE-ON VIETNAM CO., LTD.	Affiliate	Sale	(4,798,189)	(4.84)	Cost-plus pricing	About 90 days	No significant difference	2,736,627	8.77	
LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(13,355,870)	(13.48)	Cost-plus pricing	About 90 days	No significant difference	4,365,522	13.98	
LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Affiliate	Sale	(2,164,534)	(44.08)	Cost-plus pricing	About 90 days	No significant difference	242,333	99.98	
LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(2,687,920)	(54.74)	Cost-plus pricing	About 90 days	No significant difference	-	-	

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

(Concluded)

TABLE 7

LITE-ON TECHNOLOGY CORPORATION AND INVESTEEES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2023
(Amounts in Thousands of New Taiwan Dollars)

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 Fourth-tier subsidiary	\$ -	\$ 2,884,803 257,623	\$ 68,930	3.13 2.28	-	-	\$ 2,269,448 67,472	\$ -
	LITE-ON SINGAPORE PTE. LTD.	Subsidiary	-	306,505	176,053	4.25	-	-	389,452	-
	LITE-ON TRADING USA, INC.	Subsidiary	-	3,379,701	13,123	2.64	-	-	1,225,193	-
	Lite-On International Holding Co., Ltd.	Subsidiary	-	-	3,216,675	-	-	-	-	-
	Lite-On Overseas Trading Co., LTD.	Subsidiary	-	391,691	261	-	-	-	-	-
	Lite-On Automotive International (Cayman) Co., Ltd.	Subsidiary	-	-	219,464	-	-	-	-	-
	LITE-ON MOBILE PTE. LTD.	Subsidiary	-	-	628,018	-	-	-	628,018	-
LEOTEK CORPORATION	LEOTEK ELECTRONICS USA LLC.	Subsidiary	-	213,824	812	3.59	-	-	62,619	-
Philips & Lite-On Digital Solutions Corporation	PLDS Germany GmbH	Subsidiary	-	208,115	30,780	2.29	-	-	238,895	-
LITE-ON ELECTRONICS (TIANJIN) CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	320,197	-	4.84	-	-	207,744	-
LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	Lite-On Overseas Trading Co., Ltd.	Affiliate	-	1,007,500	3,105	4.86	-	-	317,856	-
LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	1,248,711	7,218	4.16	-	-	502,643	-
LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	LITE-ON TECHNOLOGY CORPORATION	The parent company	-	102,320	1,241	2.94	-	-	74,374	-
	CHANGZHOU LEOTEK NEW ENERGY TRADE LIMITED	Affiliate	-	-	102,154	-	-	-	22	-
	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	4,284,268	-	3.26	-	-	1,699,048	-
	Lite-On Overseas Trading Co., LTD.	Affiliate	-	2,139,501	-	4.10	-	-	734,220	-
LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	Lite-On Overseas Trading Co., LTD.	Affiliate	-	2,630,904	-	5.05	-	-	1,505,237	-
SILITEK ELEC. (DONGGUAN) CO., LTD.	Lite-On Overseas Trading Co., LTD.	Affiliate	-	2,927,033	-	2.65	-	-	805,811	-
LITE-ON POWER TECHNOLOGY (DONGGUAN) CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	496,564	-	4.91	-	-	246,681	-
HUIZHOU LISHIN ELECTRONIC CO., LTD.	Lite-On Overseas Trading Co., LTD.	Affiliate	-	257,126	-	5.99	-	-	127,952	-
LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Affiliate	-	277,642	-	2.25	-	-	117,586	-
	Lite-On Overseas Trading Co., LTD.	Affiliate	-	3,372,495	-	1.74	-	-	1,024,256	-
LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD.	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Affiliate	-	880,499	18,106	1.67	-	-	28,807	-
	Lite-On Overseas Trading Co., LTD.	Affiliate	-	978,105	-	2.30	-	-	508,050	-
	BEIJING LITE-ON MOBILE ELECTRONIC AND TELECOMMUNICATION COMPONENTS CO., LTD.	Affiliate	-	-	130,606	-	-	-	-	-
LITEON-IT OPTO TECH (BH) CO., LTD.	Lite-On Overseas Trading Co., LTD.	Affiliate	-	1,097,730	-	4.23	-	-	777,810	-
Lite-On Electronics (Thailand) Co., LTD.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	512,068	8,930	6.80	-	-	520,990	-

(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 VIETNAM CO., LTD.	LITE-ON TECHNOLOGY CORPORATION	The parent company	\$ -	\$ 2,252,072	\$ -	2.51	-	-	\$ 1,905,171	\$ -
LITE-ON SINGAPORE PTE. LTD.	LITE-ON TECHNOLOGY CORPORATION	The parent company	-	6,830,132	7,273	2.75	-	-	3,452,590	-
	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Subsidiary	-	460,469	-	2.15	-	-	190,750	-
	LITE-ON ELECTRONICS H.K. LIMITED	Affiliate	-	585,231	5	2.82	-	-	37,182	-
	Lite-On Japan LTD.	Affiliate	-	110,687	156	2.84	-	-	54,920	-
	LITE-ON TRADING USA, INC.	Affiliate	-	3,541,756	22,065	2.53	-	-	889,909	-
G&W TECHNOLOGY (BV) LIMITED	G&W TECHNOLOGY LIMITED	Subsidiary	-	-	107,732	-	-	-	-	-
Lite-On Overseas Trading Co., LTD.	LITE-ON TECHNOLOGY CORPORATION	The parent company	-	11,977,606	-	2.62	-	-	6,734,632	-
	LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	Affiliate	-	934,786	56	3.65	-	-	1,102	-
	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Affiliate	-	4,414,424	-	2.50	-	-	1,195,665	-
	LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	Affiliate	-	1,472,671	-	5.20	-	-	755,842	-
	SILITEK ELEC. (DONGGUAN) CO., LTD.	Affiliate	-	942,891	3	7.64	-	-	936,926	-
	LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	Affiliate	-	2,301,023	28,737	1.92	-	-	752,691	-
	LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD.	Affiliate	-	722,128	897	2.31	-	-	1,200	-
	LITEON-HI OPTO TECH (BH) CO., LTD.	Affiliate	-	1,336,254	-	3.11	-	-	770,815	-
	LITE-ON VIETNAM CO., LTD.	Affiliate	-	2,736,627	-	2.75	-	-	339,824	-
	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	4,365,522	-	4.26	-	-	2,176,592	-
Lite-On (Guangzhou) Automotive Electronics Limited	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Affiliate	-	242,333	8,252	2.95	-	-	247,291	-
	LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD.	Affiliate	-	-	1,404,297	-	-	-	1,334,133	-

Note: All intercompany transactions have been eliminated upon consolidation.

(Continued)

TABLE 8

LITE-ON TECHNOLOGY CORPORATION AND INVESTEEES

NAMES, LOCATIONS, AND RELATED INFORMATION ON INVESTEEES FOR THE YEAR ENDED DECEMBER 31, 2023

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Note
				December 31, 2023	December 31, 2022	Shares	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	\$ 168,405	\$ 168,405	11,707,548	17.22	\$ 432,803	\$ 119,328	19,941	
	Dragonoid Corporation	New Taipei City, Taiwan	Manufacture and sale of computer peripherals, printers, digital cameras, modules and plastic products	1,069,080	1,069,080	21,968,856	29.62	444,022	91,854	30,641	
	Lite-On Capital Corporation	Taipei City, Taiwan	Investment activities	-	3,707,984	-	-	-	71,922	(3,657)	
	LITE-ON ELECTRONICS H.K. LIMITED	Hong Kong	Sale of LED optical products	7,339,481	7,339,481	17,865,367	100.00	21,564,330	832,141	849,219	
	Lite-On Electronics (Thailand) Co., Ltd.	Thailand	Manufacture and sale of LED optical products	724,047	632,128	7,049,844	100.00	2,299,274	56,394	78,044	
	Lite-On Japan Ltd.	Japan	Sale of LED optical products and power supplies	679,856	679,856	12,451,058	100.00	928,898	69,574	72,680	
	Lite-On International Holding Co., Ltd.	British Virgin Islands	Investment activities	5,781,605	11,142,730	188,725,483	100.00	19,907,871	1,683,022	1,541,718	
	LTC GROUP LTD.	British Virgin Islands	Investment activities	1,098,752	1,098,752	32,915,855	100.00	1,429,248	34,171	6,505	
	LITE-ON TECHNOLOGY USA, INC.	USA	Investment activities	1,782,089	1,690,184	470,239	100.00	2,164,881	(131,400)	(134,472)	
	LITE-ON ELECTRONICS (EUROPE) LIMITED	United Kingdom	Manufacture and sale of power supplies	44,559	44,559	300,000	100.00	86,995	7,751	7,751	
	Lite-On Technology (Europe) B.V.	Netherlands	Market research and after-sales services	4,260,135	4,260,135	612,771	100.00	540,158	(18,167)	(9,115)	
	Lite-On Overseas Trading Co. Ltd	British Virgin Islands	Investment activities	168,947	168,947	5,142,962	100.00	1,485,206	2,642	2,642	
	LITE-ON SINGAPORE PTE. LTD.	Singapore	Manufacture and supply of computer peripheral products	1,954,140	1,954,140	51,776,500	100.00	32,878,068	5,271,023	4,882,407	
	LITE-ON VIETNAM CO., LTD.	Vietnam	Electronic contract manufacturing	2,726,513	1,933,020	-	100.00	2,864,173	(189,248)	(189,248)	
	EAGLE ROCK INVESTMENT LTD.	British Virgin Islands	Import and export and investment activities	341	341	10,000	100.00	1,515,703	102,399	102,400	
	LITE-ON MOBILE PTE. LTD.	Singapore	Manufacture and sale of mobile phone modules and design of assembly lines	15,495,882	15,495,882	136,518,338	100.00	2,519,802	893,684	893,684	
	LIET (HK) LIMITED	Hong Kong	Sale of optical disc drives	251,322	(EUR 457,014)	62,059,600	100.00	41,226	(1,031)	(1,031)	
	HIGH YIELD GROUP CO., LTD.	British Virgin Islands	Holding company	179,506	2,274,586	238,000	100.00	3,879,798	(14,508)	143,646	
	Philips & Lite-On Digital Solutions Corporation	Taipei City, Taiwan	Sale of optical disc drives	267,113	267,113	17,150,000	49.00	282,973	26,334	12,904	
	Lite-Space Technology Company Limited	Hong Kong	Sale of computer components	-	165,498	-	-	-	-	-	Associate (Note 3)
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	272,958	(US\$ 8,910)	294,825	99.00	523,491	57,703	57,126	Subsidiary	
Lite-On Automotive International (Cayman) Co., Ltd.	Cayman	Investment activities	2,909,166	3,082,678	6,303,465	100.00	2,643,744	253,902	244,351	Subsidiary	
KBW-LEOTEK Jordan Private Shareholding Limited	Jordan	Investment activities	94,962	(US\$ 100,626)	-	-	-	498	244	Subsidiary (Note 4)	
KBW-LITEON Jordan Private Shareholding Limited	Jordan	Production and manufacture of energy-saving lights and project construction and maintenance	-	(US\$ 69)	-	-	-	215,181	214,877	Subsidiary (Note 4)	
LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED	India	Manufacture and sale of phone chargers and power supplies	370,185	(US\$ 50,928)	102,374,058	99.00	320,827	54,578	54,032	Subsidiary	
SKYLA CORPORATION	Taiwan	Manufacture and sale of medical equipment	148,700	(INR 1,023,741)	14,870,000	44.17	204,081	26,438	20,497	Subsidiary	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit/Loss of the Investee	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of Ownership (%)	Carrying Amount			
LITE-ON TECHNOLOGY CORPORATION	LEOTEK CORPORATION	Taipei City, Taiwan	Wholesale, import, export and installation of street lights, signal lights, scenery lights and new-type electronic components	\$ 600,000	\$ 600,000	60,000,000	100.00	\$ 639,830	\$ 50,368	Subsidiary	
	LITE-ON MOBILE INDÚSTRIA E COMERCIO DE PLÁSTICOS LTDA.	Brazil	Manufacture and sale of mobile phone modules and design of assembly lines	39,783 (US\$ 1,299)	39,783 (US\$ 1,299)	6,507,001	2.97	43,068	195,965	Subsidiary	
	Lite-On Green Technologies, Inc.	Taipei City, Taiwan	Manufacture and wholesale of electronic components and energy technology services	1,040,000 (US\$ 3,100)	1,040,000 (US\$ 3,100)	67,000,000	100.00	240,836	3,738	Subsidiary (Note 5)	
	Lite-On Green Energy (HK) Limited	Hong Kong	Investment activities	94,969 (US\$ 227,434)	94,969 (US\$ 227,434)	3,100,000	100.00	6,132	(66)	Subsidiary (Note 5)	
	LITE-ON GREEN ENERGY (SINGAPORE) PTE. LTD.	Singapore	Investment activities	30,635 (US\$ 1,000)	-	3,457,760	100.00	105,741	(2,034)	Subsidiary (Note 5)	
	CEDARS DIGITAL PTE. LTD.	Singapore	Software development and application, IT consulting services	1,000 (US\$ -)	-	1,363,200	100.00	30,312	(1,411)	Subsidiary (Note 6)	
LEOTEK CORPORATION	LEOTEK ELECTRONICS USA LLC.	USA	Sale of LED products	293,452	293,452	-	100.00	336,447	35,791	Subsidiary	
Lite-On Green Technologies, Inc.	Lite-On Green Technologies B.V.	Netherlands	Solar energy engineering	390,614 (EUR 11,520)	390,614 (EUR 11,520)	6,818,200	100.00	55,772	3,507	Subsidiary	
LITE-ON GREEN ENERGY (SINGAPORE) PTE. LTD.	Lite-On Green Energy B.V.	Netherlands	Investment activities	84,767 (EUR 2,500)	84,767 (EUR 2,500)	9,139,785	100.00	20,183	3	Subsidiary	
Lite-On Green Technologies B.V.	KompaktSolar GmbH	Germany	Solar energy engineering	13,597 (EUR 401)	13,597 (EUR 401)	51,000	51.00	-	-	Associate	
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	156,744 (CNY 36,244)	156,744 (CNY 36,244)	-	100.00	237,244	1,984	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	367,663 (CNY 85,015)	367,663 (CNY 85,015)	-	12.59	432,054	238,044	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	2,279,697 (CNY 527,134)	2,279,697 (CNY 527,134)	-	100.00	5,293,334	676,164	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	2,179,550 (CNY 503,977)	2,179,550 (CNY 503,977)	-	87.41	2,999,671	238,044	Subsidiary	
	LITE-ON MEDICAL DEVICE (CHANGZHOU) LTD.	Changzhou, China	Manufacture and sale of medical equipment	132,509 (CNY 30,640)	132,509 (CNY 30,640)	-	100.00	87,219	(2,717)	Subsidiary	
	LITE-ON AUTOMOTIVE ELECTRONICS (CHANGZHOU) CO., LTD.	Changzhou, China	Manufacture, sale and processing of electronic products	967,632 (CNY 223,746)	967,632 (CNY 223,746)	-	100.00	968,143	(6,360)	Subsidiary	
Lite-On Automotive International (Cayman) Co., Ltd.	LITE-ON AUTOMOTIVE HOLDINGS (HONG KONG) CO., LIMITED	Hong Kong	Investment activities	164,718 (HK\$ 42,009)	164,718 (HK\$ 42,009)	101,250,185	100.00	2,139,456	201,329	Subsidiary	
HIGH YIELD GROUP CO., LTD.	LITE-ON IT INTERNATIONAL (HK) LIMITED	Hong Kong	Sale of optical disc drives	33 (US\$ 102,400)	33 (US\$ 102,400)	102,400,000	100.00	3,716,316	(100,558)	Subsidiary	
Philips & Lite-On Digital Solutions Corporation	Philips & Lite-On Digital Solutions USA, Inc.	USA	Sale of optical disc drives	33	33	1,000	100.00	288,171	11,556	Subsidiary	
	PLDS Germany GmbH	Germany	Development and sale of modules of automotive recorders	1,326,996	1,326,996	-	100.00	1,106,314	30,943	Subsidiary	
	Philips & Lite-On Digital Solutions Korea Ltd.	South Korea	Sale of optical disc drives	-	15,376	-	-	-	(4,153)	Subsidiary (Note 7)	

(Continued)

Standalone Financial Statements

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023		Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of Ownership (%)			
KBW-LEOTEK Jordan Private Shareholding Limited	LEOTEK_PSC	Jordan	Production, manufacture energy-saving lights	\$ (JOD) -	\$ (JOD) 1,298 (30)	-	-	\$ 618	-	Subsidiary (Note 4)
LITE-ON TECHNOLOGY USA, INC.	LITE-ON, INC.	USA	Sales data processing business of optoelectronic products and power supplies	(US\$) 735,240	(US\$) 91,905	100.00	915,357	(17,099)	-	Subsidiary
	LITE-ON TRADING USA, INC.	USA	Sale of optical products	(US\$) 965,003	(US\$) 31,500	100.00	1,039,068	58,574	-	Subsidiary
	POWER INNOVATIONS INTERNATIONAL, INC.	USA	Development, design and manufacture of power controls and energy management	(US\$) 482,689	(US\$) 15,756	100.00	(34,169)	(177,137)	-	Subsidiary
	LITE-ON TECHNOLOGY SERVICE, INC.	USA	After-sales services of optical products	(US\$) 45,953	(US\$) 1,500	100.00	58,581	(2,247)	-	Subsidiary
Lite-On International Holding Co., Ltd.	LITE-ON CHINA HOLDING CO., LTD.	British Virgin Islands	Investment activities	(US\$) 13,091,608	(US\$) 13,091,608	100.00	20,443,721	1,451,937	-	Subsidiary
LITE-ON SINGAPORE PTE. LTD.	LiteStar JV Holding (BVI) Co., Ltd.	British Virgin Islands	Investment activities	(US\$) 827,145	(US\$) 27,000	17.59	704,930	(238,730)	-	Associate
	LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED	India	Manufacture and sale of phone chargers and power supplies	(INR) 3,739	(INR) 10,341	1.00	3,240	54,578	-	Subsidiary
	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\$) 2,757 (90)	(US\$) 2,757 (90)	1.00	5,288	57,703	-	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) 84,016	(CNY) 84,016 (19,427)	-	64,986	(6,844)	-	Subsidiary
LTC GROUP LTD.	TITANIC CAPITAL SERVICES LTD.	British Virgin Islands	Investment activities	1,014,620	1,014,620	100.00	1,003,400	33,146	-	Subsidiary
Lite-On Technology (Europe) B.V.	Lite-On (Finland) Oy	Finland	Manufacture and sale of mobile phone modules and design of assembly lines	2,200,252 (EUR 64,891)	2,200,252 (EUR 64,891)	100.00	409,852	(19,566)	-	Subsidiary
Lite-On (Finland) Oy	Lite-On Mobile Oyj	Finland	Manufacture and sale of mobile phone modules and design of assembly lines	(EUR) -	(EUR) 6,514,083 (196,618)	-	-	1,313	-	Subsidiary (Note 8)
LITE-ON CHINA HOLDING CO., LTD.	LITE-ON ELECTRONICS COMPANY LIMITED	Hong Kong	Investment activities	(US\$) 11,511,401	(US\$) 11,511,401	100.00	19,001,765	1,374,795	-	Subsidiary
	YET FOUNDATE LIMITED	Hong Kong	Manufacture of plastic and computer peripheral products	(US\$) 316,655	(US\$) 316,655	100.00	594,729	28,610	-	Subsidiary
	FORDGOOD ELECTRONIC LIMITED	Hong Kong	Import and export and real estate business	(CNY) 73,220	(CNY) 73,220	100.00	649,132	45,445	-	Subsidiary
	G&W TECHNOLOGY (BVI) LIMITED	British Virgin Islands	Real estate management	(US\$) 388,014	(US\$) 388,014 (12,666)	100.00	125,885	1,123	-	Subsidiary
	G&W TECHNOLOGY LIMITED	Hong Kong	Leasing business	(US\$) 1,991	(US\$) 1,991 (65)	100.00	25,111	7,182	-	Subsidiary
Lite-On Japan Ltd.	Lite-On Japan (H.K.) Limited	Hong Kong	Import and export of electronic components	(JPY) 15,176	(JPY) 70,000	100.00	15,176	15,421	-	Subsidiary (Note 9)
	LITE-ON JAPAN (Thailand) CO., LTD.	Thailand	Import and export of electronic components	(JPY) 14,090	(JPY) 14,090 (64,992)	100.00	14,090	6,069	-	Subsidiary (Note 9)

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of Ownership (%)	Carrying Amount			
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	\$ 3,317,826 (US\$ 108,302)	\$ 3,317,826 (US\$ 108,302)	212,824,231	97.03	\$ 1,407,042	\$ 195,965	\$ -	Subsidiary

Note 1: 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 2: Dissolved upon merging with the Company in December 2023.

Note 3: Liquidated in July 2023.

Note 4: Disposed in December 2023. Refer to Note 29 for further information.

Note 5: Originally held by Lite-On Capital Corporation, which was subsequently dissolved after the merger with the Company. The investment holdings of Lite-On Capital Corporation are now held directly by the Company.

Note 6: Established in August 2023.

Note 7: Liquidated in September 2023.

Note 8: Liquidated in March 2023.

Note 9: The investment income/losses and adjustments for changes in equities are recognized by the Group.

Note 10: Refer to Table 9 for information on investments in mainland China.

(Concluded)

TABLE 9

LITE-ON TECHNOLOGY CORPORATION AND INVESTEEES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts in Thousands of New Taiwan Dollars or in 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, 2023	Investment of Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee Company (Note 2)	Percentage of Ownership	Share of Profits/Losses (Note 2)	Carrying Amount of December 31, 2023 (Note 2)	Accumulated Inward Remittance of Earnings as of December 31, 2023	Note	
						Outflow	Inflow								
LITE-ON TECHNOLOGY CORPORATION	LITE-ON COMPUTER TECHNOLOGY (DONGGUAN) CO., LTD.	Manufacture and sale of display device	\$ 502,414 (US\$ 16,400)	a	\$ 872,162 (US\$ 28,469)	-	-	\$ -	\$ -	100.00	-	-	-	Note 3	
	LITE-ON ELECTRONICS (TIANJIN) CO., LTD.	ODM services	2,129,133 (US\$ 69,500)	a	2,037,166 (US\$ 66,498)	-	-	2,037,166	192,699	100.00	192,699	2,530,788	335,744		
	LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	Manufacture of electronic components	1,084,479 (US\$ 35,400)	a	1,084,479 (US\$ 35,400)	-	-	1,084,479	3,199	100.00	3,199	2,890,126	-		
	SILITEK ELEC. (DONGGUAN) CO., LTD.	Manufacture and sale of keyboards	147,048 (US\$ 4,800)	a	147,048 (US\$ 4,800)	-	-	147,048	108,926	100.00	108,926	4,592,959	120,499	Note 3	
	LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	Manufacture and sale of printers and scanners	1,160,147 (US\$ 37,870)	a	1,335,416 (US\$ 43,591)	-	-	1,335,416	244,939	100.00	244,939	7,597,164	1,592,088	Notes 4	
	CHINA BRIDGE (CHINA) CO., LTD.	Investment activities, consulting services and acting as a sales agent	919,050 (US\$ 30,000)	a	911,229 (US\$ 29,745)	-	-	911,229	50,396	100.00	50,396	1,225,684	-		
	LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	Manufacture and sale of IT products	1,360,688 (US\$ 44,416)	a	1,320,213 (US\$ 43,095)	-	-	1,320,213	53,636	100.00	53,636	2,254,589	2,831,300		
	LITE-ON COMMUNICATION (GUANGZHOU) COMPANY LIMITED	Manufacture and sale of mobile terminal equipment	752,396 (US\$ 24,560)	a	752,396 (US\$ 24,560)	-	-	752,396	-	100.00	-	-	-	408,420	Note 4
	LITE-ON TECHNOLOGY (GUANGZHOU) LIMITED	Manufacture and sale of computer case	1,017,082 (US\$ 33,200)	a	1,017,082 (US\$ 33,200)	-	-	1,017,082	-	100.00	-	-	-	411,807	Note 4
	LITE-ON TECHNOLOGY (GUANGZHOU) LIMITED COMMIT Incorporated	Manufacture and sale of application software and multimedia product design	982,955 (US\$ 32,086)	a	18,381 (US\$ 600)	-	-	18,381	-	1.87	-	-	-	-	
	LITE-ON ELECTRONICS AND WIRELESS (GUANGZHOU) LIMITED	Manufacture and sale of mobile terminal equipment	484,339 (US\$ 15,810)	a	484,339 (US\$ 15,810)	-	-	484,339	-	100.00	-	-	-	-	Note 4
	LITE-ON (GUANGZHOU) PRECISION TOOLING LTD.	Manufacture and sale of modules	557,557 (US\$ 18,200)	a	373,747 (US\$ 12,200)	-	-	373,747	-	100.00	-	-	-	-	Note 4
	LITE-ON LI SHIN TECHNOLOGY (GANZHOU) LTD.	Manufacture and sale of electronic components	367,620 (US\$ 12,000)	a	408,558 (US\$ 13,336)	-	-	408,558	47,043	100.00	47,043	626,517	-		
	LITE-ON TECHNOLOGY (XIANNING) CO., LTD.	Manufacture and sale of electronic components	199,128 (US\$ 6,500)	a	199,128 (US\$ 6,500)	-	-	199,128	27,728	100.00	27,728	453,024	-		
	LITE-ON TECHNOLOGY (JIANGSU) CO., LTD.	Investment activities, consulting services and acting as a sales agent	5,085,410 (US\$ 166,000)	a	5,085,410 (US\$ 166,000)	-	-	5,085,410	874,445	100.00	874,445	10,068,317	-		
LITE-ON TECHNOLOGY (GZ) INVESTMENT COMPANY LIMITED	Investment activities	2,450,800 (US\$ 80,000)	a	2,450,800 (US\$ 80,000)	-	-	2,450,800	11,843	100.00	11,843	643,214	-			
LITE-ON POWER TECHNOLOGY (DONGGUAN) CO., LTD.	Development, manufacture and sale of electronic components, power supplies and provision of technology consulting services	489,296 (US\$ 15,972)	a	489,296 (US\$ 15,972)	-	-	489,296	229,491	100.00	229,491	912,299	-			
CHANGZHOU LEOTEK NEW ENERGY TRADE LIMITED	Wholesale, import, export and installation of street lights, signal lights, scenery lights and new-type electronic components	30,635 (US\$ 1,000)	a	30,635 (US\$ 1,000)	-	-	30,635	(19,583)	100.00	(19,583)	(77,701)	-			
LITE-ON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD.	Manufacture of automotive components	1,378,575 (US\$ 45,000)	a	1,317,305 (US\$ 43,000)	-	-	1,419,463	16,239	100.00	16,239	1,733,937	7,592,476	Note 5		
LiteOn Auto Electric Technology (Guangzhou) Ltd.	Manufacture and sale of optical disc drives	-	a	61,270 (US\$ 2,000)	-	-	-	1,044	-	-	-	-	-	Note 5	
LITE-ON OPTO TECH (BHI) CO., LTD.	Manufacture and sale of optical disc drives	1,684,925 (US\$ 55,000)	a	1,684,925 (US\$ 55,000)	-	-	1,684,925	(117,849)	100.00	(117,849)	1,977,729	-			
Lite-On (Guangzhou) Automotive Electronics Limited	Manufacture, sale and processing of electronic products	189,937 (US\$ 6,200)	a	179,831 (US\$ 5,870)	-	-	179,831	214,386	100.00	214,386	1,959,725	-			

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