

LITE-ON TECHNOLOGY CORPORATION

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

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 Shih-Ran Cheng.

Meng-Chieh, Chiu

Shih-Ran Cheng

Deloitte & Touche
Taipei, Taiwan
Republic of China

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	<u>44,673,713</u>	<u>28</u>	<u>41,731,318</u>	<u>25</u>
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	2,271,364	2	2,477,605	2
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)	(60,152)	-	(31,404)	-
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)				Other Equity (Notes 21 and 26)					
	Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Unearned Employees' Compensation	Treasury Shares (Note 21)	Total	Total Equity
												Total	Total
BALANCE AT JANUARY 1, 2022	2,350,867	\$ 23,508,670	\$ 21,836,342	\$ 15,613,679	\$ 5,940,218	\$ 15,199,955	\$ 36,753,852	\$ (5,820,080)	\$ (236,908)	\$ -	\$ (6,056,988)	\$ (3,700,808)	\$ 72,341,068
Appropriation of earnings													
Legal reserve	-	-	-	1,166,970	-	(1,166,970)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(9,241,620)	(9,241,620)	-	-	-	-	-	(9,241,620)
Special reserve	-	-	-	-	(2,725,667)	2,725,667	-	-	-	-	-	-	-
Disposal of investments accounted for using the equity method	-	-	-	-	-	-	-	6,490	-	-	6,490	-	6,490
Difference between subsidiaries' disposal of consideration and carrying amount	-	-	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)	(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	-	-	-	-	-	14,151,016
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	80,500	80,500	3,497,853	(67,557)	-	3,430,296	-	3,510,796
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	14,231,516	14,231,516	3,497,853	(67,557)	-	3,430,296	-	17,661,812
BALANCE AT DECEMBER 31, 2022	2,363,083	23,630,830	22,706,153	16,780,649	3,214,551	21,736,118	41,731,318	(2,315,737)	(304,465)	(623,682)	(3,243,884)	(3,468,412)	81,356,005
Appropriation of earnings													
Legal reserve	-	-	-	1,477,651	-	(1,477,651)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(11,622,983)	(11,622,983)	-	-	-	-	-	(11,622,983)
Special reserve	-	-	-	-	(306,225)	306,225	-	-	-	-	-	-	-
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	(15,578)	(155,778)	(585,671)	-	-	-	-	-	-	-	-	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	-	-	122,895	-	122,895
Disposal of partial interests of subsidiaries	-	-	45,697	-	-	-	-	-	-	-	-	-	45,697
Changes in percentage of ownership interests in subsidiaries	-	-	88,652	-	-	(106,181)	(106,181)	-	-	-	-	-	(17,529)
Share-based payment transaction	5,625	56,248	377,337	-	-	1,206	1,206	-	-	113,648	113,648	-	548,439
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	-	-	-	-	-	14,570,616
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	32,375	32,375	(832,182)	75,351	-	(756,831)	-	(724,456)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	14,602,991	14,602,991	(832,182)	75,351	-	(756,831)	-	13,846,160
BALANCE AT DECEMBER 31, 2023	<u>2,353,130</u>	<u>\$ 23,531,300</u>	<u>\$ 22,734,080</u>	<u>\$ 18,258,300</u>	<u>\$ 2,908,326</u>	<u>\$ 23,507,087</u>	<u>\$ 44,673,713</u>	<u>\$ (3,025,024)</u>	<u>\$ (296,476)</u>	<u>\$ (510,034)</u>	<u>\$ (3,831,534)</u>	<u>\$ (2,726,963)</u>	<u>\$ 84,380,596</u>

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

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

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the 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

- 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 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.

- 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	\$ 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:

	December 31	
	2023	2022
Demand deposits	0%-5.15%	0%-4.12%

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 instruments (not under hedge accounting)		
Forward exchange contracts	\$ 568,509	\$ 2,365,339
Currency swaps	<u>-</u>	<u>287,966</u>
	<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>	
	<u>2023</u>	<u>2022</u>
<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>	
	<u>2023</u>	<u>2022</u>
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:

	For the Year Ended December 31	
	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

	December 31	
	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:

	For the Year Ended December 31	
	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

	For the Year Ended December 31	
	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:

	December 31	
Name of Associate	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>
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14. PROPERTY, PLANT AND EQUIPMENT, NET

	For the Year Ended December 31, 2023							
	Freehold Land	Buildings	Machinery Equipment	Tooling Equipment	Transportation Equipment	Office Equipment	Other Equipment	Total
<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
<u>Accumulated depreciation</u>								
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>
<u>Accumulated impairment</u>								
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
<u>Cost</u>								
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>
<u>Accumulated depreciation</u>								
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>
<u>Accumulated impairment</u>								
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

	December 31	
	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>
	For the Year Ended December 31	
	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

	December 31	
	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:

	December 31	
	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	\$ 17,863	\$ 18,940
Expenses relating to low-value asset leases	\$ 2,288	\$ 2,864
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 91,565	\$ 104,904
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

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

	<u>December 31</u>	
	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:

	<u>December 31</u>	
	2023	2022
Line of credit borrowings	1.58%-6.17%	1.20%-5.40%

- b. Long-term borrowings

	<u>December 31</u>	
	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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Number of shares authorized (in thousands)	<u>3,500,000</u>	<u>3,500,000</u>
Amount of shares authorized	<u>\$ 35,000,000</u>	<u>\$ 35,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>2,353,130</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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
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	<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. 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>

For the year ended December 31, 2022

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

	<u>For the Year Ended December 31</u>	
	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

	<u>For the Year Ended December 31</u>	
	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

	<u>For the Year Ended December 31</u>	
	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 cancelation 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	<u>\$ -</u>	<u>\$ 376,452</u>	<u>\$ -</u>	<u>\$ 376,452</u>

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	<u>\$ -</u>	<u>\$ 243,487</u>	<u>\$ -</u>	<u>\$ 243,387</u>

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

Financial Instruments	Valuation Techniques and Inputs
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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<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:

	<u>December 31</u>	
	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

<u>Related Party</u>	<u>Relationship with the Company</u>
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	\$ 188,833
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	\$ 111,121
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.

LITE-ON TECHNOLOGY CORPORATION AND INVESTEEES

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.

LITE-ON TECHNOLOGY CORPORATION AND INVESTEEES

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/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.

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 (%)	Fair Value (In Thousands)	
LITE-ON TECHNOLOGY CORPORATION	<u>Ordinary shares</u>							
	ENNOSTAR Inc.	-	Financial assets at FVTPL	224	\$ 10,393	0.03	\$ 10,393	
	Logah Technology Corp.	-	Financial assets at FVTOCI	7,578	84,497	8.14	84,497	
	InSynerger Technology Co., Ltd.	Member of the board of directors	Financial assets at FVTOCI	1,710	29,236	15.05	29,236	
	PlayNitride Inc.	Member of the board of directors	Financial assets at FVTOCI	4,235	418,392	3.95	418,392	
	Airoha Technology Corp.	-	Financial assets at FVTOCI	258	148,866	0.16	148,866	
	EMRIGHT TECHNOLOGY CO., LTD.	-	Financial assets at FVTOCI	2,355	47,108	17.00	47,108	
	LEAD DATA INC.	-	Financial assets at FVTOCI	865	3,648	0.59	3,648	Note 2
	COMPOUND SOLAR TECHNOLOGY CO., LTD.	-	Financial assets at FVTPL	2,000	-	2.86	-	Note 2
	Others	-	Financial assets at FVTPL and Financial assets at FVTOCI	53,300	-	-	-	Note 1
	<u>Foreign convertible preferred stock</u>	-						
	Kneron Holding Corporation	-	Financial assets at FVTPL	1,500	276,946	2.19	276,946	
	<u>Preferred stock</u>	-						
	Others	-	Financial assets at FVTPL	16,781	-	-	-	Note 1
	<u>Fund</u>	-						
	Arm IoT Fund, L.P.	-	Financial assets at FVTPL	-	62,394	10.33	62,394	
	Esquarre IoT Landing Fund	-	Financial assets at FVTPL	-	199,468	20.95	199,468	
PacRim Venture Partners	-	Financial assets at FVTPL	-	-	3.00	-		
<u>Domestic convertible bond</u>	-							
Xepex Electronics Co., Ltd.	-	Financial assets at FVTPL	150	-	-	-		
Lite-on Green Energy (HK) Limited	<u>Ordinary shares</u>							
Changzhou Binhu Thin Film Solar Greenhouse Co., Ltd.	-	Financial assets at FVTOCI		US\$ 140	19.90	US\$ 140		
YET FOUNDATE LIMITED	<u>Ordinary shares</u>							
Northern Lights Semiconductor	-	Financial assets at FVTPL	3,000	-	5.91	-		
LET (HK) LIMITED	<u>Fund</u>							
Innovation Works Development Fund, L.P.	-	Financial assets at FVTPL	-	HK\$ 2,541	0.55	HK\$ 2,541		

(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	-	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	
	<u>Foreign convertible preference shares</u> MemryX Inc.	-	Financial assets at FVTPL	590	US\$ 425	1.76	US\$ 425	
LITE-ON SINGAPORE PTE. LTD.	<u>Ordinary shares</u> LuxVisions Innotech Limited	-	Financial assets at FVTOCI	12,000	US\$ 40,000	2.93	US\$ 40,000	
	<u>Fund</u> Grandfull Convergence Innovation Growth Fund, L.P.	-	Financial assets at FVTPL	-	US\$ 9,514	15.62	US\$ 9,514	
TITANIC CAPITAL SERVICES LTD.	<u>Ordinary shares</u> 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.	<u>Ordinary shares</u> 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)

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	Carrying 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 Firststar Panel Technology Co., Ltd.	Financial asset at fair value through profit or loss	-	-	-	-	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 Firststar Panel Technology Co., Ltd., approved by the court.

LITE-ON TECHNOLOGY CORPORATION AND INVESTEES

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	Transaction Date	Amount			
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	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.; CÔNG TY TNHH XIN YA; CÔNG TY TNHH XUẤT NHẬP KHẨU THỤY PHONG	-	Not applicable	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.

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	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
LITE-ON TECHNOLOGY CORPORATION	Philips & Lite-On Digital Solutions Corporation	Subsidiary	Sale	\$ (7,708,622)	(8.05)	About 90 days	Cost-plus pricing	No significant difference	\$ 2,884,803	12.04	
	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Fourth-tier subsidiary	Sale	(628,503)	(0.66)	About 90 days	Cost-plus pricing	No significant difference	257,623	1.08	
	WUXI CHINA BRIDGE EXPRESS TRADING CO., LTD.	Fourth-tier subsidiary	Sale	(104,924)	(0.11)	About 90 days	Cost-plus pricing	No significant difference	33,471	0.14	
	LITE-ON SINGAPORE PTE. LTD.	Subsidiary	Sale	(2,962,843)	(3.09)	About 90 days	Cost-plus pricing	No significant difference	306,505	1.28	
	Lite-On Japan Ltd.	Subsidiary	Sale	(195,211)	(0.20)	About 90 days	Cost-plus pricing	No significant difference	58,855	0.25	
	LITE-ON, INC.	Sub-subsubsidiary	Sale	(198,858)	(0.21)	About 90 days	Cost-plus pricing	No significant difference	54,114	0.23	
	LITE-ON TRADING USA, INC.	Sub-subsubsidiary	Sale	(7,404,979)	(7.73)	About 90 days	Cost-plus pricing	No significant difference	3,379,701	14.11	
	LEOTEK CORPORATION	Subsidiary	Purchase	199,184	0.26	About 90 days	Cost-plus pricing	No significant difference	(92,290)	(0.39)	
	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Fourth-tier subsidiary	Purchase	448,993	0.60	About 90 days	Cost-plus pricing	No significant difference	(102,320)	(0.43)	
	LITE-ON VIETNAM CO., LTD.	Subsidiary	Purchase	3,947,670	5.23	About 90 days	Cost-plus pricing	No significant difference	(2,252,072)	(9.52)	
	LITE-ON SINGAPORE PTE. LTD.	Subsidiary	Purchase	21,317,406	28.26	About 90 days	Cost-plus pricing	No significant difference	(6,830,132)	(28.89)	
	LITE-ON, INC.	Sub-subsubsidiary	Purchase	160,318	0.21	About 90 days	Cost-plus pricing	No significant difference	-	-	
	Lite-On Overseas Trading Co., Ltd.	Subsidiary	Purchase	39,100,391	51.84	About 90 days	Cost-plus pricing	No significant difference	(11,977,606)	(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.	Subsidiary	Sale	(1,795,693)	(22.45)	About 90 days	Cost-plus pricing	No significant difference	23,579	1.90	
LITE-ON ELECTRONICS (TIANJIN) CO., LTD.	PLDS Germany GmbH	Subsidiary	Sale	(245,266)	(3.07)	About 90 days	Cost-plus pricing	No significant difference	208,115	16.80	
	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	Affiliate	Sale	(342,118)	(4.33)	About 90 days	Cost-plus pricing	No significant difference	14,450	1.38	
	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(7,522,586)	(95.25)	About 90 days	Cost-plus pricing	No significant difference	1,007,500	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.	Affiliate	Sale	(13,578,591)	(61.72)	About 90 days	Cost-plus pricing	No significant difference	4,284,268	65.65	
	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(7,973,665)	(36.24)	About 90 days	Cost-plus pricing	No significant difference	2,139,501	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.	Affiliate	Sale	(102,142)	(1.87)	About 90 days	Cost-plus pricing	No significant difference	30,535	1.71	
	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Affiliate	Sale	(132,403)	(2.43)	About 90 days	Cost-plus pricing	No significant difference	50,382	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.	Affiliate	Sale	(229,203)	(2.76)	About 90 days	Cost-plus pricing	No significant difference	92,568	3.01	
	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Affiliate	Sale	(138,538)	(1.67)	About 90 days	Cost-plus pricing	No significant difference	46,198	1.50	
	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(7,866,989)	(94.86)	About 90 days	Cost-plus pricing	No significant difference	2,927,033	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.	Affiliate	Sale	(560,239)	(5.69)	About 90 days	Cost-plus pricing	No significant difference	277,642	7.58	
	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(9,284,723)	(94.26)	About 90 days	Cost-plus pricing	No significant difference	3,372,495	92.04	
LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD.	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Affiliate	Sale	(872,740)	(40.50)	About 90 days	Cost-plus pricing	No significant difference	880,499	47.37	
	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(1,282,215)	(59.50)	About 90 days	Cost-plus pricing	No significant difference	978,105	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	
Lite-On Electronics (Thailand) Co., Ltd.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(3,942,319)	(97.30)	About 90 days	Cost-plus pricing	No significant difference	512,068	96.01	
	LITE-ON JAPAN (Thailand) CO., LTD.	Affiliate	Sale	(109,453)	(2.70)	About 90 days	Cost-plus pricing	No significant difference	21,262	3.99	

(Continued)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Trade (Payable) or Receivable		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
LITE-ON SINGAPORE PTE. LTD.	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Subsidiary	Sale	\$ (1,173,246)	(1.77)	About 90 days	Cost-plus pricing	No significant difference	\$ 460,469	2.45	
	LITE-ON ELECTRONICS H.K. LIMITED	Affiliate	Sale	(1,590,968)	(2.40)	About 90 days	Cost-plus pricing	No significant difference	585,231	3.11	
	Lite-On Japan Ltd.	Affiliate	Sale	(326,856)	(0.49)	About 90 days	Cost-plus pricing	No significant difference	110,687	0.59	
	LITE-ON, INC.	Affiliate	Sale	(400,494)	(0.60)	About 90 days	Cost-plus pricing	No significant difference	41,477	0.22	
	LITE-ON TRADING USA, INC.	Affiliate	Sale	(9,253,739)	(13.97)	About 90 days	Cost-plus pricing	No significant difference	3,541,756	18.84	
	LITE-ON MOBILE INDÚSTRIA E COMÉRCIO DE PLÁSTICOS LTDA.	Affiliate	Sale	(382,834)	(0.58)	About 90 days	Cost-plus pricing	No significant difference	88,297	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	Affiliate	Sale	(5,457,536)	(5.51)	About 90 days	Cost-plus pricing	No significant difference	934,786	2.99	
	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Affiliate	Sale	(10,738,672)	(10.84)	About 90 days	Cost-plus pricing	No significant difference	4,414,424	14.14	
	LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	Affiliate	Sale	(8,069,305)	(8.15)	About 90 days	Cost-plus pricing	No significant difference	1,472,671	4.72	
	SILITEK ELEC. (DONGGUAN) CO., LTD.	Affiliate	Sale	(5,728,840)	(5.78)	About 90 days	Cost-plus pricing	No significant difference	942,891	3.02	
	HUIZHOU LI SHIN ELECTRONIC CO., LTD.	Affiliate	Sale	(375,087)	(0.38)	About 90 days	Cost-plus pricing	No significant difference	64,340	0.21	
	LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	Affiliate	Sale	(6,258,337)	(6.32)	About 90 days	Cost-plus pricing	No significant difference	2,301,023	7.37	
	LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD.	Affiliate	Sale	(1,063,414)	(1.07)	About 90 days	Cost-plus pricing	No significant difference	722,128	2.31	
	LITEON-IT OPTO TECH (BH) CO., LTD.	Affiliate	Sale	(3,940,556)	(3.98)	About 90 days	Cost-plus pricing	No significant difference	1,336,254	4.28	
	LITE-ON VIETNAM CO., LTD.	Affiliate	Sale	(4,798,189)	(4.84)	About 90 days	Cost-plus pricing	No significant difference	2,736,627	8.77	
	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(13,355,870)	(13.48)	About 90 days	Cost-plus pricing	No significant difference	4,365,522	13.98	
Lite-On (Guangzhou) Automotive Electronics Limited	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Affiliate	Sale	(2,164,534)	(44.08)	About 90 days	Cost-plus pricing	No significant difference	242,333	99.98	
	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(2,687,920)	(54.74)	About 90 days	Cost-plus pricing	No significant difference	-	-	

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

(Concluded)

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	Subsidiary	\$ -	\$ 2,884,803	\$ 68,930	3.13	\$ -	-	\$ 2,269,448	\$ -
	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Fourth-tier 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.	Sub-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 ELECTRONICS (GUANGZHOU) LIMITED	Lite-On Overseas Trading Co., LTD.	Affiliate	-	257,126	-	5.99	-	-	127,952	-
	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 (BVI) 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-IT 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)

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	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	444,022	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	21,564,330	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	2,299,274	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	928,898	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	19,907,871	1,683,022	1,541,718	Subsidiary
				(US\$ 188,725)	(US\$ 363,725)						
	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	Subsidiary
	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)	Subsidiary
				(US\$ 58,172)	(US\$ 55,172)						
	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	Subsidiary
	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)	Subsidiary (Note 5)
	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	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	5,271,023	4,882,407	Subsidiary
				(US\$ 63,788)	(US\$ 63,788)						
	LITE-ON VIETNAM CO., LTD.	Vietnam	Electronic contract manufacturing	2,726,515	1,593,020	-	100.00	2,864,173	(189,248)	(189,248)	Subsidiary
				(US\$ 89,000)	(US\$ 52,000)						
	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	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	2,519,802	893,684	893,684	Subsidiary
			(EUR 457,014)	(EUR 457,014)							
LET (HK) LIMITED	Hong Kong	Sale of optical disc drives	251,322	251,322	62,059,600	100.00	41,226	(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	(14,508)	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	282,973	26,334	12,904	Subsidiary	
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	272,958	294,825	99.00	523,491	57,703	57,126	Subsidiary	
			(US\$ 8,910)	(US\$ 8,910)							
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	
			(US\$ 94,962)	(US\$ 100,626)							
KBW-LEOTEK Jordan Private Shareholding Limited	Jordan	Investment activities	-	2,121	-	-	-	498	244	Subsidiary (Note 4)	
			(US\$ -)	(US\$ 69)							
KBW-LITEON Jordan Private Shareholding Limited	Jordan	Production and manufacture of energy-saving lights and project construction and maintenance	-	1,560,177	-	-	-	215,181	214,877	Subsidiary (Note 4)	
			(US\$ -)	(US\$ 50,928)							
LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED	India	Manufacture and sale of phone chargers and power supplies	370,185	370,185	102,374,058	99.00	320,827	54,578	54,032	Subsidiary	
			(INR 1,023,741)	(INR 1,023,741)							
SKYLA CORPORATION	Taiwan	Manufacture and sale of medical equipment	148,700	180,700	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 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	\$ 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	39,783 (US\$ 1,299)	39,783 (US\$ 1,299)	6,507,001	2.97	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	1,040,000	1,040,000	67,000,000	100.00	240,836	3,738	52	Subsidiary (Note 5)
	Lite-On Green Energy (HK) Limited	Hong Kong	Investment activities	94,969 (US\$ 3,100)	94,969 (US\$ 3,100)	3,100,000	100.00	6,132	(66)	(1)	Subsidiary (Note 5)
	LITE-ON GREEN ENERGY (SINGAPORE) PTE. LTD.	Singapore	Investment activities	227,434	227,434	3,457,760	100.00	105,741	(2,034)	267	Subsidiary (Note 5)
	CEDARS DIGITAL PTE. LTD.	Singapore	Software development and application, IT consulting services	30,635 (US\$ 1,000)	- (US -)	1,363,200	100.00	30,312	(1,411)	(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.	Kompaksolar 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	3,137,024 (US\$ 102,400)	3,137,024 (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)

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 -)	\$ 1,298 (JOD 30)	-	-	\$ -	\$ 618	\$ -	Subsidiary (Note 4)
LITE-ON TECHNOLOGY USA, INC.	LITE-ON, INC.	USA	Sales data processing business of optoelectronic products and power supplies	735,240 (US\$ 24,000)	91,905 (US\$ 3,000)	3,000,000	100.00	915,357	(17,099)	-	Subsidiary
	LITE-ON TRADING USA, INC.	USA	Sale of optical products	965,003 (US\$ 31,500)	965,003 (US\$ 31,500)	315,000	100.00	1,039,068	58,574	-	Subsidiary
	POWER INNOVATIONS INTERNATIONAL, INC.	USA	Development, design and manufacture of power controls and energy management	482,689 (US\$ 15,756)	482,689 (US\$ 15,756)	12,916,109	100.00	(34,169)	(177,137)	-	Subsidiary
	LITE-ON TECHNOLOGY SERVICE, INC.	USA	After-sales services of optical products	45,953 (US\$ 1,500)	45,953 (US\$ 1,500)	1,000	100.00	58,581	(2,247)	-	Subsidiary
Lite-On International Holding Co., Ltd.	LITE-ON CHINA HOLDING CO., LTD.	British Virgin Islands	Investment activities	13,091,608 (US\$ 427,342)	13,091,608 (US\$ 427,342)	427,341,532	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	827,145 (US\$ 27,000)	827,145 (US\$ 27,000)	2,323	17.59	704,930	(238,730)	-	Associate
	LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED	India	Manufacture and sale of phone chargers and power supplies	3,739 (INR 10,341)	3,739 (INR 10,341)	1,034,082	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	2,757 (US\$ 90)	2,757 (US\$ 90)	2,978	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	84,016 (CNY 19,427)	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	8,655,240	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)	2,500	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 -)	6,514,083 (EUR 196,618)	-	-	-	1,313	-	Subsidiary (Note 8)
LITE-ON CHINA HOLDING CO., LTD.	LITE-ON ELECTRONICS COMPANY LIMITED	Hong Kong	Investment activities	11,511,401 (US\$ 375,760)	11,511,401 (US\$ 375,760)	3,083,467,107	100.00	19,001,765	1,374,795	-	Subsidiary
	YET FOUNDATE LIMITED	Hong Kong	Manufacture of plastic and computer peripheral products	316,655 (CNY 73,220)	316,655 (CNY 73,220)	68,429,663	100.00	594,729	28,610	-	Subsidiary
	FORDGOOD ELECTRONIC LIMITED	Hong Kong	Import and export and real estate business	388,014 (US\$ 12,666)	388,014 (US\$ 12,666)	100,150,100	100.00	649,132	45,445	-	Subsidiary
	G&W TECHNOLOGY (BVI) LIMITED	British Virgin Islands	Real estate management	119,477 (US\$ 3,900)	119,477 (US\$ 3,900)	3,900,000	50.00	125,885	1,123	-	Subsidiary
G&W TECHNOLOGY (BVI) LIMITED Lite-On Japan Ltd.	G&W TECHNOLOGY LIMITED	Hong Kong	Leasing business	1,991 (US\$ 65)	1,991 (US\$ 65)	499,998	100.00	25,111	7,182	-	Subsidiary
	Lite-On Japan (H.K.) Limited	Hong Kong	Import and export of electronic components	15,176 (JPY 70,000)	15,176 (JPY 70,000)	50,000	100.00	15,176	15,421	-	Subsidiary (Note 9)
	LITE-ON JAPAN (Thailand) CO., LTD.	Thailand	Import and export of electronic components	14,090 (JPY 64,992)	14,090 (JPY 64,992)	199,998	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)

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 (US\$ 16,400)	a	\$ 872,162 (US\$ 28,469)	\$ -	\$ -	\$ 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 (US\$ 66,498)	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 (US\$ 35,400)	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 (US\$ 4,800)	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 (US\$ 43,591)	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 (US\$ 29,745)	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 (US\$ 43,095)	53,636	100.00	53,636	2,254,589	2,831,300	
	LITEON COMMUNICATION (GUANGZHOU) COMPANY LIMITED	Manufacture and sale of mobile terminal equipment	752,396 (US\$ 24,560)	a	752,396 (US\$ 24,560)	-	-	752,396 (US\$ 24,560)	-	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 (US\$ 33,200)	-	100.00	-	-	411,807	Note 4
	COMMIT Incorporated	Manufacture and sale of application software and multimedia product design	982,955 (US\$ 32,086)	a	18,381 (US\$ 600)	-	-	18,381 (US\$ 600)	-	1.87	-	-	-	
	LITEON 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 (US\$ 15,810)	-	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 (US\$ 12,200)	-	100.00	-	-	-	Note 4
	LITEON LI SHIN TECHNOLOGY (GANZHOU) LTD	Manufacture and sale of electronic components	367,620 (US\$ 12,000)	a	408,558 (US\$ 13,336)	-	-	408,558 (US\$ 13,336)	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 (US\$ 6,500)	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 (US\$ 166,000)	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 (US\$ 80,000)	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 (US\$ 15,972)	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 (US\$ 1,000)	(19,583)	100.00	(19,583)	(77,701)	-	
	LITEON 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 (US\$ 46,335)	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	- (US\$ -)	a	61,270 (US\$ 2,000)	-	-	- (US\$ -)	1,044	-	1,044	-	-	Note 5
LITEON-IT OPTO TECH (BH) 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 (US\$ 55,000)	(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 (US\$ 5,870)	214,386	100.00	214,386	1,959,725	-		

(Continued)

Investor Company	Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (Note 2)	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 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 AUTOMOTIVE (WUXI) CO., LTD.	Manufacture, sale and processing of electronic products	\$ - (US\$ -)	a	\$ 153,175 (US\$ 5,000)	\$ -	\$ -	\$ 153,175 (US\$ 5,000)	\$ 4,214	-	\$ 4,214	\$ -	\$ 46,603	Note 6
	HUIZHOU LI SHIN ELECTRONIC CO., LTD.	Manufacture of computer peripheral products	406,716 (US\$ 13,276)	a	197,348 (US\$ 6,442)	-	-	197,348 (US\$ 6,442)	64,997	100.00	64,997	807,219	-	
	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Manufacture and sale of energy-saving equipment	2,175,085 (US\$ 71,000)	a	2,175,085 (US\$ 71,000)	-	-	2,175,085 (US\$ 71,000)	116,506	100.00	116,506	3,064,775	-	
	BEIJING LITE-ON MOBILE ELECTRONIC AND TELECOMMUNICATION COMPONENTS CO., LTD.	Manufacture and sale of mobile phone modules and design of assembly lines	490,160 (US\$ 16,000)	a	1,245,111 (US\$ 40,643)	-	-	1,245,111 (US\$ 40,643)	(57,612)	100.00	(57,612)	139,723	-	
	GUANGZHOU LITE-ON MOBILE ENGINEERING PLASTICS CO., LTD.	Manufacture and sale of mobile phone modules and design of assembly lines	- (US\$ -)	a	1,834,891 (US\$ 59,895)	-	-	1,834,891 (US\$ 59,895)	(23,500)	-	(23,500)	-	360,406	Note 10
	LITE-ON GREEN TECHNOLOGIES (NANJING) CORPORATION	Solar energy engineering	22,976 (US\$ 750)	a	22,963 (US\$ 750)	-	-	22,963 (US\$ 750)	(1,292)	100.00	(1,292)	(9,578)	-	
	Changzhou Binhu Thin Film Solar Greenhouse Co., Ltd.	Manufacture and sale of solar energy engineering	432,470 (CNY 100,000)	a	91,804 (US\$ 2,997)	-	-	91,804 (US\$ 2,997)	-	19.90	-	4,274	-	
	Epicrystal (Changzhou) Co., Ltd.	Design, manufacture and sale of light-emitting diode and related display	4,809,695 (US\$ 157,000)	a	827,145 (US\$ 27,000)	-	-	827,145 (US\$ 27,000)	(255,610)	19.74	(50,454)	846,440	-	
	DONGGUAN LITE-ON COMPUTER CO., LTD.	Manufacture and sale of computer hosts and components, keyboards, scanners, printers and mice	61,270 (US\$ 2,000)	a	61,270 (US\$ 2,000)	-	-	61,270 (US\$ 2,000)	880	100.00	880	59,762	-	
	NL (SHANGHAI) CO., LTD.	Import and export of electronic components	9,191 (US\$ 300)	a	94,906 (US\$ 3,098)	-	-	94,906 (US\$ 3,098)	(160)	100.00	(160)	7,730	-	Note 7
Philips & Lite-On Digital Solutions Corporation	Philips & Lite-On Digital Solutions (Shanghai) Co., Ltd.	Sale of optical disc drives	30,635 (US\$ 1,000)	a	30,635 (US\$ 1,000)	-	-	30,635 (US\$ 1,000)	(8,087)	100.00	(8,087)	380,335	-	

Investor Company	Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	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. 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.

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LITE-ON TECHNOLOGY CORPORATION

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LITE-ON TECHNOLOGY CORPORATION**STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Item	Amount
Cash on hand	\$ 219
Checking accounts	1,324
Demand deposits (Notes 1 and 2)	<u>4,174,601</u>
	<u>\$ 4,176,144</u>

Note 1: The amount includes AUD30 thousand, CAD70 thousand, CNY31,310 thousand, CZK4,296 thousand, EUR744 thousand, GBP255 thousand, HK\$7,060 thousand, HUF493 thousand, JPY24,218 thousand, PLN8 thousand, SGD27 thousand, SEK243 thousand, US\$81,927 thousand and NT\$1,451,625 thousand, respectively.

Note 2: The presentation currency was translated from the measurement currency using the following exchange rates:

AUD1=NT\$20.9666, CAD1=NT\$23.1645, CNY1=NT\$4.3247, CZK1=NT\$1.374,
EUR1=NT\$33.9068, GBP1=NT\$39.0964, HK\$1=NT\$3.921, HUF1=NT\$0.0887, JPY1=NT\$0.2168,
PLN1=NT\$7.8266, SEK1=NT\$3.0695, SGD1=NT\$23.2559 and US\$1=NT\$30.635.

LITE-ON TECHNOLOGY CORPORATION**STATEMENT OF TRADE RECEIVABLES, NET****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Client Name	Amount
Customer A	\$ 2,075,136
Customer B	1,813,270
Customer C	1,801,508
Customer D	1,195,220
Customer E	1,028,225
Customer F	1,013,124
Customer G	874,489
Others (Note)	<u>7,002,622</u>
Subtotal	16,803,594
Less: Allowance for doubtful accounts	<u>80,996</u>
	<u>\$ 16,722,598</u>

Note: The amount of individual client included in others does not exceed 5% of the account balance.

LITE-ON TECHNOLOGY CORPORATION

STATEMENT OF INVENTORIES, NET

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Amount	
	Cost	Market Value (Note)
Finished goods and merchandise	\$ 3,770,766	\$ 5,713,964
Raw materials	1,967,028	2,364,192
Work-in-progress	<u>225,208</u>	<u>414,993</u>
	<u>\$ 5,963,002</u>	<u>\$ 8,493,149</u>

Note: Market value is measured by net realizable value.

LITE-ON TECHNOLOGY CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investees	Balance, January 1, 2023		Additions in Investment		Decrease in Investment		Share of Profit or Loss of Subsidiaries and Associates	Change in Equities and Other Comprehensive Income of Subsidiaries and Associates	Adjustments from Unrealized and Realized Gain on Transactions with Subsidiaries and Associates (Note 3)	Balance, December 31, 2023			Market Value or Net Assets Value	Collateral or Pledge
	Share	Amount	Share (Note 1)	Amount (Note 1)	Share (Note 2)	Amount (Note 2)				Share	Ownership Interest (%)	Amount		
Listed Securities														
Silitech Technology Corporation	11,322,003	\$ 411,797	385,545	\$ 14,555	-	\$ 6,793	\$ 19,941	\$ (6,697)	\$ -	11,707,548	17.22	\$ 432,803	\$ 446,643	-
Unlisted Securities														
Lite-On International Holding Co., Ltd.	363,725,483	24,349,246	-	-	175,000,000	5,535,675	1,541,718	(456,686)	9,268	188,725,483	100.00	19,907,871	20,662,790	-
LITE-ON ELECTRONICS H.K. LIMITED	17,865,367	21,402,178	-	-	-	369,232	849,219	(317,834)	(1)	17,865,367	100.00	21,564,330	21,290,142	-
LITE-ON SINGAPORE PTE. LTD.	51,776,500	28,203,803	-	-	-	-	4,882,407	(215,228)	7,086	51,776,500	100.00	32,878,068	33,823,071	-
HIGH YIELD GROUP CO., LTD.	68,238,000	5,984,977	-	-	68,000,000	2,176,031	143,646	(72,794)	-	238,000	100.00	3,879,798	3,871,871	-
LITE-ON MOBILE PTE. LTD.	221,062,238	2,591,215	-	-	84,543,900	991,191	893,684	26,094	-	136,518,338	100.00	2,519,802	2,519,802	-
Lite-On Automotive International (Cayman) Co., Ltd.	11,967,300	2,701,701	-	-	5,663,835	268,267	244,351	(34,041)	-	6,303,465	100.00	2,643,744	2,672,365	-
LITE-ON TECHNOLOGY USA, INC.	470,239	2,166,987	-	96,300	-	-	(134,472)	8,801	27,265	470,239	100.00	2,164,881	2,228,342	-
Lite-On Electronics (Thailand) Co., Ltd.	6,049,844	2,241,492	1,000,000	91,918	-	99,958	78,044	(12,222)	-	7,049,844	100.00	2,299,274	2,308,550	-
KBW-LITEON Jordan Private Shareholding Limited	36,056,975	466,605	-	-	36,056,975	817,103	214,877	135,478	143	-	-	-	-	-
LITE-ON VIETNAM CO., LTD.	-	1,923,755	-	1,139,970	-	-	(189,248)	(10,304)	-	-	100.00	2,864,173	2,864,173	-
EAGLE ROCK INVESTMENT LTD.	10,000	1,462,733	-	-	-	31,135	102,400	(18,295)	-	10,000	100.00	1,515,703	1,515,703	-
Lite-On Capital Corporation	170,706,763	1,150,486	-	-	170,706,763	1,263,838	(3,657)	117,009	-	-	-	-	-	-
Lite-On Overseas Trading Co., Ltd.	5,142,962	1,493,477	-	-	-	-	2,642	(10,913)	-	5,142,962	100.00	1,485,206	1,485,206	-
Lite-On Japan Ltd.	12,451,058	881,530	-	-	-	-	72,680	(25,312)	-	12,451,058	100.00	928,898	899,462	-
DragonJet Corporation	21,968,856	438,141	-	-	-	21,969	30,641	(2,791)	-	21,968,856	29.62	444,022	444,022	-
Philips & Lite-On Digital Solutions Corporation	17,150,000	272,026	-	-	-	21,071	12,904	19,114	-	17,150,000	49.00	282,973	282,973	-
LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED	102,374,058	270,249	-	-	-	-	54,032	(3,454)	-	102,374,058	99.00	320,827	320,827	-
LITE-ON AUTOMOTIVE ELECTRONICS MEXICO, S.A. DE C.V.	294,825	408,903	-	-	-	-	57,126	57,462	-	294,825	99.00	523,491	523,491	-
Lite-On Technology (Europe) B.V.	330,896	275,831	281,875	246,089	-	-	(9,115)	27,353	-	612,771	100.00	540,158	540,158	-
SKYLA CORPORATION	18,070,000	229,290	-	-	3,200,000	45,229	20,497	(477)	-	14,870,000	44.17	204,081	205,105	-
LTC GROUP LTD.	32,915,855	1,395,488	-	-	-	-	6,505	27,255	-	32,915,855	100.00	1,429,248	2,250,648	-
Lite-Space Technology Company Limited	5,600,000	108,968	-	-	5,600,000	115,143	-	6,175	-	-	-	-	-	-
LITE-ON ELECTRONICS (EUROPE) LIMITED	300,000	74,779	-	-	-	-	7,751	4,465	-	300,000	100.00	86,995	86,995	-
LET (HK) LIMITED	62,059,600	42,267	-	-	-	-	(1,031)	(10)	-	62,059,600	100.00	41,226	41,226	-
KBW-LEOTEK Jordan Private Shareholding Limited	49,000	633	-	-	49,000	992	244	115	-	-	-	-	-	-
LEOTEK CORPORATION	60,000,000	586,374	-	-	-	48,603	99,365	2,694	-	60,000,000	100.00	639,830	668,465	-
LITE-ON MOBILE INDÚSTRIA E COMÉRCIO DE PLÁSTICOS LTDA.	6,507,001	34,223	-	-	-	-	5,820	3,025	-	6,507,001	2.97	43,068	43,068	-
Lite-On Green Technologies, INC.	-	-	67,000,000	240,633	-	-	52	151	-	67,000,000	100.00	240,836	240,836	-
Lite-On Green Energy (HK) Limited	-	-	3,100,000	6,452	-	-	(1)	(319)	-	3,100,000	100.00	6,132	6,132	-
CEDARS DIGITAL PTE. LTD.	-	-	1,363,200	32,395	-	-	(1,411)	(672)	-	1,363,200	100.00	30,312	30,312	-
LITE-ON GREEN ENERGY (SINGAPORE) PTE. LTD.	-	-	3,457,760	105,176	-	-	267	298	-	3,457,760	100.00	105,741	105,741	-
		<u>101,157,357</u>		<u>1,958,933</u>		<u>11,805,437</u>	<u>8,981,937</u>	<u>(745,863)</u>	<u>43,761</u>			<u>99,590,688</u>	<u>101,931,476</u>	-
		<u>\$ 101,569,154</u>		<u>\$ 1,973,488</u>		<u>\$ 11,812,230</u>	<u>\$ 9,001,878</u>	<u>\$ (752,560)</u>	<u>\$ 43,761</u>			<u>\$ 100,023,491</u>	<u>\$ 102,378,119</u>	-

Note 1: The amount includes acquisition of the investee's shares and group reorganization.

Note 2: The amount includes capital reduction and return of capital contribution, cash dividends, disposal of investments and liquidation.

Note 3: The adjustments include unrealized gain on transactions with subsidiaries and associates of \$34,494 thousand and realized gain on disposal of property, plant and equipment of \$9,267 thousand.

LITE-ON TECHNOLOGY CORPORATION

STATEMENT OF RIGHT-OF-USE ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (In Thousands of New Taiwan Dollars)

	Land	Buildings	Transportation Equipment	Other Equipment	Total
<u>Cost</u>					
January 1, 2023	\$ 148,631	\$ 666,267	\$ 19,351	\$ 5,245	\$ 839,494
Additions	30,218	9,068	16,076	-	55,362
Disposals	<u>(27)</u>	<u>(2,784)</u>	<u>(13,823)</u>	<u>-</u>	<u>(16,634)</u>
December 31, 2023	<u>\$ 178,822</u>	<u>\$ 672,551</u>	<u>\$ 21,604</u>	<u>\$ 5,245</u>	<u>\$ 878,222</u>
<u>Accumulated depreciation</u>					
January 1, 2023	\$ 25,463	\$ 231,955	\$ 12,713	\$ 1,775	\$ 271,906
Additions	11,811	198,490	5,595	1,775	217,671
Disposals	<u>-</u>	<u>(1,520)</u>	<u>(12,995)</u>	<u>-</u>	<u>(14,515)</u>
December 31, 2023	<u>\$ 37,274</u>	<u>\$ 428,925</u>	<u>\$ 5,313</u>	<u>\$ 3,550</u>	<u>\$ 475,062</u>
December 31, 2023, net	<u>\$ 141,548</u>	<u>\$ 243,626</u>	<u>\$ 16,291</u>	<u>\$ 1,695</u>	<u>\$ 403,160</u>

LITE-ON TECHNOLOGY CORPORATION**STATEMENT OF SHORT-TERM BORROWINGS****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Loan Type	Contract Period	Interest Rates (%)	Balance, End of Year	Loan Commitment	Collateral
Line of credit borrowings - bank	2023.03.08-2024.11.30	1.58-6.17	<u>\$ 20,425,595</u>	<u>\$ 53,605,717</u>	None

LITE-ON TECHNOLOGY CORPORATION

STATEMENT OF TRADE PAYABLES

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
A	\$ 834,117
B	1,228,769
Others (Note)	<u>3,979,223</u>
	<u>\$ 6,042,109</u>

Note: The amount of individual vendor in others does not exceed 5% of the account balance.

LITE-ON TECHNOLOGY CORPORATION**STATEMENT OF OTHER PAYABLES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Item	Amount
Accrued salaries and bonuses	\$ 5,924,824
Accrued discounts and allowances	3,643,206
Accrued royalties	1,140,918
Others (Note)	<u>3,018,773</u>
	<u>\$ 13,727,721</u>

Note: The amount of each item in others does not exceed 5% of the account balance.

LITE-ON TECHNOLOGY CORPORATION**STATEMENT OF LEASE LIABILITIES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Item	Summary	Lease Period	Discount Rate	Ending Balance
Land	Land	2020.2.1-2024.12.31	1.00-1.79	\$ 46,509
Buildings	Office, dormitory	2021.8.1-2027.5.31	1.00-4.00	337,993
Transportation equipment	Vehicle	2021.6.1-2026.11.30	1.00-1.67	16,720
Other equipment	Equipment, software	2022.1.1-2024.12.31	1.00-2.10	<u>246</u>
				<u>\$ 401,468</u>

LITE-ON TECHNOLOGY CORPORATION

STATEMENT OF LONG-TERM BORROWINGS

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Loan Type	Contract Period	Interest Rates (%)	Balance, End of Year	Collateral
Line of credit borrowings - bank	2022.09.05-2025.09.05	1.61	<u>\$ 3,000,000</u>	None

LITE-ON TECHNOLOGY CORPORATION**STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Quantity (In Thousand Units)	Amount
Power adaptors	82,644	\$ 42,613,327
Computer accessories and peripherals	80,871	19,351,824
Network and communication products	72,651	13,763,418
Others (Note)	179,342	<u>23,116,552</u>
		98,845,121
Less: Sales returns		235,573
Sales discounts and allowance		<u>2,271,364</u>
		<u>\$ 96,338,184</u>

Note: The amount of each item in others does not exceed 10% of the account balance.

LITE-ON TECHNOLOGY CORPORATION**STATEMENT OF COST OF GOODS SOLD
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Amount
Cost of goods sold	
Raw materials, beginning of year (included inventory in transit)	\$ 2,115,070
Additions: Raw material purchased	11,272,449
Others	60,662
Deductions: Raw materials, end of year	1,967,028
Raw materials sold	920
Loss of disposal of raw materials	42,844
Raw materials used	<u>11,437,389</u>
Direct labor	788,730
Manufacturing expense	<u>1,330,943</u>
Manufacturing cost	13,557,062
Additions: Work in progress, beginning of year	361,704
Deductions: Work in progress, end of year	225,208
Loss of disposal of work in progress	2,692
Others	<u>23,265</u>
Cost of finished goods	13,667,601
Additions: Finished goods, beginning of year	3,274,608
Finished goods purchased	64,166,107
Deductions: Finished goods, end of year	3,770,766
Loss of disposal of finished goods	76,571
Others	<u>13,966</u>
Cost of goods sold, finished goods	<u>77,247,013</u>
Additions: Raw materials sold	920
Loss of disposal, total	<u>122,107</u>
Cost of goods sold, total	<u>\$ 77,370,040</u>

LITE-ON TECHNOLOGY CORPORATION

STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

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

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses	Expected Credit Loss	Total
Payroll and related expense (including directors' remuneration)	\$ 1,035,290	\$ 1,891,384	\$ 3,236,768	\$ -	\$ 6,163,442
Depreciation and amortization expense	27,520	372,419	570,596	-	970,535
Professional service fee	415,274	310,408	440,977	-	1,166,659
Import and export fee	207,324	-	2	-	207,326
Research expense	396	9,996	373,337	-	383,729
Repair and maintenance expense	458	334,097	60,925	-	395,480
Expected credit loss	-	-	-	60,152	60,152
Others (Note)	<u>743,972</u>	<u>465,453</u>	<u>835,625</u>	<u>-</u>	<u>2,045,050</u>
	<u>\$ 2,430,234</u>	<u>\$ 3,383,757</u>	<u>\$ 5,518,230</u>	<u>\$ 60,152</u>	<u>\$ 11,392,373</u>

Note: The amount of each item in others does not exceed 5% of the account balance.

LITE-ON TECHNOLOGY CORPORATION

STATEMENT OF EMPLOYEE BENEFIT, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023			2022		
	Classified as Cost of Goods Sold	Classified as Operating Expenses	Total	Classified as Cost of Goods Sold	Classified as Operating Expense	Total
Depreciation expense	\$ 425,478	\$ 843,111	\$ 1,268,589	\$ 341,683	\$ 756,998	\$ 1,098,681
Amortization expense	\$ 1,465	\$ 127,424	\$ 128,889	\$ 1,412	\$ 117,660	\$ 119,072
Employee benefit (Note)						
Salary and bonus	\$ 1,692,720	\$ 5,951,820	\$ 7,644,540	\$ 1,537,787	\$ 5,699,117	\$ 7,236,904
Labor and health insurance	135,204	357,820	493,024	116,204	345,911	462,115
Pension	61,695	183,864	245,559	58,353	174,897	233,250
Director's remuneration	-	211,622	211,622	-	206,571	206,571
Others	55,075	106,479	161,554	49,935	102,513	152,448
	<u>\$ 1,944,694</u>	<u>\$ 6,811,605</u>	<u>\$ 8,756,299</u>	<u>\$ 1,762,279</u>	<u>\$ 6,529,009</u>	<u>\$ 8,291,288</u>

Note 1: The average number of employees of the Company were 5,054 and 4,870, respectively, of which include 6 and 7 board of directors, not serving concurrently as employees, for the years ended 2023 and 2022.

Note 2: The average employee benefit expenses were \$1,693 thousand and \$1,662 thousand for the years ended December 31, 2023 and 2022 ("Employee benefit expenses - remuneration of directors"/"average number of employees - board of directors without holding employment positions").

Note 3: The average salaries and bonuses were \$1,514 thousand and \$1,488 thousand for the years ended December 31, 2023 and 2022 (Salary and bonus/"average number of employees - board of directors without holding employment positions").

Note 4: The average change in salaries and bonuses was 1.7% ("Average salary and bonus for the year ended 2023 - average salary and bonus for the year ended 2022"/average salary and bonus for the year ended 2022).

Note 5: The Company did not have supervisor for the years ended December 31, 2023 and 2022. Therefore, there was no remuneration to supervisors.

Note 6: The remuneration policies for directors, supervisors, management personnel, and compensation policies for employees were as follows: The remuneration to directors and management personnel is evaluated and reviewed by the compensation committee regularly. For compensation to employees, the Company conducts salary surveys annually and reviews employees' salary regularly to offer the competitive salaries.