

**LITE-ON TECHNOLOGY CORPORATION  
and Subsidiaries**

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

## **DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES**

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2023 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standards No. 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

LITE-ON TECHNOLOGY CORPORATION

By

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TOM SOONG  
Chairman

February 26, 2024

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
LITE-ON TECHNOLOGY CORPORATION

### Opinion

We have audited the accompanying consolidated financial statements of LITE-ON TECHNOLOGY CORPORATION (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the audit of the Group's consolidated financial statements for the year ended December 31, 2023 is as follows:

#### Allowance for Impairment Loss of Trade Receivables

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

Refer to Note 4 to the consolidated financial statements for the summary of material accounting policy information. Refer to Note 11 to the consolidated financial statements for the carrying amount of trade receivables and impairment loss of trade receivables. In response to management's estimates mentioned above, we assessed the reasonableness and calculation accuracy of the allowance for impairment loss.

#### **Other Matter**

We have also audited the parent company only financial statements of LITE-ON TECHNOLOGY CORPORATION as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

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

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

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

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

#### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Meng-Chieh, Chiu

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 26, 2024

Shih-Ran Cheng

Notice to Readers

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

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

# LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Note 6)	\$ 92,742,033	49	\$ 91,065,529	46
Financial assets at fair value through profit or loss (Note 7)	577,330	-	2,799,938	1
Financial assets at amortized cost (Note 9)	21,625	-	-	-
Contract assets	196,129	-	484,791	-
Notes receivable, net (Note 11)	512,333	-	609,573	-
Trade receivables, net (Note 11)	31,586,425	17	38,127,682	19
Other receivables (Note 11)	2,068,586	1	1,562,769	1
Other receivables from related parties (Note 32)	-	-	17,710	-
Inventories, net (Note 12)	25,807,532	14	27,747,465	14
Other current assets (Note 19)	<u>2,106,448</u>	<u>1</u>	<u>2,537,757</u>	<u>1</u>
Total current assets	<u>155,618,441</u>	<u>82</u>	<u>164,953,214</u>	<u>83</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss (Note 7)	993,837	1	1,462,668	1
Financial assets at fair value through other comprehensive income (Note 8)	1,961,421	1	1,985,324	1
Financial assets at amortized cost (Note 9)	516,140	-	465,790	-
Investments accounted for using the equity method (Note 14)	1,723,785	1	1,888,176	1
Property, plant and equipment, net (Notes 15 and 32)	18,392,467	10	19,078,678	10
Right-of-use assets, net (Note 16)	1,895,074	1	1,648,994	1
Investment properties, net (Note 17)	1,181,578	1	1,236,643	1
Intangible assets, net (Note 18)	2,837,525	2	3,692,521	2
Deferred tax assets (Note 26)	2,624,907	1	2,804,527	1
Refundable deposits	957,084	1	350,419	-
Net defined benefit assets (Note 22)	163,493	-	107,332	-
Other non-current assets (Note 19)	<u>106,508</u>	<u>-</u>	<u>107,451</u>	<u>-</u>
Total non-current assets	<u>33,353,819</u>	<u>18</u>	<u>34,828,523</u>	<u>17</u>
<b>TOTAL</b>	<u>\$ 188,972,260</u>	<u>100</u>	<u>\$ 199,781,737</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 20)	\$ 22,493,450	12	\$ 32,628,984	16
Financial liabilities at fair value through profit or loss (Note 7)	376,452	-	253,441	-
Contract liabilities	69,807	-	79,782	-
Notes payable	30	-	59	-
Trade payables	40,917,667	22	44,883,340	22
Trade payables to related parties (Note 32)	491	-	15,842	-
Other payables	20,555,991	11	22,630,490	11
Other payables to related parties (Note 32)	281	-	19,378	-
Current tax liabilities	7,018,546	4	5,609,887	3
Provisions (Note 21)	1,011,515	1	1,125,550	1
Lease liabilities (Note 16)	358,238	-	359,221	-
Advances received	<u>5,198,955</u>	<u>3</u>	<u>4,175,135</u>	<u>2</u>
Total current liabilities	<u>98,001,423</u>	<u>52</u>	<u>111,781,109</u>	<u>56</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Note 20)	3,000,000	2	3,000,000	2
Deferred tax liabilities (Note 26)	1,828,408	1	2,212,812	1
Lease liabilities (Note 16)	941,263	-	691,734	-
Guarantee deposits	<u>133,754</u>	<u>-</u>	<u>108,955</u>	<u>-</u>
Total non-current liabilities	<u>5,903,425</u>	<u>3</u>	<u>6,013,501</u>	<u>3</u>
Total liabilities	<u>103,904,848</u>	<u>55</u>	<u>117,794,610</u>	<u>59</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>				
Share capital				
Ordinary shares	<u>23,531,300</u>	<u>12</u>	<u>23,630,830</u>	<u>12</u>
Capital surplus	<u>22,734,080</u>	<u>12</u>	<u>22,706,153</u>	<u>11</u>
Retained earnings				
Legal reserve	18,258,300	10	16,780,649	8
Special reserve	2,908,326	2	3,214,551	2
Unappropriated earnings	<u>23,507,087</u>	<u>12</u>	<u>21,736,118</u>	<u>11</u>
Total retained earnings	<u>44,673,713</u>	<u>24</u>	<u>41,731,318</u>	<u>21</u>
Other equity	<u>(3,831,534)</u>	<u>(2)</u>	<u>(3,243,884)</u>	<u>(2)</u>
Treasury shares	<u>(2,726,963)</u>	<u>(1)</u>	<u>(3,468,412)</u>	<u>(2)</u>
Total equity attributable to owners of the Company	84,380,596	45	81,356,005	41
<b>NON-CONTROLLING INTERESTS</b>	<u>686,816</u>	<u>-</u>	<u>631,122</u>	<u>-</u>
Total equity	<u>85,067,412</u>	<u>45</u>	<u>81,987,127</u>	<u>41</u>
<b>TOTAL</b>	<u>\$ 188,972,260</u>	<u>100</u>	<u>\$ 199,781,737</u>	<u>100</u>

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

# LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

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

(Continued)



# LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

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

(Continued)

# LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

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	<u>2023</u>		<u>2022</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 27)				
Basic	<u>\$6.36</u>		<u>\$6.19</u>	
Diluted	<u>\$6.29</u>		<u>\$6.10</u>	

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

(Concluded)

**LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES**

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

	Equity Attributable to Owners of the Company							Other Equity (Notes 23 and 28)				Non-controlling Interests (Note 23)	Total Equity	
	Issue of Share Capital (Note 23)		Capital Surplus (Note 23)	Retained Earnings (Note 23)				Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets Designated as Fair Value Through Other Comprehensive Income	Unearned Employees' Compensation	Treasury Shares (Note 23)			
	Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	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)	\$ 532,459	\$ 72,873,527
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	-	-	-	-	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(3,909)	(3,909)
Disposal of investments accounted for using the equity method	-	-	-	-	-	-	-	6,490	-	-	6,490	-	-	6,490
Difference between consideration and carrying amount of subsidiaries disposed of	-	-	30,549	-	-	-	-	-	-	-	-	-	-	30,549
Share-based payment transaction	12,216	122,160	622,447	-	-	-	-	-	-	(623,682)	(623,682)	-	-	120,925
Disposal of treasury stocks	-	-	88,015	-	-	-	-	-	-	-	-	232,396	-	320,411
Changes in percentage of ownership interests in subsidiaries	-	-	50,223	-	-	(12,430)	(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	-	-	-	-	-	36,387	14,187,403
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	80,500	80,500	3,497,853	(67,557)	-	3,430,296	-	66,185	3,576,981
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	-	102,572	17,764,384
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)	631,122	81,987,127
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	-	(3,151)	119,744
Disposal of partial interests of subsidiaries	-	-	45,697	-	-	-	-	-	-	-	-	-	45,229	90,926
Changes in percentage of ownership interests in subsidiaries	-	-	88,652	-	-	(106,181)	(106,181)	-	-	-	-	-	6,700	(10,829)
Share-based payment transaction	5,625	56,248	377,337	-	-	1,206	1,206	-	-	113,648	113,648	-	-	548,439
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(38,192)	(38,192)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	67,362	67,362	-	(67,362)	-	(67,362)	-	-	-
Net profit for the year ended December 31, 2023	-	-	-	-	-	14,570,616	14,570,616	-	-	-	-	-	28,171	14,598,787
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)	-	16,937	(707,519)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	14,602,991	14,602,991	(832,182)	75,351	-	(756,831)	-	45,108	13,891,268
BALANCE AT DECEMBER 31, 2023	2,353,130	\$ 23,531,300	\$ 22,734,080	\$ 18,258,300	\$ 2,908,326	\$ 23,507,087	\$ 44,673,713	\$ (3,025,024)	\$ (296,476)	\$ (510,034)	\$ (3,831,534)	\$ (2,726,963)	\$ 686,816	\$ 85,067,412

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

# LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

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

(Continued)

# LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

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

(Continued)

# LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

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	2023	2022
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 1,676,504	\$ 22,789,694
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>91,065,529</u>	<u>68,275,835</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 92,742,033</u>	<u>\$ 91,065,529</u>

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

(Concluded)

# LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 1. GENERAL INFORMATION

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

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

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

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

The consolidated financial statements of the Company and its subsidiaries, hereinafter collectively referred to as the Group, are presented in the Company’s functional currency, the New Taiwan dollar.

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on February 26, 2024.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **a. Statement of compliance**

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

##### **b. Basis of preparation**

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

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

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

##### **c. Classification of current and non-current assets and liabilities**

Current assets include:

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

Current liabilities include:

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

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company. Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

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

See Note 13 and Table 8 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

e. Business combinations

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

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

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

f. Foreign currencies

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

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

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

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

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

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

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

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

g. Inventories

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

h. Investments in associates

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

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

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

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

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

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

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

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

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

i. Property, plant and equipment

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

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

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

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

j. Investment properties

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

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

Depreciation is recognized using the straight-line method.

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

k. Goodwill

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

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

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

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

## l. Intangible assets

### 1) Intangible assets acquired separately

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

### 2) Intangible assets acquired in a business combination

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

### 3) Derecognition of intangible assets

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

## m. Impairment of property, plant and equipment, right-of-use assets, investment properties, intangible assets other than goodwill

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

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

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

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

## n. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 31.

ii. Financial assets at amortized cost

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

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

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

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

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

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

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

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets and contract assets

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

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

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



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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

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

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

Fair value is determined in the manner described in Note 31.

b) Derecognition of financial liabilities

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

#### 4) Derivative financial instruments

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

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

#### o. Provisions

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

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

#### p. Revenue recognition

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

##### 1) Revenue from the sale of goods

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

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

##### 2) Revenue from the services

Services revenue are recognized when services are provided.

#### q. Leases

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

##### 1) The Group as lessor

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

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms. Lease modification that resulted from a negotiation with a lessee is accounted for as a new lease from the effective date of modification.

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

## 2) The Group as lessee

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

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

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

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

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

The Group negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2022, that results in the revised consideration for the lease. There is no substantive change to other terms and conditions. The Group elects to apply the practical expedient to all of these rent concessions and, therefore, does not assess whether the rent concessions are lease modifications. Instead, the Group recognizes the reduction in lease payment in profit or loss as a deduction of expenses of variable lease payments, in the period in which the events or conditions that trigger the concession occur and makes a corresponding adjustment to the lease liability.

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

r. Borrowing costs

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

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

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

s. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

3) Termination benefits

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

t. Share-based payment arrangements

Restricted shares for employees

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

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

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

u. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

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

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

### 3) Current and deferred taxes

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

## 5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

### **Material Accounting Judgements**

#### Business model assessment for financial assets

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

### **Key Sources of Estimation Uncertainty**

#### a. Estimated impairment of financial assets

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

b. Write-down of inventories

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

c. Impairment of goodwill

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

## 6. CASH AND CASH EQUIVALENTS

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

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

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
Demand deposits	0%-5.20%	0%-4.12%
Time deposits	1.10%-12.00%	0.4%-14.06%

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

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

(Continued)

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

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

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



The Group entered into derivative contracts in 2023 and 2022 to manage exposures due to fluctuations of foreign exchange rates. The derivative contracts entered into by the Group did not meet the criteria for hedge accounting. Thus, the derivative contracts are classified as financial assets or financial liabilities at FVTPL. The financial risk management objectives of the Group were to minimize risks due to changes in fair value or cash flows.

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

### Investments in Equity Instruments at FVTOCI

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

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

## 9. FINANCIAL ASSETS AT AMORTIZED COSTS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Pledged deposits	<u>\$ 537,765</u>	<u>\$ 465,790</u>
Current	\$ 21,625	\$ -
Non-current	<u>516,140</u>	<u>465,790</u>
	<u>\$ 537,765</u>	<u>\$ 465,790</u>

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

## 10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments were classified at amortized cost.

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

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

## 11. NOTES RECEIVABLE, TRADE RECEIVABLES, NET AND OTHER RECEIVABLES

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

### a. Notes receivable

The aging of notes receivable was as follows:

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

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

### b. Trade receivables

The average credit period of sales of goods was approximately 90 days, and no interest was charged on trade receivables. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that

adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

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

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

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

December 31, 2023

	<b>Not Past Due</b>	<b>Past Due Within 60 Days</b>	<b>Past Due 61 to 210 Days</b>	<b>Past Due 211 to 240 Days</b>	<b>Past Due Over 241 Days</b>	<b>Total</b>
Expected credit loss rate	0%-0.2%	0.1%-5%	40%-70%	50%-100%	100%	
Gross carrying amount	\$ 31,473,188	\$ 128,165	\$ 46,049	\$ 963	\$ 110,673	\$ 31,759,038
Loss allowance	<u>(37,852)</u>	<u>(709)</u>	<u>(22,801)</u>	<u>(578)</u>	<u>(110,673)</u>	<u>(172,613)</u>
Amortized cost	<u>\$ 31,435,336</u>	<u>\$ 127,456</u>	<u>\$ 23,248</u>	<u>\$ 385</u>	<u>\$ -</u>	<u>\$ 31,586,425</u>

December 31, 2022

	<b>Not Past Due</b>	<b>Past Due Within 60 Days</b>	<b>Past Due 61 to 210 Days</b>	<b>Past Due 211 to 240 Days</b>	<b>Past Due Over 241 Days</b>	<b>Total</b>
Expected credit loss rate	0%-1%	0.1%-5%	40%-70%	50%-100%	100%	
Gross carrying amount	\$ 37,524,222	\$ 422,534	\$ 305,910	\$ 325	\$ 655,093	\$ 38,908,084
Loss allowance	<u>-</u>	<u>(2,135)</u>	<u>(122,996)</u>	<u>(178)</u>	<u>(655,093)</u>	<u>(780,402)</u>
Amortized cost	<u>\$ 37,524,222</u>	<u>\$ 420,399</u>	<u>\$ 182,914</u>	<u>\$ 147</u>	<u>\$ -</u>	<u>\$ 38,127,682</u>

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

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

c. Other receivables

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

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

The Group considered the credit risk of partial other receivables in 2023 had decreased significantly since the initial recognition and, therefore, reversed the lifetime expected credit loss of \$91,540 thousand.

## 12. INVENTORIES, NET

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

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

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

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

## 13. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Main Business	<u>% of Ownership</u>		Remark
			<u>December 31</u>		
			2023	2022	
The Company	Lite-On Capital Corporation	Investment activities	-	100.00	5)
	SKYLA CORPORATION	Manufacture and sale of medical equipment	44.17	55.19	1)
	LITE-ON ELECTRONICS H.K. LIMITED	Sale of LED optical products	100.00	100.00	-
	Lite-On Electronics (Thailand) Co., Ltd.	Manufacture and sale of LED optical products	100.00	100.00	-
	Lite-On Japan Ltd.	Sale of LED optical products and power supplies	100.00	100.00	-
	Lite-On International Holding Co., Ltd.	Investment activities	100.00	100.00	-
	LTC GROUP LTD.	Investment activities	100.00	100.00	-
	LITE-ON TECHNOLOGY USA, INC.	Investment activities	100.00	100.00	-
	LITE-ON ELECTRONICS (EUROPE) LIMITED	Manufacture and sale of power supplies	100.00	100.00	-
	Lite-On Technology (Europe) B.V.	Market research and after-sales services	100.00	54.00	10)
	Lite-On Overseas Trading Co., Ltd.	Investment activities	100.00	100.00	-
	LITE-ON SINGAPORE PTE. LTD.	Manufacture and supply of computer peripheral products	100.00	100.00	-

(Continued)

Investor	Investee	Main Business	% of Ownership		Remark
			December 31		
			2023	2022	
	LITE-ON VIETNAM CO., LTD.	Electronic contract manufacturing	100.00	100.00	-
	EAGLE ROCK INVESTMENT LTD.	Import and export and investment activities	100.00	100.00	-
	LITE-ON MOBILE PTE. LTD.	Manufacture and sale of mobile phone modules and design of assembly lines	100.00	100.00	-
	HIGH YIELD GROUP CO., LTD.	Holding company	100.00	100.00	-
	Philips & Lite-On Digital Solutions Corporation	Sale of optical disc drives	49.00	49.00	-
	LET (HK) LIMITED	Sale of optical disc drives	100.00	100.00	-
	Lite-On Automotive International (Cayman) Co., Ltd.	Investment activities	100.00	100.00	-
	LITE-ON AUTOMOTIVE ELECTRONICS MEXICO, S.A. DE C.V.	Production, manufacture, sale, import and export of photovoltaic devices, key electronic components, telecommunications equipment, information technology equipment, semiconductor applications, general lighting, automotive electronics, renewable energy products and systems and maintenance within the automotive industry	99.00	99.00	-
	LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED	Manufacture and sale of phone chargers and power supplies	99.00	99.00	-
	KBW-LITEON Jordan Private Shareholding Limited	Production and manufacture of energy-saving lights and project construction and maintenance	-	99.86	9)
	KBW-LEOTEK Jordan Private Shareholding Limited	Investment activities	-	49.00	9)
	LEOTEK CORPORATION	Wholesale, import, export and installation of street lights, signal lights, scenery lights and new-type electronic components	100.00	100.00	-
	LITE-ON MOBILE INDÚSTRIA E COMÉRCIO DE PLÁSTICOS LTDA.	Manufacture and sale of mobile phone modules and design for assembly line	2.97	2.97	-
	CEDARS DIGITAL PTE. LTD.	Software development and application, IT consulting services	100.00	-	8)
	Lite-On Green Technologies, Inc.	Manufacture and wholesale of electronic components and energy technology services	100.00	-	10)
	Lite-On Green Energy (HK) Limited	Investment activities	100.00	-	10)
	LITE-ON GREEN ENERGY (SINGAPORE) PTE. LTD.	Investment activities	100.00	-	10)
SKYLA CORPORATION	SKYLA (SHANGHAI), LTD.	Sale and development of medical equipment and consulting services	100.00	-	11)
LEOTEK CORPORATION	LEOTEK ELECTRONICS USA LLC.	Sale of LED products	100.00	100.00	-
Lite-On Capital Corporation	Lite-On Green Technologies, Inc.	Manufacture and wholesale of electronic components and energy technology services	-	100.00	10)
	Lite-on Green Energy (HK) Limited	Investment activities	-	100.00	10)
	Lite-On Technology (Europe) B.V.	Market research and after-sales services	-	46.00	10)
	LITE-ON GREEN ENERGY (SINGAPORE) PTE. LTD.	Investment activities	-	100.00	10)
Lite-On Green Technologies, Inc.	Lite-On Green Technologies B.V.	Solar energy engineering	100.00	100.00	-
LITE-ON GREEN ENERGY (SINGAPORE) PTE. LTD.	Lite-On Green Energy B.V.	Investment activities	100.00	100.00	-
LITE-ON ELECTRONICS H.K. LIMITED	LITE-ON ELECTRONICS (TIANJIN) CO., LTD.	ODM services	100.00	100.00	-
	LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	Manufacture and sale of IT products	100.00	100.00	-
	CHINA BRIDGE (CHINA) CO., LTD.	Investment activities and acting as a sales agent	100.00	100.00	-
	LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	Manufacture of electronic components	100.00	100.00	-
	SILITEK ELEC. (DONGGUAN) CO., LTD.	Manufacture and sale of keyboards	100.00	100.00	-
	LITE-ON COMPUTER TECHNOLOGY (DONGGUAN) CO., LTD.	Manufacture and sale of display devices	100.00	100.00	3)
CHINA BRIDGE (CHINA) CO., LTD.	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	Development, manufacture of new-type electronic components and provision of technology consulting services, maintenance equipment and after-sales services	12.59	12.59	-
	WUXI CHINA BRIDGE EXPRESS TRADING CO., LTD.	Express and sale of power supplies, printers, display devices and scanners	100.00	100.00	-
LITE-ON ELECTRONICS COMPANY LIMITED	LITEON COMMUNICATION (GUANGZHOU) COMPANY LIMITED	Manufacture and sale of mobile terminal equipment	100.00	100.00	2)
	LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	Manufacture and sale of printers and scanners	100.00	100.00	-
	LITEON ELECTRONICS AND WIRELESS (GUANGZHOU) LIMITED	Manufacture and sale of mobile terminal equipment	100.00	100.00	2)
	LITE-ON (GUANGZHOU) PRECISION TOOLING LTD.	Manufacture and sale of modules	67.03	67.03	2)
	LITE-ON TECHNOLOGY (GUANGZHOU) LIMITED	Manufacture and sale of computer cases	100.00	100.00	2)
	LITE-ON TECHNOLOGY (JIANGSU) CO., LTD.	Investment activities and acting as a sales agent	100.00	100.00	-
	LITE-ON TECHNOLOGY (GZ) INVESTMENT COMPANY LIMITED	Investment activities	100.00	100.00	-
	LITE-ON POWER TECHNOLOGY (DONGGUAN) CO., LTD.	Development, manufacture and sale of electronic components, power supplies and provision of technology consulting services	100.00	100.00	-
LITE-ON TECHNOLOGY (GZ) INVESTMENT COMPANY LIMITED	LITE-ON (GUANGZHOU) PRECISION TOOLING LTD.	Manufacture and sale of modules	32.97	32.97	2)
LITE-ON TECHNOLOGY (JIANGSU) CO., LTD.	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Development, manufacture, sale and installation of power supplies and transformers and provision of technology consulting services, maintenance equipment and after-sales services	100.00	100.00	-
	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	Development, manufacture and sale of new-type electronic components and LEDs and provision of technology consulting services, maintenance equipment and after-sales services	87.41	87.41	-

(Continued)

Investor	Investee	Main Business	% of Ownership		Remark
			December 31		
			2023	2022	
	LITE-ON MEDICAL DEVICE (CHANGZHOU) LTD.	Manufacture and sale of medical equipment	100.00	100.00	-
	CHANGZHOU LEOTEK NEW ENERGY TRADE LIMITED	Wholesale, import, export and installation of street lights, signal lights, scenery lights and new-type electronic components	100.00	100.00	-
	LITE-ON AUTOMOTIVE ELECTRONICS (CHANGZHOU) CO., LTD.	Manufacture, sale and processing of electronic products	100.00	100.00	-
	LITE-ON GREEN TECHNOLOGIES (NANJING) CORPORATION	Solar energy engineering	100.00	100.00	-
YET FOUNDATE LIMITED	DONGGUAN LITE-ON COMPUTER CO., LTD.	Manufacture and sale of computer hosts and components	100.00	100.00	-
FORDGOOD ELECTRONIC LIMITED	LITEON LI SHIN TECHNOLOGY (GANZHOU) LTD	Manufacture and sale of electronic components	100.00	100.00	-
LITE-ON TECHNOLOGY USA, INC.	LITE-ON, INC.	Sales data processing of optoelectronic products and power supplies	100.00	100.00	-
	LITE-ON TRADING USA, INC.	Sale of optical products	100.00	100.00	-
	POWER INNOVATIONS INTERNATIONAL, INC.	Development, design and manufacture of power controls and energy management	100.00	100.00	-
	LITE-ON TECHNOLOGY SERVICE, INC.	After-sales service of optical products	100.00	100.00	-
Lite-On International Holding Co., Ltd.	LITE-ON CHINA HOLDING CO., LTD.	Investment activities	100.00	100.00	-
LITE-ON SINGAPORE PTE. LTD.	LITE-ON TECHNOLOGY (XIANNING) CO., LTD.	Manufacture and sale of electronic components	100.00	100.00	-
	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Manufacture and sale of energy saving equipment	100.00	100.00	-
	LITE-ON AUTOMOTIVE ELECTRONICS MEXICO, S.A. DE C.V.	Production, manufacture, sale, import and export of photovoltaic devices, key electronic components, telecommunications equipment, information technology equipment, semiconductor applications, general lighting, automotive electronics, renewable energy products and systems and maintenance within the automotive industry	1.00	1.00	-
	LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED	Manufacture and sale of phone chargers and power supplies	1.00	1.00	-
LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	LITE-ON INTELLIGENT TECHNOLOGY (YENCHENG) CORP.	Wholesale, import, export and installation of street lights, signal lights, scenery lights and new-type electronic components	100.00	100.00	-
LTC GROUP LTD.	TITANIC CAPITAL SERVICES LTD.	Investment activities	100.00	100.00	-
Lite-On Technology (Europe) B.V.	Lite-On (Finland) Oy	Manufacture and sale of mobile phone modules and design of assembly lines	100.00	100.00	-
Lite-On (Finland) Oy	Lite-On Mobile Oyj	Manufacture and sale of mobile phone modules and design of assembly lines	-	100.00	6)
LITE-ON CHINA HOLDING CO., LTD.	LITE-ON ELECTRONICS COMPANY LIMITED	Investment activities	100.00	100.00	-
	YET FOUNDATE LIMITED	Manufacture of plastic and computer peripheral products	100.00	100.00	-
	FORDGOOD ELECTRONIC LIMITED	Import and export and real estate	100.00	100.00	-
G&W TECHNOLOGY (BVI) LIMITED	G&W TECHNOLOGY (BVI) LIMITED	Real estate management	50.00	50.00	-
EAGLE ROCK INVESTMENT LTD.	G&W TECHNOLOGY LIMITED	Leasing	100.00	100.00	-
HIGH YIELD GROUP CO., LTD.	HUIZHOU LI SHIN ELECTRONIC CO., LTD.	Manufacture of computer peripheral products	100.00	100.00	-
LITE-ON IT INTERNATIONAL (HK) LIMITED	LITE-ON IT INTERNATIONAL (HK) LIMITED	Sale of optical disc drives	100.00	100.00	-
LITE-ON IT INTERNATIONAL (HK) LIMITED	LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD.	Manufacture and sale of optical disc drives	100.00	100.00	-
	LiteON Auto Electric Technology (Guangzhou) Ltd.	Manufacture and sale of optical disc drives	-	100.00	4)
	LITEON-IT OPTO TECH (BH) CO., LTD.	Manufacture and sale of optical disc drives	100.00	100.00	-
Philips & Lite-On Digital Solutions Corporation	PLDS Germany GmbH	Development and sale of modules of automotive recorders	100.00	100.00	-
	Philips & Lite-On Digital Solutions USA, Inc.	Sale of optical disc drives	100.00	100.00	-
	Philips & Lite-On Digital Solutions Korea Ltd.	Sale of optical disc drives	-	100.00	7)
	Philips & Lite-On Digital Solutions (Shanghai) Co., Ltd.	Sale of optical disc drives	100.00	100.00	-
Lite-On Automotive International (Cayman) Co., Ltd	LITE-ON AUTOMOTIVE HOLDINGS (HONG KONG) CO., LIMITED	Investment activities	100.00	100.00	-
LITE-ON AUTOMOTIVE HOLDINGS (HONG KONG) CO., LIMITED	LITE-ON AUTOMOTIVE (WUXI) CO., LTD	Manufacture, sale and processing of electronic products	-	100.00	7)
	Lite-On (Guangzhou) Automotive Electronics Limited	Manufacture, sale and processing of electronic products	100.00	100.00	-
Lite-On Japan Ltd.	Lite-On Japan (H.K.) Limited	Import and export of electronic components	100.00	100.00	-
	LITE-ON JAPAN (Thailand) CO., LTD.	Import and export of electronic components	100.00	100.00	-
Lite-On Japan (H.K.) Limited	NL (SHANGHAI) CO., LTD.	Import and export of electronic components	100.00	100.00	-
LITE-ON MOBILE PTE. LTD.	GUANGZHOU LITE-ON MOBILE ENGINEERING PLASTICS CO., LTD.	Manufacture and sale of mobile phone modules and design of assembly lines	-	100.00	12)
	BEIJING LITE-ON MOBILE ELECTRONIC AND TELECOMMUNICATION COMPONENTS CO., LTD.	Manufacture and sale of mobile phone modules and design of assembly lines	100.00	100.00	-
	LITE-ON MOBILE INDÚSTRIA E COMÉRCIO DE PLÁSTICOS LTDA.	Manufacture and sale of mobile phone modules and design of assembly lines	97.03	97.03	-
KBW-LEOTEK Jordan Private Shareholding Limited	LEOTEK, PSC	Production and manufacture of energy-saving lights	-	60.00	9)

(Concluded)

Remark:

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

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

#### 14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

##### Investments in Associates

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

##### Aggregate Information of Associates That Are Not Individually Material

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

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

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

## 15. PROPERTY, PLANT AND EQUIPMENT, NET

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

Due to the decline in the estimated future cash inflows generated by some of the buildings, machinery equipment, transportation equipment, office equipment and other equipment, the Group carried out a review of the recoverable amount and determined that the recoverable amount was lower than the carrying amount. Consequently, the Group recognized impairment loss of \$211,137 thousand and \$2,004 thousand for the years ended December 31, 2023 and 2022, respectively. The impairment losses were recognized in other gains and losses of the consolidated statements of comprehensive income.

The Group determined the recoverable amount on the basis of their fair value less costs of disposal. The fair values used in determining the recoverable amounts were categorized as Level 3 measurements and were measured using the market value method. The key assumption included the estimated disposal values.



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

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

## 16. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Carrying amount</u>		
Land (including right to use land)	\$ 762,456	\$ 774,262
Buildings	1,071,328	791,650
Machinery	37,128	63,511
Transportation equipment	20,363	12,692
Other equipment	<u>3,799</u>	<u>6,879</u>
	<u>\$ 1,895,074</u>	<u>\$ 1,648,994</u>

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Additions to right-of-use assets	<u>\$ 845,545</u>	<u>\$ 341,232</u>
Depreciation charge for right-of-use assets		
Land (including right to use land)	\$ 32,478	\$ 30,491
Buildings	436,942	391,225
Machinery	27,279	28,891
Transportation equipment	8,769	8,098
Other equipment	<u>3,030</u>	<u>4,529</u>
	<u>\$ 508,498</u>	<u>\$ 463,234</u>

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

### b. Lease liabilities

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

Range of discount rate for lease liabilities was as follows:

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

c. Other lease information

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

**17. INVESTMENT PROPERTIES, NET**

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

(Continued)

**Completed  
Investment  
Properties**

Accumulated depreciation

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

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

Buildings 15-50 years

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

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

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

## 18. INTANGIBLE ASSETS, NET

	Goodwill	Patents	Patents Use Rights	Client Relationships	Software	Other Intangible Assets	Total
<u>Cost</u>							
January 1, 2023	\$ 15,040,431	\$ 92,605	\$ 2,695,878	\$ 163,819	\$ 1,700,997	\$ 1,254,131	\$ 20,947,861
Additions	-	991	500	-	101,104	2,949	105,544
Disposals	-	-	-	-	(61,871)	(21,881)	(83,752)
Reclassification	-	-	-	-	20,357	(84)	20,273
Effect of foreign currency exchange differences	-	(13)	-	-	(3,738)	(1,551)	(5,302)
December 31, 2023	<u>\$ 15,040,431</u>	<u>\$ 93,583</u>	<u>\$ 2,696,378</u>	<u>\$ 163,819</u>	<u>\$ 1,756,849</u>	<u>\$ 1,233,564</u>	<u>\$ 20,984,624</u>
<u>Accumulated amortization</u>							
January 1, 2023	\$ 77,234	\$ 60,174	\$ 2,695,878	\$ 163,819	\$ 1,471,806	\$ 1,237,661	\$ 5,706,572
Additions	-	13,976	75	-	145,127	9,619	168,797
Disposals	-	-	-	-	(61,636)	(21,881)	(83,517)
Reclassification	-	-	-	-	84	(84)	-
Effect of foreign currency exchange differences	-	(5)	-	-	(2,979)	(1,601)	(4,585)
December 31, 2023	<u>\$ 77,234</u>	<u>\$ 74,145</u>	<u>\$ 2,695,953</u>	<u>\$ 163,819</u>	<u>\$ 1,552,402</u>	<u>\$ 1,223,714</u>	<u>\$ 5,787,267</u>

(Continued)

	Goodwill	Patents	Patents Use Rights	Client Relationships	Software	Other Intangible Assets	Total
<u>Accumulated impairment</u>							
January 1, 2023	\$ 11,538,064	\$ -	\$ -	\$ -	\$ 10,704	\$ -	\$ 11,548,768
Additions	811,312	-	-	-	-	-	811,312
Disposals	-	-	-	-	(235)	-	(235)
Effect of foreign currency exchange differences	-	-	-	-	(13)	-	(13)
December 31, 2023	<u>\$ 12,349,376</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,456</u>	<u>\$ -</u>	<u>\$ 12,359,832</u>
December 31, 2023, net	<u>\$ 2,613,821</u>	<u>\$ 19,438</u>	<u>\$ 425</u>	<u>\$ -</u>	<u>\$ 193,991</u>	<u>\$ 9,850</u>	<u>\$ 2,837,525</u>
<u>Cost</u>							
January 1, 2022	\$ 15,040,431	\$ 70,399	\$ 2,695,878	\$ 163,819	\$ 1,575,909	\$ 1,313,432	\$ 20,859,868
Additions	-	22,186	-	-	136,749	6,241	165,176
Disposals	-	-	-	-	(21,841)	(69,731)	(91,572)
Reclassification	-	-	-	-	6,740	(300)	6,440
Effect of foreign currency exchange differences	-	20	-	-	3,440	4,489	7,949
December 31, 2022	<u>\$ 15,040,431</u>	<u>\$ 92,605</u>	<u>\$ 2,695,878</u>	<u>\$ 163,819</u>	<u>\$ 1,700,997</u>	<u>\$ 1,254,131</u>	<u>\$ 20,947,861</u>
<u>Accumulated amortization</u>							
January 1, 2022	\$ 77,234	\$ 53,225	\$ 2,695,878	\$ 163,819	\$ 1,349,284	\$ 1,295,613	\$ 5,635,053
Additions	-	6,949	-	-	138,055	9,059	154,063
Disposals	-	-	-	-	(18,241)	(69,647)	(87,888)
Reclassification	-	-	-	-	300	(300)	-
Effect of foreign currency exchange differences	-	-	-	-	2,408	2,936	5,344
December 31, 2022	<u>\$ 77,234</u>	<u>\$ 60,174</u>	<u>\$ 2,695,878</u>	<u>\$ 163,819</u>	<u>\$ 1,471,806</u>	<u>\$ 1,237,661</u>	<u>\$ 5,706,572</u>
<u>Accumulated impairment</u>							
January 1, 2022	\$ 11,538,064	\$ -	\$ -	\$ -	\$ 11,075	\$ -	\$ 11,549,139
Disposals	-	-	-	-	(391)	-	(391)
Effect of foreign currency exchange differences	-	-	-	-	20	-	20
December 31, 2022	<u>\$ 11,538,064</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,704</u>	<u>\$ -</u>	<u>\$ 11,548,768</u>
December 31, 2022, net	<u>\$ 3,425,133</u>	<u>\$ 32,431</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 218,487</u>	<u>\$ 16,470</u>	<u>\$ 3,692,521</u>

(Concluded)

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

Patents	3-9 years
Patents use rights	5-12 years
Client relationships	4 years
Software	2-10 years
Other intangible assets	2-10 years

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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
The Company	\$ 2,558,278	\$ 3,369,590
Others	<u>55,543</u>	<u>55,543</u>
	<u>\$ 2,613,821</u>	<u>\$ 3,425,133</u>

- 1) Goodwill is allocated to the Group's recoverable amount of cash-generating units based on value in use calculations. These calculations used pre-tax cash flow projections based on financial budgets approved by the management of the Group covering a 5-year period. Other key assumptions included budgeted revenue and gross margin. Such assumptions were based on the past performance of the cash-generating unit and management's expectations of market development.
- 2) The Group observed the current status and future development direction of the global information optical disk player industry in the fourth quarter 2023 and assessed that there was an impairment indication. Therefore, the Group conducted a goodwill impairment assessment. According to the assessment, the Group recognized the impairment loss of \$811,312 thousand, and the discount rate used to assess the value in use was 13.04%. The impairment losses were recognized in other gains and losses in the consolidated statement of comprehensive income.
- 3) The Group determined gross margin based on past performance, expected profits under normal operations and management's expectations of market development. The growth rate used was consistent with the forecasts included in industry reports. The discount rates used were 13.04% and 11.82% as of December 31, 2023 and 2022, respectively and reflected specific risks relating to the relevant cash-generating units.

## 19. OTHER ASSETS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Prepayments	\$ 1,515,633	\$ 2,125,691
Offsets against business tax payable	443,375	277,253
Others	<u>253,948</u>	<u>242,264</u>
	<u>\$ 2,212,956</u>	<u>\$ 2,645,208</u>
Current	\$ 2,106,448	\$ 2,537,757
Non-current	<u>106,508</u>	<u>107,451</u>
	<u>\$ 2,212,956</u>	<u>\$ 2,645,208</u>

## 20. BORROWINGS

- a. Short-term borrowings

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>\$ 22,493,450</u>	<u>\$ 32,628,984</u>

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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Short-term borrowings	1.58%-6.62%	1.20%-5.40%

b. Long-term borrowings

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
<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>	
	<b>2023</b>	<b>2022</b>
Line of credit borrowings	1.61%	1.49%

## 21. PROVISIONS

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
<u>Current</u>		
Warranties	<u>\$ 1,011,515</u>	<u>\$ 1,125,550</u>
Balance at January 1	\$ 1,125,550	\$ 1,152,812
Recognition of provisions	81,403	135,787
Usage	(153,910)	(173,364)
Disposal of subsidiary	(39,287)	-
Effect of foreign currency exchange differences	<u>(2,241)</u>	<u>10,315</u>
Balance at December 31	<u>\$ 1,011,515</u>	<u>\$ 1,125,550</u>

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

## 22. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

The Company and its subsidiaries - Philips & Lite-On Digital Solutions Corporation, SKYLA CORPORATION and LEOTEK CORPORATION adopted the defined benefit plan under the Labor Standards Act, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Group contributes amounts equal to 2% to 6% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy. PLDS Germany GmbH, the company's subsidiary, in accordance with local laws and regulations, calculates the pension payable for employees who participate in the pension plan according to their length of service and resignation or retirement wages when requirements was met.

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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Present value of defined benefit obligation	\$ 788,971	\$ 863,450
Fair value of plan assets	<u>(952,464)</u>	<u>(970,782)</u>
Net defined benefit assets	<u>\$ (163,493)</u>	<u>\$ (107,332)</u>

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

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities (Assets)</b>
Balance at January 1, 2022	<u>\$ 918,000</u>	<u>\$ (955,932)</u>	<u>\$ (37,932)</u>
Service cost	2,165	-	2,165
Net interest expense (income)	<u>4,961</u>	<u>(4,728)</u>	<u>233</u>
Recognized in loss (profit)	<u>7,126</u>	<u>(4,728)</u>	<u>2,398</u>
Remeasurement			
Return on plan assets	-	(78,915)	(78,915)
Actuarial loss - changes in financial assumptions	(58,570)	-	(58,570)
Actuarial loss - experience adjustments	<u>28,650</u>	<u>-</u>	<u>28,650</u>
Recognized in other comprehensive income	<u>(29,920)</u>	<u>(78,915)</u>	<u>(108,835)</u>
Contributions from the employer	-	(12,728)	(12,728)
Benefits paid	(87,888)	86,800	(1,088)
Effect of foreign currency exchange differences	(32)	(32)	(64)
Reclassification	<u>56,164</u>	<u>(5,247)</u>	<u>50,917</u>
Balance at December 31, 2022	<u>\$ 863,450</u>	<u>\$ (970,782)</u>	<u>\$ (107,332)</u>

(Continued)

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities (Assets)</b>
Balance at January 1, 2023	\$ 863,450	\$ (970,782)	\$ (107,332)
Service cost	2,115	-	2,115
Net interest expense (income)	10,607	(11,000)	(393)
Recognized in loss (profit)	<u>12,722</u>	<u>(11,000)</u>	<u>1,722</u>
Remeasurement			
Return on plan assets	-	(9,539)	(9,539)
Actuarial loss - changes in financial assumptions	(4,929)	-	(4,929)
Actuarial loss - experience adjustments	<u>(27,548)</u>	<u>-</u>	<u>(27,548)</u>
Recognized in other comprehensive income	<u>(32,477)</u>	<u>(9,539)</u>	<u>(42,016)</u>
Contributions from the employer	-	(14,804)	(14,804)
Benefits paid	(56,312)	53,793	(2,519)
Effect of foreign currency exchange differences	<u>1,588</u>	<u>(132)</u>	<u>1,456</u>
Balance at December 31, 2023	<u>\$ 788,971</u>	<u>\$ (952,464)</u>	<u>\$ (163,493)</u> (Concluded)

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

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

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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Discount rate(s)	1.2%-4.1%	1.15%-3.6%
Expected rate(s) of salary increase	2%-3%	2%-3.25%



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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Discount rate(s)		
0.25% increase	<u>\$ (13,493)</u>	<u>\$ (15,591)</u>
0.25% decrease	<u>\$ 13,924</u>	<u>\$ 16,081</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 11,974</u>	<u>\$ 13,961</u>
0.25% decrease	<u>\$ (11,702)</u>	<u>\$ (13,654)</u>

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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
The expected contributions to the plan for the next year	<u>\$ 14,079</u>	<u>\$ 12,771</u>
The average duration of the defined benefit obligation	1.1-17 years	1.3-18 years

## 23. EQUITY

### a. Share capital

#### Ordinary shares

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Number of shares authorized (in thousands)	<u>3,500,000</u>	<u>3,500,000</u>
Amount of shares authorized	<u>\$ 35,000,000</u>	<u>\$ 35,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>2,353,130</u>	<u>2,363,083</u>
Amount of shares issued	<u>\$ 23,531,300</u>	<u>\$ 23,630,830</u>

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

Of the total number of shares aforementioned, one hundred million shares are reserved to be issued as stock options, preferred shares with stock options or corporate bonds with stock options ready for exercise of options.

On May 20, 2022, the shareholders' meeting of the Company resolved to issue 18,700 thousand new stocks with employee restricted stock awards (RSAs) for employees. The aforementioned issuance of new shares was approved by the Financial Supervisory Commission on July 26, 2022. The Company's board of directors authorized the Chairman to determine the actual issuance dates. The Company's Chairman determined that November 15, 2022 and May 19, 2023 to be the record dates of the issuance of new shares and the actual numbers of shares issued are 12,216 thousand and 6,484 thousand, respectively. Refer to Note 28 for the information on RSAs.

For the year ended December 31, 2023, the Group withdrew the issued 859 thousand new stocks with RSAs for employees. Among the aforementioned withdrawals of issued new stocks RSAs for employees were cancelled. The capital reduction has been approved by the Financial Supervisory Commission, and the registration procedures have been completed. Refer to Note 28 for information on RSAs.

b. Capital surplus

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
From business combinations	\$ 9,949,325	\$ 10,015,194
Conversion of bonds	7,413,059	7,462,138
Issuance of ordinary shares	3,617,377	3,442,029
Treasury share transactions	600,509	944,076
Changes in equity of associates	101,459	102,793
Changes in ownership interests in subsidiaries	175,579	86,927
The difference between the consideration and the carrying amount of the interests of subsidiaries during disposal or acquisition	76,246	30,549
Employee restricted shares	<u>800,526</u>	<u>622,447</u>
	<u>\$ 22,734,080</u>	<u>\$ 22,706,153</u>

The premium from shares issued in excess of par (including share premium from issuance of ordinary shares, conversion of bonds, business combinations, treasury share transactions and difference between the consideration and the carrying amount of the interests of subsidiaries during disposal or acquisition) may be used to offset a deficit. In addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (limited to a certain percentage of the Company's paid-in capital).

The capital surplus arising from change in ownership interests of subsidiaries, changes in equities of associates and joint ventures accounted for by the equity method may only be used to offset a deficit. And the capital surplus arising from issuing the restricted stocks may not be used for any purpose.

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the Articles, the Company may distribute surplus earnings or offset losses at the close of each quarter in accordance with the Company Act. While distributing surplus earnings, the Company shall estimate and reserve the taxes and duties to be paid, the losses to be covered, the legal reserve to be set aside, and the special surplus reserve to be raised or revolved. Where such legal reserve amounts reach the total paid-in capital, this provision shall not apply. If the Company distributes surplus earnings in the form of cash, it shall be approved by the board of directors in their meeting; if such surplus earnings are distributed in the form of new shares to be issued, they shall be approved by shareholders in their meetings according to the regulations.

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

the shareholders' meeting; if such distribution is in the form of new shares to be issued, it shall be approved by the shareholders in their meetings according to the regulations. For the policies on distribution of compensation of employees and remuneration of directors before and after amendment, refer to Note 25(e) on compensation of employees and remuneration of directors.

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

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

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

Additional special reserve should be appropriated for an amount equal to the net debit balance of other equity items. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and is thereafter distributed.

The Company appropriated earnings to a special reserve for the difference between the market price and carrying amount of the Company's shares held by subsidiaries proportional to its holding of those subsidiaries. The special reserve appropriated may be reversed to the extent that the market price reverses.

The appropriations of the earnings in 2022 and 2021, which were resolved by the Company's board of directors, were as follows:

	<b>Fourth Quarter of 2022</b>	<b>Second Quarter of 2022</b>
Board of directors in its meeting	February 21, 2023	July 28, 2022
Legal reserve	<u>\$ 815,530</u>	<u>\$ 606,379</u>
Special reserve	<u>\$ (594,349)</u>	<u>\$ (2,842,437)</u>
Cash dividends	<u>\$ 6,966,279</u>	<u>\$ 3,465,608</u>
Cash dividends per share (NT\$)	\$ 3.0	\$ 1.5
	<b>Fourth Quarter of 2021</b>	<b>Second Quarter of 2021</b>
Board of directors in its meeting	February 24, 2022	July 29, 2021
Legal reserve	<u>\$ 560,591</u>	<u>\$ 829,247</u>
Special reserve	<u>\$ 116,770</u>	<u>\$ 117,525</u>
Cash dividends	<u>\$ 5,776,013</u>	<u>\$ 4,700,810</u>
Cash dividends per share (NT\$)	\$ 2.5	\$ 2.0

The above-mentioned cash dividends had been resolved by the Company's board of directors; the other proposed appropriations had been resolved by the shareholders in their meetings on May 17, 2023 and May 20, 2022.

The appropriations of the earnings in 2023, which were resolved by the Company's board of directors, were as follows:

	<b>Fourth Quarter of 2023</b>	<b>Second Quarter of 2023</b>
Board of directors in its meeting	February 26, 2024	July 28, 2023
Legal reserve	<u>\$ 794,416</u>	<u>\$ 662,121</u>
Special reserve	<u>\$ 413,174</u>	<u>\$ 288,124</u>
Cash dividends	<u>\$ 5,782,825</u>	<u>\$ 4,656,704</u>
Cash dividends per share (NT\$)	\$ 2.5	\$ 2.0

The above-mentioned cash dividends had been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting on May 27, 2024.

d. Other equity items

Movements in other equity items were as follows:

	<b>For the Year Ended December 31, 2023</b>			
	<b>Foreign Currency Translation Reserve</b>	<b>Unrealized Loss from Financial Assets at FVTOCI</b>	<b>Unearned Employees' Compensation</b>	<b>Total</b>
Balance at January 1	\$ (2,315,737)	\$ (304,465)	\$ (623,682)	\$ (3,243,884)
Exchange differences on translation of foreign operations	(998,390)	-	-	(998,390)
Unrealized gain on equity instruments designated as at FVTOCI	-	77,852	-	77,852
Share of associates accounted for using the equity method	(19,856)	(2,501)	-	(22,357)
Disposal of interests in associates accounted for using the equity method and subsidiaries	122,895	-	-	122,895
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	-	(67,362)	-	(67,362)
Grant of employee restricted stocks of current period	-	-	(424,802)	(424,802)
Recognition of share-based payment	-	-	547,232	547,232
Adjustment of employee turnover rates	-	-	(8,782)	(8,782)
Income tax effect	<u>186,064</u>	<u>-</u>	<u>-</u>	<u>186,064</u>
Balance at December 31	<u>\$ (3,025,024)</u>	<u>\$ (296,476)</u>	<u>\$ (510,034)</u>	<u>\$ (3,831,534)</u>

**For the Year Ended December 31, 2022**

	<b>Foreign Currency Translation Reserve</b>	<b>Unrealized Loss from Financial Assets at FVTOCI</b>	<b>Unearned Employees' Compensation</b>	<b>Total</b>
Balance at January 1	\$ (5,820,080)	\$ (236,908)	\$ -	\$ (6,056,988)
Exchange differences on translation of foreign operations	4,278,561	-	-	4,278,561
Unrealized loss on equity instruments designated as at FVTOCI	-	(67,434)	-	(67,434)
Share of subsidiaries and associates accounted for using the equity method	68,988	(123)	-	68,865
Disposal of share of associates accounted for using the equity method	6,490	-	-	6,490
Grant of employee restricted stocks of current period	-	-	(744,607)	(744,607)
Recognition of share-based payment	-	-	120,925	120,925
Income tax effect	<u>(849,696)</u>	<u>-</u>	<u>-</u>	<u>(849,696)</u>
Balance at December 31	<u>\$ (2,315,737)</u>	<u>\$ (304,465)</u>	<u>\$ (623,682)</u>	<u>\$ (3,243,884)</u>

e. Non-controlling interests

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 631,122	\$ 532,459
Attributable to non-controlling interests:		
Share of profit for the year	28,171	36,387
Exchange difference on translation foreign entities	15,967	60,195
Remeasurement on defined benefit plans	1,353	8,565
Income tax relating to other comprehensive income (loss)	(383)	(2,575)
Disposal of interests in subsidiaries	(3,151)	-
Disposal of partial interests in subsidiaries	45,229	-
Changes in interests in subsidiaries	6,700	-
Decrease in non-controlling interests	<u>(38,192)</u>	<u>(3,909)</u>
Balance at December 31	<u>\$ 686,816</u>	<u>\$ 631,122</u>

f. Treasury shares

<b>Unit: In Thousands of Shares</b>				
<b>Purpose of Buyback</b>	<b>Number of Shares at January 1</b>	<b>Increase During the Year</b>	<b>Decrease During the Year</b>	<b>Number of Shares at December 31</b>
<u>For the year ended December 31, 2023</u>				
Shares held by its subsidiaries	22,120	-	(15,116)	7,004
Buyback of dissenting shareholders' shares in accordance with the Business Mergers and Acquisitions Act	462	-	(462)	-
Shares transferred to employees	<u>40,000</u>	-	-	<u>40,000</u>
	<u>62,582</u>	-	<u>(15,578)</u>	<u>47,004</u>
<u>For the year ended December 31, 2022</u>				
Shares held by its subsidiaries	26,841	-	(4,721)	22,120
Buyback of dissenting shareholders' shares in accordance with the Business Mergers and Acquisitions Act	462	-	-	462
Shares transferred to employees	<u>40,000</u>	-	-	<u>40,000</u>
	<u>67,303</u>	-	<u>(4,721)</u>	<u>62,582</u>

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

<b>Name of Subsidiary</b>	<b>Number of Shares Held (In Thousands)</b>	<b>Carrying Amount</b>	<b>Market Price</b>
<u>December 31, 2023</u>			
TITANIC CAPITAL SERVICES LTD.	7,004	<u>\$ 297,496</u>	<u>\$ 819,494</u>
<u>December 31, 2022</u>			
Lite-On Capital Corporation	15,116	\$ 718,857	\$ 964,392
TITANIC CAPITAL SERVICES LTD.	7,004	<u>297,469</u>	<u>446,869</u>
		<u>\$ 1,016,326</u>	<u>\$ 1,411,261</u>

In September 2022, YET FOUNDATE LIMITED and LITE-ON ELECTRONICS COMPANY LIMITED sold 2,271 thousand shares and 2,450 thousand shares of the Company in amounts of \$153,879 thousand and \$166,532 thousand, respectively.

On February 21, 2023, the Company's board of directors held a meeting and approved to cancel 462 thousand treasury stocks. The aforementioned cancellation of treasury stocks was approved by the Financial Supervisory Commission, and the registration procedures were completed.

Lite-On Capital Corporation was extinguished after the merger with the Company on December 1, 2023. The 15,116 thousand shares of the Company held by were cancelled, and the registration of capital reduction was completed.

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

## 24. REVENUE

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 148,222,074	\$ 173,334,858
Rental income from property	<u>111,381</u>	<u>121,358</u>
	<u>\$ 148,333,455</u>	<u>\$ 173,456,216</u>

### a. Contract balances

	<b>December 31, 2023</b>	<b>December 31, 2022</b>	<b>January 1, 2022</b>
Trade receivables (Note 11)	<u>\$ 31,586,425</u>	<u>\$ 38,127,682</u>	<u>\$ 41,245,921</u>
Contract assets - current			
Sale of goods	<u>\$ 196,129</u>	<u>\$ 484,791</u>	<u>\$ 654,423</u>
Contract liabilities - current			
Sale of goods	<u>\$ 69,807</u>	<u>\$ 79,782</u>	<u>\$ 98</u>

The Group measures the loss allowance for contract assets at an amount equal to lifetime ECLs. The expected credit loss during the lifetime ECLs is calculated by taking into account the past default experience of the customer, the customer's current financial position, possible recoverable amounts, and the forward-looking factors.

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Gross carrying amount	\$ 209,538	\$ 1,321,763
Allowance for impairment loss (lifetime ECLs)	<u>(13,409)</u>	<u>(836,972)</u>
	<u>\$ 196,129</u>	<u>\$ 484,791</u>

The movements of the loss allowance of contract assets were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 836,972	\$ 984,873
Less: Net remeasurement of loss allowance	(160,495)	(1,110)
Less: Transfer to loss allowance of trade receivables	(228,235)	(252,887)
Less: The impacts on the disposal of subsidiaries	(438,973)	-
Foreign exchanges gains and losses	<u>4,140</u>	<u>106,096</u>
Balance at December 31	<u>\$ 13,409</u>	<u>\$ 836,972</u>

Revenue in the years of 2023 and 2022 that were recognized from the contract liability balance at the beginning of year were \$79,782 thousand and \$98 thousand, respectively.

b. Disaggregation of revenue

Refer to Note 37 for segment revenue information.

## 25. NET PROFIT

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
a. Other gains and losses		
Net gain on financial assets at fair value through profit or loss	\$ 1,953,628	\$ 2,801,124
Net gain (loss) on foreign currency exchange	194,158	(1,895,211)
Net gain (loss) on disposal of property, plant and equipment	(18,264)	15,871
Loss on disposal of intangible assets	-	(84)
Loss on disposal of associates	(9,897)	(6,489)
Other losses	(643,092)	(318,954)
Impairment loss	<u>(1,022,449)</u>	<u>(2,004)</u>
	<u>\$ 454,084</u>	<u>\$ 594,253</u>
b. Finance costs		
Interest on borrowings	\$ 1,466,609	\$ 717,512
Interest on lease liabilities	<u>34,890</u>	<u>25,232</u>
	<u>\$ 1,501,499</u>	<u>\$ 742,744</u>
c. Depreciation and amortization		
Property, plant and equipment	\$ 3,649,261	\$ 3,866,479
Right-of-use assets	508,498	463,234
Intangible assets	168,797	154,063
Investment properties	<u>29,239</u>	<u>30,590</u>
	<u>\$ 4,355,795</u>	<u>\$ 4,514,366</u>

(Continued)



	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
An analysis of depreciation by function		
Recognized in operating costs	\$ 2,902,870	\$ 3,190,840
Recognized in operating expenses	1,254,889	1,138,873
Recognized in non-operating expenses	<u>29,239</u>	<u>30,590</u>
	<u>\$ 4,186,998</u>	<u>\$ 4,360,303</u>
An analysis of amortization by function		
Recognized in operating costs	\$ 14,955	\$ 15,344
Recognized in operating expenses	<u>153,842</u>	<u>138,719</u>
	<u>\$ 168,797</u>	<u>\$ 154,063</u>

d. Employee benefit expenses

Post-employment benefits		
Defined contribution plans	\$ 555,352	\$ 563,651
Defined benefit plans (Note 22)	<u>1,722</u>	<u>2,398</u>
	557,074	566,049
Share-based payment - equity-settled	547,232	120,925
Termination benefits	360,822	188,145
Other employee benefits	<u>19,986,504</u>	<u>21,591,441</u>
	<u>\$ 21,451,632</u>	<u>\$ 22,466,560</u>
Employee benefits expense summarized by function		
Recognized in operating costs	\$ 10,964,421	\$ 12,491,981
Recognized in operating expenses	<u>10,487,211</u>	<u>9,974,579</u>
	<u>\$ 21,451,632</u>	<u>\$ 22,466,560</u>

(Concluded)

e. Compensation of employees and remuneration of directors

In compliance with the Articles, the Company accrues compensation of employees and remuneration of directors at rates of no less than 1% and no higher than 1.5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The appropriations of compensation of employees and remuneration of directors for 2023 and 2022, which were approved by the Company's board of directors on February 26, 2024 and February 21, 2023, respectively, are as follows:

	<b>For the Year Ended December 31</b>			
	<b>2023</b>		<b>2022</b>	
	<b>Cash</b>	<b>Shares</b>	<b>Cash</b>	<b>Shares</b>
Compensation of employees	\$ 1,983,061	\$ -	\$ 1,925,953	\$ -
Remuneration of directors	202,532	-	196,699	-

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

There was no difference between the approved amounts of the compensation of employees and the remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

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

## 26. INCOME TAX

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

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Current income tax expense		
In respect of the current year	\$ 3,874,681	\$ 3,171,637
Adjustments for prior year	<u>(76,871)</u>	<u>(429,381)</u>
	<u>3,797,810</u>	<u>2,742,256</u>
Deferred income tax expense		
The recognition and reversal of temporary differences	<u>(30,818)</u>	<u>916,130</u>
Income tax expense recognized in profit or loss	<u>\$ 3,766,992</u>	<u>\$ 3,658,386</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Income before Income tax	<u>\$ 18,365,779</u>	<u>\$ 17,845,789</u>
Income tax expense calculated at the statutory rate	\$ 3,764,985	\$ 3,658,387
Deductible (nondeductible) items in determining taxable income	109,696	(486,750)
The recognition and reversal of temporary differences	(30,818)	916,130
Adjustments for prior year	<u>(76,871)</u>	<u>(429,381)</u>
Income tax expense recognized in profit or loss	<u>\$ 3,766,992</u>	<u>\$ 3,658,386</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Deferred tax</u>		
Income tax recognized in other comprehensive income		
Translation of foreign operations	\$ (187,839)	\$ 847,666
Remeasurement on defined benefit plans	8,624	23,458
Share of other comprehensive income (loss) of associates accounted for using the equity method	<u>1,775</u>	<u>2,030</u>
	<u>\$ (177,440)</u>	<u>\$ 873,154</u>

c. Deferred income tax

The movements of deferred tax assets were as follows:

	Opening Balance	Recognized in Profit (Loss)	Recognized in Other Comprehensive Income (Loss)	Exchange Differences	Closing Balance
For the year ended <u>December 31, 2023</u>					
Temporary differences					
Investment accounted for using the equity method	\$ 727,751	\$ (10,999)	\$ 186,064	\$ -	\$ 902,816
Impairment loss on assets	819,251	(256,870)	-	-	562,381
Operating loss carryforward	175,528	(11,237)	-	(189)	164,102
Accrued warranty expense	210,757	(51,327)	-	(586)	158,844
Unrealized loss on inventories	468,622	(85,164)	-	(3,707)	379,751
Unrealized loss and expense	4,519	38	-	(92)	4,465
Net defined benefit liability	62,823	756	(8,624)	-	54,955
Others	335,276	63,933	-	(1,616)	397,593
	<u>\$ 2,804,527</u>	<u>\$ (350,870)</u>	<u>\$ 177,440</u>	<u>\$ (6,190)</u>	<u>\$ 2,624,907</u>
For the year ended <u>December 31, 2022</u>					
Temporary differences					
Investment accounted for using the equity method	\$ 1,981,156	\$ (403,709)	\$ (849,696)	\$ -	\$ 727,751
Impairment loss on assets	1,186,078	(366,827)	-	-	819,251
Operating loss carryforward	175,181	437	-	(90)	175,528
Accrued warranty expense	208,154	1,208	-	1,395	210,757
Unrealized loss on inventories	352,884	108,354	-	7,384	468,622
Unrealized loss and expense	4,372	93	-	54	4,519
Net defined benefit liability	81,291	4,990	(23,458)	-	62,823
Others	255,160	69,322	-	10,794	335,276
	<u>\$ 4,244,276</u>	<u>\$ (586,132)</u>	<u>\$ (873,154)</u>	<u>\$ 19,537</u>	<u>\$ 2,804,527</u>

The movements of deferred tax liabilities were as follows:

	Opening Balance	Recognized in Loss (Profit)	Recognized in Other Comprehensive Loss (Income)	Exchange Differences	Closing Balance
For the year ended <u>December 31, 2023</u>					
Temporary differences					
Investment accounted for using the equity method	\$ 477,479	\$ (784)	\$ -	\$ -	\$ 476,695
Unrealized amortization of goodwill	673,918	(162,262)	-	-	511,656
Land value increment tax	270,843	-	-	-	270,843
Unrealized net exchange gains	216,783	137,860	-	(648)	353,995
Others	573,789	(356,502)	-	(2,068)	215,219
	<u>\$ 2,212,812</u>	<u>\$ (381,688)</u>	<u>\$ -</u>	<u>\$ (2,716)</u>	<u>\$ 1,828,408</u>
For the year ended <u>December 31, 2022</u>					
Temporary differences					
Investment accounted for using the equity method	\$ 691,109	\$ (213,630)	\$ -	\$ -	\$ 477,479
Unrealized amortization of goodwill	673,918	-	-	-	673,918
Land value increment tax	270,843	-	-	-	270,843
Unrealized net exchange gains	132,233	82,071	-	2,479	216,783
Others	110,560	461,557	-	1,672	573,789
	<u>\$ 1,878,663</u>	<u>\$ 329,998</u>	<u>\$ -</u>	<u>\$ 4,151</u>	<u>\$ 2,212,812</u>

d. Income tax assessments

The tax returns of the Company through 2020 have been assessed by the tax authorities.

e. Pillar two income tax legislation

In December 2023, the governments of Vietnam, Japan and the European Union, where subsidiaries are substantively enacted the Pillar Two income tax legislation effective from January 1, 2024 in Vietnam and the European Union, and effective from April 1, 2024 in Japan. Since the Pillar Two income tax legislation was not effective at the reporting date, the Group has no related current tax exposure.

Under the legislation, the Group will be required to pay, in Vietnam and the European Union, a top-up tax on the profits of its subsidiaries that are taxed at an effective tax rate of less than 15 percent. As of December 31, 2023, the Group assessed the amount of annual profits that may be affected by the legislation is not material. This information is based on the profits and tax expenses determined as part of the preparation of the Group's consolidated financial statements, considering that only the application of certain adjustments may have been required by the legislation, namely. Because not all adjustments that would have been required by the legislation were made, the actual impact of the Pillar Two income tax legislation on the Group's results had it been in effect for the year ending December 31, 2023 may be significantly different. The Group is continuously assessing the possible impact of Pillar two income tax legislation on the Group's financial performance,

## 27. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Net profit attributable to the Company	<u>\$ 14,570,616</u>	<u>\$ 14,151,016</u>

### Weighted Average Number of Ordinary Shares Outstanding

Unit: In Thousands of Shares

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Weighted average number of ordinary shares outstanding in computation of basic earnings per share	2,289,246	2,285,001
Effect of potentially dilutive ordinary shares:		
Compensation of employees	20,772	34,880
Employee restricted shares	<u>8,036</u>	<u>427</u>
Weighted average number of ordinary shares outstanding in computation of dilutive earnings per share	<u>2,318,054</u>	<u>2,320,308</u>

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

## 28. SHARE-BASED PAYMENT ARRANGEMENTS

### Employee restricted stock awards - (RSAs)

The issuance of RSAs for 2022 (2022 RSAs) of no more than 18,700 thousand common shares has been approved by the Company's shareholders in their meeting held on May 20, 2022. The grants will be made free of charge. The Company's board of directors approved the issuance of RSAs of 12,216 thousand shares and 6,484 thousand shares on September 20, 2022 and April 27, 2023, respectively, and the Company's board of directors authorized the Chairman to determine that November 15, 2022, and May 19, 2023 to be the record date of the issuance of new shares, respectively.

a. Vesting conditions of the aforementioned arrangement are as follows:

- 1) If an employee, after having been granted a restricted stock award, who remains on the job on the vesting date, is determined by the Company as having not violated the employment contract, employee handbook, non-competition and non-disclosure agreement of the Company or any other agreement with the Company, and has fulfilled the individual performance goals and the Company's operational goals set by the Company, proportions of the vesting shares to be granted for such employee on the vesting date each year is as follows:
  - a) First anniversary of the grant: 30%.
  - b) Second anniversary of the grant: 30%.
  - c) Third anniversary of the grant: 40%.
- 2) Employee's year-end performance rating shall be PL3 rating (Note: PL3 represents "Meets Expectations") and above.
- 3) The Company's operational goals are either one of the follows:
  - a) The consolidated gross margin of the year (e.g., Year 1) prior to the end of the vesting period shall be equal to or higher than the consolidated gross margin of the previous year (e.g., Year 0), and the amount of consolidated operating profit (in Year 1) must increase by minimum 10% compared with that in the previous year (Year 0).
  - b) The consolidated gross margin and operating margin for the year prior to the end of the vesting period are equal to or higher than 20% and 10%, respectively.

b. Restrictions applicable prior to vesting:

- 1) Recipient shall have no right to sell, transfer (other than by laws of inheritance), pledge, mortgage, hypothecate, gift or otherwise dispose of the Shares prior to such Shares being fully vested.
- 2) Unvested Shares shall have the same rights to attend the Company's shareholders' meeting, submit proposals, or speak and vote at the meeting as those attached to other issued shares of the Company's common stock. However, the exercise of such rights shall be performed in accordance with the trust agreement.

- 3) Unvested Shares shall have the same rights to receive cash, stock dividends and distributions from capital reserve, as well as the same share subscription rights as those attached to other issued shares of the Company’s common stock. However, with respect to unvested Shares, the Recipients shall have no right to withdraw the cash and stock dividends received on such Shares; such dividends shall be kept in trust in accordance with the trust agreement.

c. Failure to meet vesting conditions:

- 1) If either (i) the Recipient has ceased their employment as of the Vesting Date, (ii) the Recipient has violated any provisions of the employment contract, work rules, non-competition, non-disclosure and/or any other agreement entered into with the Company/Affiliate, (iii) the individual and/or company-level performance requirements have not been met; or (iv) the Recipient has, in violation of subparagraph 1, paragraph 8, Article 5 of “The Issuance Rules of 2022 Employee Restricted Stock Awards Plan”, demanded modification, revocation, termination, suspension or cancellation of the authorization granted to the Company as related to the trust/custody account, the Company shall have the power to repurchase for no consideration and cancel any Shares that have not vested pursuant to this Article.
- 2) The Company shall also repurchase for no consideration and cancel any unvested Shares in the event of voluntary or involuntary termination of the Recipient’s employment.

Details of granted RSAs are as follows:

	<b>Number of Stocks (In Thousands)</b>		
	<b>For the Year Ended December 31, 2023</b>		
	<u>Approval Date</u>	<u>Approval Date</u>	
	<b>September 20,</b>	<b>April 27,</b>	
	<b>2022</b>	<b>2023</b>	<b>Total</b>
Balance, beginning of period	12,216	-	12,216
Issuance of stocks	-	6,484	6,484
Withdrawal (expired amount) (Note)	(859)	-	(859)
Remove notation of restriction	<u>(3,427)</u>	<u>-</u>	<u>(3,427)</u>
Balance, end of period	<u>7,930</u>	<u>6,484</u>	<u>14,414</u>
Weighted-average fair value of RSAs granted (in dollars)	<u>\$ 67.73</u>	<u>\$ 72.80</u>	

The RSAs is measured at fair value at grant date using market value method. The fair value is based on the market value per share at grant date, minus the discounted value of dividends received derived from average dividend yield over the past three years.

Refer to Note 25 for the employee compensation costs of the RSAs recognized by the Company.

## 29. DISPOSAL OF SUBSIDIARIES

Since December 31, 2023, the Group has been assessed to have lost control over the financial and operational policies of its subsidiaries, KBW-LITEON Jordan Private Shareholding Limited, KBW-LEOTEK Jordan Private Shareholding Limited and LEOTEK, PSC (referred to as the “Jordan Subsidiaries”).

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

	<b>Jordan Subsidiaries</b>
Current assets	
Cash and cash equivalents	\$ 288,796
Trade receivables and contract assets	685,213
Inventories	16,356
Other current assets	17,458
Non-current assets	
Refundable deposits	41,772
Other non-current assets	12,678
Current liabilities	
Accounts payable	(91,297)
Other payables	(218,022)
Other current liabilities	<u>(39,287)</u>
Net assets of disposal	<u>\$ 713,667</u>

b. Gain on disposal of subsidiaries

	<b>Jordan Subsidiaries</b>
Consideration received	\$ 777,300
Net assets of disposal	(713,667)
Non-controlling interests	3,151
The accumulated exchange difference between the net assets of the subsidiary and the reclassification of equity to profit or loss due to the loss of control of the subsidiaries	<u>(112,482)</u>
Loss on disposals	<u>\$ (45,698)</u>

### 30. CAPITAL MANAGEMENT

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

### 31. FINANCIAL INSTRUMENTS

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

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

For certain financial instruments that are not measured at fair value but measured at amortized cost - including notes receivable, trade receivables including related parties, other receivables including related parties, refundable deposits, financial assets at amortized costs, short-term borrowings, notes payable, trade payables including related parties, other payables including related parties, long-term borrowings and guarantee deposits, the Group's management considers the carrying amounts of these financial instruments recognized in the consolidated financial statements as approximating their fair values.

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

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	\$ -	\$ 577,330	\$ -	\$ 577,330
Mutual funds	-	693,492	-	693,492
Domestic listed shares	10,393	-	-	10,393
Foreign convertible preferred stocks	-	-	289,952	289,952
	<u>\$ 10,393</u>	<u>\$ 1,270,822</u>	<u>\$ 289,952</u>	<u>\$ 1,571,167</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Foreign unlisted shares	\$ -	\$ -	\$ 1,229,674	\$ 1,229,674
Domestic listed shares	237,011	-	-	237,011
Domestic innovation board listed shares	-	418,392	-	418,392
Domestic unlisted shares	-	-	76,344	76,344
	<u>\$ 237,011</u>	<u>\$ 418,392</u>	<u>\$ 1,306,018</u>	<u>\$ 1,961,421</u>
Financial liabilities at FVTPL				
Derivative instruments	\$ -	\$ 376,452	\$ -	\$ 376,452

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	\$ -	\$ 2,799,938	\$ -	\$ 2,799,938
Mutual funds	-	597,647	-	597,647
Foreign listed shares	556,171	-	-	556,171
Domestic listed shares	10,045	-	-	10,045
Foreign convertible preferred stocks	-	-	298,805	298,805
	<u>\$ 566,216</u>	<u>\$ 3,397,585</u>	<u>\$ 298,805</u>	<u>\$ 4,262,606</u>

(Continued)



	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTOCI				
Investments in equity instruments				
Foreign unlisted shares	\$ -	\$ -	\$ 1,231,079	\$ 1,231,079
Domestic listed shares and emerging market shares	309,030	-	-	309,030
Domestic innovation board listed shares	-	421,780	-	421,780
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>23,435</u>	<u>23,435</u>
	<u>\$ 309,030</u>	<u>\$ 421,780</u>	<u>\$ 1,254,514</u>	<u>\$ 1,985,324</u>
Financial liabilities at FVTPL				
Derivative instruments	<u>\$ -</u>	<u>\$ 253,441</u>	<u>\$ -</u>	<u>\$ 253,441</u> (Concluded)

There were no transfers between Levels 1 and 2 for the years ended December 31, 2023 and 2022.

There were transfers between Levels 3 and 2 for the years ended December 31, 2022. The investment in an equity instrument held by the Group was originally an investment in foreign unlisted shares, classified as financial assets at fair value through other comprehensive income and evaluated by the market approach. This investee has become a Taiwan Innovation Board listed company since August 2022. Taiwan innovation board launched in the third quarter of 2021 by the Taiwan Stock Exchange Corporation, which has restrictions on the eligibility of traders. It is not always available to find buyers and sellers in the market, so it has no active-market-quoted price. As a result, the Group measured it at Level 2 fair value.

## 2) Reconciliation of Level 3 fair value measurements of financial instruments

The financial assets measured at Level 3 fair value were financial assets at FVTPL and equity investments classified as financial assets at FVTOCI. Reconciliations for the years ended December 31, 2023 and 2022 were as follows:

	<b><u>For the Year Ended December 31</u></b>	
	<b>2023</b>	<b>2022</b>
Balance, beginning of period	\$ 1,553,319	\$ 1,826,985
Total gains or losses		
Recognized in profit or (loss)	(8,852)	7,383
Recognized in other comprehensive income or (loss)	4,395	144,281
Addition	47,108	42,485
Reclassified to Level 2	<u>-</u>	<u>(467,815)</u>
Balance, end of period	<u>\$ 1,595,970</u>	<u>\$ 1,553,319</u>

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

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Derivative instruments - forward exchange contracts	Estimation of future cash flows using observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Derivative instruments - currency swaps	Estimation of fair value of a currency swap is based on its principal and interest rate on mutual agreement and the suitable discount rate that reflects the credit risk of various counterparties at the end of the reporting period.
Mutual funds	Obtain the financial information of underlying assets, evaluate its market value, analyze the amount to be adjusted, and consider minority interest and liquidity reduction.
Domestic innovation board listed shares	Obtain the market price of the investee's shares listed on Taiwan Innovation Board at the end of the reporting period and derive from analyzing other observable parameters.

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

Level 3 fair value is measured by using the asset-based approach and comparable company method of market approach. The asset-based approach assesses the fair value by calculating the value of net assets. The comparable company method of market approach is based on the profitability at the reporting period to select the market multiplier of comparable companies. The valuation method is chosen by the Group after deliberate assessment. Therefore, the fair value measurement is deemed to be reasonable. However, the adoption of different valuation models or fair value may lead to different valuation results.

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 1,571,167	\$ 4,262,606
Financial assets at amortized costs (1)	128,404,226	132,199,472
Investment in equity instruments at FVTOCI	1,961,421	1,985,324
<u>Financial liabilities</u>		
FVTPL		
Held for trading	376,452	253,441
Amortized cost		
Short-term borrowings	22,493,450	32,628,984
Payables (2)	61,608,214	67,658,064
Long-term borrowings	3,000,000	3,000,000

- 1) The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, debt instruments measured at amortized cost, notes receivable, trade receivables, other receivables, other receivables from related parties and refundable deposits.
- 2) The balances included financial liabilities measured at amortized cost, which comprise notes payable, trade payables, trade payables to related parties, other payables, other payables to related parties and guarantee deposits.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity investments, trade receivables, trade payables, borrowings and lease liabilities. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (comprising foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

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

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Group entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk, including forward exchange contracts and currency swaps to hedge the exchange rate risk arising from exports.

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

a) Foreign currency risk

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 35.

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

### Sensitivity analysis

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

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

	<b>USD Impact</b>	
	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Profit or loss	<u>\$ 600,162</u>	<u>\$ 1,073,345</u>

#### b) Interest rate risk

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

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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Fair value interest rate risk		
Financial assets (i)	\$ 58,368,515	\$ 56,984,806
Financial liabilities (ii)	23,792,951	31,679,939
Cash flow interest rate risk		
Financial assets (iii)	33,775,950	33,469,753
Financial liabilities (iv)	3,000,000	5,000,000

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

### Sensitivity analysis

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

If interest rates had been 25 basis points higher and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2023 and 2022 would have increased by \$76,940 thousand and \$71,174 thousand, respectively.

c) Other price risk

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

Sensitivity analysis

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

If equity prices had been 10% higher, the profit before income tax for the years ended December 31, 2023 and 2022 would have increased by \$1,039 thousand and \$56,622 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL. The pre-tax other comprehensive income for the years ended December 31, 2023 and 2022 would have increased by \$23,701 thousand and \$30,903 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

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

a) Business related credit risk

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

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

b) Financial related credit risk

Bank deposits and other financial instruments are credit risk sources required by the Group's finance department to be measured and monitored. However, since the Group's counterparties are all reputable financial institutions and government agencies, there is no significant financial credit risk.

3) Liquidity risk

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

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

December 31, 2023

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Year	1-3 Years	Over 3 Years to 5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	-	\$ 61,474,460	\$ 133,754	\$ -	\$ -
Lease liabilities	1.00%-8.25%	456,798	578,885	307,985	136,715
Floating interest rate liabilities	1.61%	48,300	3,044,992	-	-
Fixed interest rate liabilities	1.58%-6.62%	<u>22,605,697</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>\$ 84,585,255</u>	<u>\$ 3,757,631</u>	<u>\$ 307,985</u>	<u>\$ 136,715</u>

December 31, 2022

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Year	1-3 Years	Over 3 Years to 5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	-	\$ 67,549,109	\$ 108,955	\$ -	\$ -
Lease liabilities	1.00%-9.20%	433,653	432,519	156,445	110,331
Floating interest rate liabilities	1.49%-1.65%	2,001,745	3,119,370	-	-
Fixed interest rate liabilities	1.20%-5.40%	<u>30,728,961</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>\$ 100,713,468</u>	<u>\$ 3,660,844</u>	<u>\$ 156,445</u>	<u>\$ 110,331</u>

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

December 31, 2023

	On Demand or Less than 1 Year	1-3 Years	Over 3 Years to 5 Years	5+ Years
Forward exchange contracts				
Inflows	\$ 32,737,158	\$ -	\$ -	\$ -
Outflows	<u>(32,019,852)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>717,306</u>	<u>-</u>	<u>-</u>	<u>-</u>
Currency swaps				
Inflows	2,581,350	-	-	-
Outflows	<u>(2,468,875)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>112,475</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 829,781</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2022

	<b>On Demand or Less than 1 Year</b>	<b>1-3 Years</b>	<b>Over 3 Years to 5 Years</b>	<b>5+ Years</b>
Forward exchange contracts				
Inflows	\$ 54,733,318	\$ -	\$ -	\$ -
Outflows	<u>(52,130,410)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>2,602,908</u>	<u>-</u>	<u>-</u>	<u>-</u>
Currency swaps				
Inflows	22,443,472	-	-	-
Outflows	<u>(22,432,400)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>11,072</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,613,980</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

### 32. TRANSACTIONS WITH RELATED PARTIES

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

a. Related parties and relationships

<u>Related Parties</u>	<u>Relationships with the Group</u>
L&K Industries Philippines, Inc.	Associate (non-related party since December 2022)
Silitech Technology Corporation	Associate
DragonJet Corporation	Associate
Silport Technology Corp.	Related party in substance
Lite-On Cultural Foundation	Related party in substance
Danny Liao	Related party in substance
Ben Fu Company Ltd.	Related party in substance

b. Sales of goods

<u>Related Parties</u>	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Associate	\$ -	\$ 24,418
Related party in substance	<u>401</u>	<u>478</u>
	<u>\$ 401</u>	<u>\$ 24,896</u>

The sales terms between the Group and its related parties were not significantly different as those between the Group and non-related parties.

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

c. Purchases of goods

<b>Related Party Category</b>	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Associate	<u>\$ 1,710</u>	<u>\$ 69,446</u>

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

d. Receivables from related parties

<b>Related Party Category</b>	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Other receivables		
Associate	<u>\$ -</u>	<u>\$ 17,710</u>

The outstanding trade receivables from related parties are unsecured. No allowance for doubtful accounts was recognized for trade receivables from related parties for the years ended December 31, 2023 and 2022.

e. Payables to related parties

<b>Related Party Category</b>	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Trade payables		
Associate	<u>\$ 491</u>	<u>\$ 15,842</u>
Other payables		
Associate	\$ -	\$ 18,469
Related party in substance	<u>281</u>	<u>909</u>
	<u>\$ 281</u>	<u>\$ 19,378</u>

The outstanding trade payables to related parties are unsecured.

f. Operating expenses

<b>Related Party Category</b>	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Associate	\$ -	\$ 34
Related party in substance	<u>10,811</u>	<u>10,625</u>
	<u>\$ 10,811</u>	<u>\$ 10,659</u>

The Group donated and recognized associated expenses of \$10,000 thousand for both years ended December 31, 2023 and 2022, to help Lite-On Cultural Foundation, a related party in substance, facilitate communal, cultural and educational projects.



g. Other revenue

<b>Related Party Category</b>	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Associates	\$ 1,422	\$ 1,533
Related party in substance	<u>49</u>	<u>37</u>
	<u>\$ 1,471</u>	<u>\$ 1,570</u>

h. Acquisition of property, plant and equipment

<b>Related Party Category</b>	<b>Purchase Price</b>	
	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Related party in substance	<u>\$ 87</u>	<u>\$ 660</u>

i. Compensation of key management personnel

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Short-term employee benefits	\$ 384,231	\$ 386,154
Post-employment benefits	1,425	1,414
Share-based payment	<u>234,108</u>	<u>54,376</u>
	<u>\$ 619,764</u>	<u>\$ 441,944</u>

The remuneration of directors and key executives was determined by the remuneration committee, based on the performance of individuals and market trends.

j. Other related party transactions

For the year ended December 31, 2023

<b>Related Party Category</b>	<b>Number of Shares (In Thousands)</b>	<b>Underlying Assets</b>	<b>Proceeds</b>	<b>Gain on Disposal</b>
Related party in substance	3,200	Shares of SKYLA CORPORATION	<u>\$ 90,926</u>	<u>\$ _____</u>

**33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY**

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Pledged time deposits (classified as financial assets at amortized costs)	<u>\$ 537,765</u>	<u>\$ 465,790</u>

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

### 34. SIGNIFICANT UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies of the Group at December 31, 2023 were as follows:

- a. In order to effectively utilize assets and to improve the safety of the plant structure and the efficiency of building bulk, the Company's board of directors passed an urban renewal resolution on October 28, 2021 to rebuild the original Zhonghe factory into the Zhonghe Digital Building. In the second quarter of 2022, the Group entered into a contract and engaged ZEN RAY Construction Co., Ltd. to build on its own land. The total contract amount did not exceed \$1,886,000 thousand.
- b. In order to carry on future business and expansion of capacity, the Company's board of directors resolved to build the second-phase plant of Kaohsiung Manufacturing Center on October 28, 2022. In the second quarter of 2023, the Group signed a contract with RUENTEX ENGINEERING & CONSTRUCTION CO., LTD. to construct on the leased land. The total contract amount did not exceed \$4,395,000 thousand.
- c. In the fourth quarter of 2023, the Group entered into agreements with TOPSCIENCE VIETNAM CO., LTD, CÔNG TY TNHH XIN YA and CÔNG TY TNHH XUẤT NHẬP KHẨU THUY PHONG by way of land lease and construction for the purpose of production and operation needs, with the total amount of the contract not exceeding VND 439,912,982 thousand, approximately NT\$579,647 thousand.

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

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

December 31, 2023

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 1,157,995	7.0837 (USD:CNY)	\$ 35,475,173
USD	1,029,898	30.6350 (USD:NTD)	31,550,913
USD	27,828	34.5500 (USD:THB)	<u>852,514</u>
			<u>\$ 67,878,600</u>
<u>Financial liabilities</u>			
Monetary items			
USD	1,421,712	30.6350 (USD:NTD)	\$ 43,554,158
USD	709,090	7.0837 (USD:CNY)	<u>21,722,984</u>
			<u>\$ 65,277,142</u>

December 31, 2022

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 1,242,850	6.9404 (USD:CNY)	\$ 38,118,205
USD	1,202,830	30.6700 (USD:NTD)	36,890,795
USD	227,525	7.7967 (USD:HKD)	6,978,197
USD	34,108	34.4700 (USD:THB)	<u>1,046,087</u>
			<u>\$ 83,033,284</u>
Non-monetary items			
Investments in associates and joint ventures accounted for using the equity method			
USD	3,553	30.6700 (USD:NTD)	<u>\$ 108,968</u>
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 1,902,761	30.6700 (USD:NTD)	\$ 58,357,694
USD	786,906	6.9409 (USD:CNY)	24,134,404
USD	92,763	7.7967 (USD:HKD)	<u>2,845,028</u>
			<u>\$ 85,337,126</u>

For the years ended December 31, 2023 and 2022, net foreign exchange gains (losses) were \$194,158 thousand and \$(1,895,211) thousand, respectively. It is impractical to disclose net foreign exchange gains or losses by each significant foreign currency due to the variety of the foreign currency transactions of the entities in the Group.

### 36. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

- 1) Financing provided to others: See Table 1 below.
- 2) Endorsements/guarantees provided: See Table 2 below.
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): See Table 3 below.
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: See Table 4 below.
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: See Table 5 below.
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.

- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: See Table 6 below.
  - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: See Table 7 below.
  - 9) Trading in derivative instruments: See Notes 7 and 31 to the financial statements.
  - 10) Others: Intercompany relationships and significant intercompany transactions: See Table 10 below.
- b. Information on investees: See Table 8 below.
- c. Information on investments in mainland China:
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: See Table 9 below.
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: See Tables 6, 7 and 10 below.
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: None.

### **37. SEGMENT INFORMATION**

a. General information

The Group identified the reportable segments based on the information provided to the chief operating decision maker, and the segments by the types of products included Opto-electronics, Information Technology & Consumer Electronics, and Cloud & AIoT. The types of products are described as follows:

- 1) Opto-electronics: Optoelectronics product solutions, outdoor lighting solutions and automotive electronics.
- 2) Information Technology & Consumer Electronics: Products used in NB, tablets, DT, gaming, consumer electronics and multifunction peripherals applications.
- 3) Cloud and AIoT: Products used in datacenter, server, networking, AIoT, smart devices and video intelligence solutions.

b. Measurement of segment information

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

c. Segment information

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

	<b>For the Year Ended December 31, 2023</b>				
	<b>Opto-electronics</b>	<b>Information Technology and Consumer Electronics</b>	<b>Cloud and AIoT</b>	<b>Elimination</b>	<b>Total</b>
Sales from external customers	\$ 30,585,641	\$ 65,850,510	\$ 51,897,304	\$ -	\$ 148,333,455
Sales among segments	289,104	1,103,646	8,807	(1,401,557)	-
Operating profit	2,592,109	10,237,900	6,149,143	-	18,979,152

  

	<b>For the Year Ended December 31, 2022</b>				
	<b>Opto-electronics</b>	<b>Information Technology and Consumer Electronics</b>	<b>Cloud and AIoT</b>	<b>Elimination</b>	<b>Total</b>
Sales from external customers	\$ 34,349,191	\$ 82,113,183	\$ 56,993,842	\$ -	\$ 173,456,216
Sales among segments	315,816	1,256,592	14,040	(1,586,448)	-
Operating profit	4,134,681	9,668,256	4,746,346	-	18,549,283

d. Geographic information

	<b>Revenue from External Customers</b>		<b>Non-current Assets</b>	
	<b>For the Year Ended December 31</b>		<b>December 31</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Asia	\$ 90,765,259	\$ 109,816,910	\$ 23,620,105	\$ 25,278,007
America	42,800,605	44,579,865	791,304	485,446
Europe	14,441,562	18,750,748	1,743	834
Others	326,029	308,693	-	-
	<u>\$ 148,333,455</u>	<u>\$ 173,456,216</u>	<u>\$ 24,413,152</u>	<u>\$ 25,764,287</u>

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

e. Information on major customers

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

	<b>For the Year Ended December 31</b>			
	<b>2023</b>		<b>2022</b>	
	<b>Sales Revenue</b>	<b>Portion (%)</b>	<b>Sales Revenue</b>	<b>Portion (%)</b>
Customer A	<u>\$ 15,439,034</u>	<u>10.41</u>	<u>\$ -</u>	<u>-</u>

No single customers contributed 10% or more to the Group's revenue for the year ended December 31, 2022.

f. Reconciliation information for segment profit (loss)

- 1) The revenue from external parties reported to the chief operating decision maker is used the same accounting policies in consistent with in the statement of comprehensive income.

- 2) The reconciliation of reportable segments profit (loss) and income before income tax is provided as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Reportable segments' profit	\$ 18,979,152	\$ 18,549,283
Unclassified loss	(4,462,876)	(3,476,423)
Non-operating income and expenses	<u>3,849,503</u>	<u>2,772,929</u>
Profit before income tax	<u>\$ 18,365,779</u>	<u>\$ 17,845,789</u>

- 3) Segment profit represents the profit before tax earned by each segment without unclassified headquarter administration costs, new business research and development-related costs, other income, other gains and losses, finance costs, share of profit or loss of associates accounted for using the equity method, interest income and income tax expense. This was the measure reported to the chief operating decision-maker for the purpose of resource allocation and assessment of segment performance.

### **38. OTHER ITEMS**

- a. In response to the adjustment of the operating direction, the Group passed the Kaohsiung Lite-On Building project design change and budget proposal by resolution of the board of directors on February 26, 2024 (the original budget proposal for the Kaohsiung R&D Building construction project was passed on February 21, 2023), and the overall project budget does not exceed \$3.816 billion.
- b. In order to enrich working capital, the Company's board of directors resolved to issue the first domestic unsecured convertible corporate bonds on October 30, 2023. The face value per bond is \$100 thousand, with maximum total issued amount \$10,000,000 thousand. The issuance period is 5 years, with a 0% coupon rate. The issuance price will not less than 100% of par value. The case has been filing effective by the Financial Supervisory Commission Order No.1120366124 dated January 11, 2024. As of the date of approval of this consolidated financial report, the unsecured convertible corporate bonds have not been issued.

## LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Amounts in Thousands of New Taiwan Dollars)

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate	Nature for Financing (Note 1)	Transaction Amount	Reasons for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 2)	Financing Company's Total Financing Amount Limits (Note 2)	Note
													Item	Value			
1	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	CHANGZHOU LEOTEK NEW ENERGY TRADE LIMITED	Receivables from related parties	Yes	\$ 102,276	\$ 99,468	\$ 99,468	2.45%	b	\$ -	Operating capital	\$ -	None	\$ -	\$ 5,293,334	\$ 5,293,334	
2	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	LITE-ON INTELLIGENT TECHNOLOGY (YENCHENG) CORP.	Receivables from related parties	Yes	98,647	43,247	43,247	2.45%-2.50%	b	-	Operating capital	-	None	-	3,431,725	3,431,725	
2	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	LITE-ON GREEN TECHNOLOGIES (NANJING) CORPORATION	Receivables from related parties	Yes	16,898	16,434	16,434	2.50%	b	-	Operating capital	-	None	-	3,431,725	3,431,725	
2	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	BEIJING LITE-ON MOBILE ELECTRONIC AND TELECOMMUNICATION COMPONENTS CO., LTD.	Receivables from related parties	Yes	88,936	-	-	2.50%	b	-	Operating capital	-	None	-	3,431,725	3,431,725	
3	LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD.	BEIJING LITE-ON MOBILE ELECTRONIC AND TELECOMMUNICATION COMPONENTS CO., LTD.	Receivables from related parties	Yes	132,945	129,741	129,741	2.45%	b	-	Operating capital	-	None	-	1,733,941	1,733,941	

Note 1: Reasons for financing are as follows:

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

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

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

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

## LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Amounts in Thousands of New Taiwan Dollars)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 2)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity Per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable (Note 2)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship (Note 1)											
0	LITE-ON TECHNOLOGY CORPORATION	Lite-On Green Energy B.V.	b	\$ 8,438,060	\$ 326,432	\$ 318,701	\$ 318,701	\$ -	0.38	\$ 33,752,238	Yes	No	No	

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

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

Note 2: a. The process of financing others and the process of making endorsements/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 SUBSIDIARIES

## MARKETABLE SECURITIES HELD

DECEMBER 31, 2023

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

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares/Units (In Thousands)	Carrying Value (In Thousands)	Percentage of Ownership (%)	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 SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 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 Firstar 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 Firstar Panel Technology Co., Ltd., approved by the court.

## LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2023

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

Buyer	Property	Event Date	Transaction Amount (Note)	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				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 SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Amounts in Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	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	
	PLDS Germany GmbH	Subsidiary	Sale	(245,266)	(3.07)	About 90 days	Cost-plus pricing	No significant difference	208,115	16.80	
LITE-ON ELECTRONICS (TIANJIN) CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(1,346,874)	(100.00)	About 90 days	Cost-plus pricing	No significant difference	320,197	100.00	
LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	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	

(Continued)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Trade (Payable) or Receivable		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Lite-On Electronics (Thailand) Co., Ltd.	LITE-ON SINGAPORE PTE. LTD. LITE-ON JAPAN (Thailand) CO., LTD.	Affiliate	Sale	\$ (3,942,319)	(97.30)	About 90 days	Cost-plus pricing	No significant difference	\$ 512,068	96.01	
		Affiliate	Sale	(109,453)	(2.70)	About 90 days	Cost-plus pricing	No significant difference	21,262	3.99	
LITE-ON SINGAPORE PTE. LTD.	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD. LITE-ON ELECTRONICS H.K. LIMITED Lite-On Japan Ltd. LITE-ON, INC. LITE-ON TRADING USA, INC. LITE-ON MOBILE INDÚSTRIA E COMÉRCIO DE PLÁSTICOS LTDA.	Subsidiary	Sale	(1,173,246)	(1.77)	About 90 days	Cost-plus pricing	No significant difference	460,469	2.45	
		Affiliate	Sale	(1,590,968)	(2.40)	About 90 days	Cost-plus pricing	No significant difference	585,231	3.11	
		Affiliate	Sale	(326,856)	(0.49)	About 90 days	Cost-plus pricing	No significant difference	110,687	0.59	
		Affiliate	Sale	(400,494)	(0.60)	About 90 days	Cost-plus pricing	No significant difference	41,477	0.22	
		Affiliate	Sale	(9,253,739)	(13.97)	About 90 days	Cost-plus pricing	No significant difference	3,541,756	18.84	
		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 LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD. LITE-ON ELECTRONICS (DONGGUAN) CO., LTD. SILITEK ELEC. (DONGGUAN) CO., LTD. HUIZHOU LI SHIN ELECTRONIC CO., LTD. LITE-ON ELECTRONICS (GUANGZHOU) LIMITED LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD. LITEON-IT OPTO TECH (BH) CO., LTD. LITE-ON VIETNAM CO., LTD. LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(5,457,536)	(5.51)	About 90 days	Cost-plus pricing	No significant difference	934,786	2.99	
		Affiliate	Sale	(10,738,672)	(10.84)	About 90 days	Cost-plus pricing	No significant difference	4,414,424	14.14	
		Affiliate	Sale	(8,069,305)	(8.15)	About 90 days	Cost-plus pricing	No significant difference	1,472,671	4.72	
		Affiliate	Sale	(5,728,840)	(5.78)	About 90 days	Cost-plus pricing	No significant difference	942,891	3.02	
		Affiliate	Sale	(375,087)	(0.38)	About 90 days	Cost-plus pricing	No significant difference	64,340	0.21	
		Affiliate	Sale	(6,258,337)	(6.32)	About 90 days	Cost-plus pricing	No significant difference	2,301,023	7.37	
		Affiliate	Sale	(1,063,414)	(1.07)	About 90 days	Cost-plus pricing	No significant difference	722,128	2.31	
		Affiliate	Sale	(3,940,556)	(3.98)	About 90 days	Cost-plus pricing	No significant difference	1,336,254	4.28	
		Affiliate	Sale	(4,798,189)	(4.84)	About 90 days	Cost-plus pricing	No significant difference	2,736,627	8.77	
		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. LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(2,164,534)	(44.08)	About 90 days	Cost-plus pricing	No significant difference	242,333	99.98	
		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 SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
 DECEMBER 31, 2023  
 (Amounts in Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance of Notes Receivable from Related Parties	Ending Balance of Trade Receivables from Related Parties	Ending Balance of Other Receivables from Related Parties	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
							Amount	Action Taken		
LITE-ON TECHNOLOGY CORPORATION	Philips & Lite-On Digital Solutions Corporation	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 Overseas Trading Co., LTD.	Affiliate	-	257,126	-	5.99	-	-	127,952	-
LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Affiliate	-	277,642	-	2.25	-	-	117,586	-
	Lite-On Overseas Trading Co., LTD.	Affiliate	-	3,372,495	-	1.74	-	-	1,024,256	-
LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD.	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Affiliate	-	880,499	18,106	1.67	-	-	28,807	-
	Lite-On Overseas Trading Co., LTD.	Affiliate	-	978,105	-	2.30	-	-	508,050	-
	BEIJING LITE-ON MOBILE ELECTRONIC AND TELECOMMUNICATION COMPONENTS CO., LTD.	Affiliate	-	-	130,606	-	-	-	-	-
LITEON-IT OPTO TECH (BH) CO., LTD.	Lite-On Overseas Trading Co., LTD.	Affiliate	-	1,097,730	-	4.23	-	-	777,810	-
Lite-On Electronics (Thailand) Co., LTD.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	512,068	8,930	6.80	-	-	520,990	-

(Continued)

Company Name	Related Party	Nature of Relationship	Ending Balance of Notes Receivable from Related Parties	Ending Balance of Trade Receivables from Related Parties	Ending Balance of Other Receivables from Related Parties	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
							Amount	Action Taken		
LITE-ON VIETNAM CO., LTD.	LITE-ON TECHNOLOGY CORPORATION	The parent company	\$ -	\$ 2,252,072	\$ -	2.51	\$ -	-	\$ 1,905,171	\$ -
LITE-ON SINGAPORE PTE. LTD.	LITE-ON TECHNOLOGY CORPORATION	The parent company	-	6,830,132	7,273	2.75	-	-	3,452,590	-
	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Subsidiary	-	460,469	-	2.15	-	-	190,750	-
	LITE-ON ELECTRONICS H.K. LIMITED	Affiliate	-	585,231	5	2.82	-	-	37,182	-
	Lite-On Japan LTD.	Affiliate	-	110,687	156	2.84	-	-	54,920	-
	LITE-ON TRADING USA, INC.	Affiliate	-	3,541,756	22,065	2.53	-	-	889,909	-
G&W TECHNOLOGY (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 SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION ON INVESTEEES  
 FOR THE YEAR ENDED DECEMBER 31, 2023  
 (Amounts in Thousands of New Taiwan Dollars or in Thousands of Foreign Currencies)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of Ownership (%)	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
	LTC GROUP LTD.	British Virgin Islands	Investment activities	(US\$ 188,725)	(US\$ 363,725)	32,915,855	100.00	1,429,248	34,171	6,505	Subsidiary
	LITE-ON TECHNOLOGY USA, INC.	USA	Investment activities	1,098,752	1,098,752	470,239	100.00	2,164,881	(131,400)	(134,472)	Subsidiary
	LITE-ON ELECTRONICS (EUROPE) LIMITED	United Kingdom	Manufacture and sale of power supplies	(US\$ 58,172)	(US\$ 55,172)	300,000	100.00	86,995	7,751	7,751	Subsidiary
	Lite-On Technology (Europe) B.V.	Netherlands	Market research and after-sales services	44,559	44,559	612,771	100.00	540,158	(18,167)	(9,115)	Subsidiary (Note 5)
	Lite-On Overseas Trading Co., Ltd.	British Virgin Islands	Investment activities	4,260,135	4,260,135	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	168,947	168,947	51,776,500	100.00	32,878,068	5,271,023	4,882,407	Subsidiary
	LITE-ON VIETNAM CO., LTD.	Vietnam	Electronic contract manufacturing	(US\$ 63,788)	(US\$ 63,788)	-	100.00	2,864,173	(189,248)	(189,248)	Subsidiary
	EAGLE ROCK INVESTMENT LTD.	British Virgin Islands	Import and export and investment activities	2,726,515	1,593,020	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	(US\$ 89,000)	(US\$ 52,000)	136,518,338	100.00	2,519,802	893,684	893,684	Subsidiary
	LET (HK) LIMITED	Hong Kong	Sale of optical disc drives	341	341	62,059,600	100.00	41,226	(1,031)	(1,031)	Subsidiary
	HIGH YIELD GROUP CO., LTD.	British Virgin Islands	Holding company	15,495,882	15,495,882	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	(EUR 457,014)	(EUR 457,014)	17,150,000	49.00	282,973	26,334	12,904	Subsidiary
	Lite-Space Technology Company Limited	Hong Kong	Sale of computer components	251,322	251,322	-	-	-	-	-	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	179,506	2,274,586	294,825	99.00	523,491	57,703	57,126	Subsidiary	
Lite-On Automotive International (Cayman) Co., Ltd.	Cayman	Investment activities	267,113	267,113	6,303,465	100.00	2,643,744	253,902	244,351	Subsidiary	
KBW-LEOTEK Jordan Private Shareholding Limited	Jordan	Investment activities	2,909,166	3,082,678	-	-	-	498	244	Subsidiary (Note 4)	
KBW-LITEON Jordan Private Shareholding Limited	Jordan	Production and manufacture of energy-saving lights and project construction and maintenance	(US\$ 94,962)	(US\$ 100,626)	-	-	-	215,181	214,877	Subsidiary (Note 4)	
LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED	India	Manufacture and sale of phone chargers and power supplies	-	1,560,177	102,374,058	99.00	320,827	54,578	54,032	Subsidiary	
SKYLA CORPORATION	Taiwan	Manufacture and sale of medical equipment	370,185	370,185	14,870,000	44.17	204,081	26,438	20,497	Subsidiary	
			(INR 1,023,741)	(INR 1,023,741)							
			148,700	180,700							

(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	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 Ltd.	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)
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

(Continued)

Note 1: Information on net income or loss of investee has not been approved by its board of directors, so it is shown as an estimated amount. Refer to financial statements published on the market observation post system for the final amount of net income or loss.

Note 2: Dissolved upon merging with the Company in December 2023.

Note 3: Liquidated in July 2023.

Note 4: Disposed in December 2023. Refer to Note 29 for further information.

Note 5: Originally held by Lite-On Capital Corporation, which was subsequently dissolved after the merger with the company. The investment holdings of Lite-On Capital Corporation are now held directly by the Company.

Note 6: Established in August 2023.

Note 7: Liquidated in September 2023.

Note 8: Liquidated in March 2023.

Note 9: The share of profit from investments accounted for using the equity method and adjustments for changes in equities are recognized by the Group.

Note 10: Refer to Table 9 for information on investments in mainland China.

(Concluded)

## 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 mouses	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.

(Concluded)

## LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transaction			% of Consolidated Net Revenue or Total Assets (Note 3)
				Financial Statements Item	Amount	Terms	
0	LITE-ON TECHNOLOGY CORPORATION	Philips & Lite-On Digital Solutions Corporation	a.	Sales	\$ 7,708,622	Cost-plus pricing	5
		Philips & Lite-On Digital Solutions Corporation	a.	Trade receivables	2,884,803	Cost-plus pricing	2
		LITE-ON SINGAPORE PTE. LTD.	a.	Sales	2,962,843	Cost-plus pricing	2
		LITE-ON TRADING USA, INC.	c.	Sales	7,404,979	Cost-plus pricing	5
		LITE-ON TRADING USA, INC.	c.	Trade receivables	3,379,701	Cost-plus pricing	2
		Lite-On International Holding Co., Ltd.	a.	Other receivables	3,216,675	No significant difference	2
		LITE-ON VIETNAM CO., LTD.	a.	Purchases	3,947,670	Cost-plus pricing	3
		LITE-ON VIETNAM CO., LTD.	a.	Trade payables	2,252,072	Cost-plus pricing	1
		LITE-ON SINGAPORE PTE. LTD.	a.	Purchases	21,317,406	Cost-plus pricing	14
		LITE-ON SINGAPORE PTE. LTD.	a.	Trade payables	6,830,132	Cost-plus pricing	4
		Lite-On Overseas Trading Co., Ltd.	a.	Purchases	39,100,391	Cost-plus pricing	26
Lite-On Overseas Trading Co., Ltd.	a.	Trade payables	11,894,751	Cost-plus pricing	6		
1	Philips & Lite-On Digital Solutions Corporation	Philips & Lite-On Digital Solutions USA, Inc.	a.	Sales	1,795,693	Cost-plus pricing	1
2	LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	Lite-On Overseas Trading Co., Ltd.	c.	Sales	7,522,586	Cost-plus pricing	5
3	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	c.	Sales	4,965,197	Cost-plus pricing	3
4	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	c.	Sales	13,578,591	Cost-plus pricing	9
		LITE-ON SINGAPORE PTE. LTD.	c.	Trade receivables	4,284,268	Cost-plus pricing	2
		Lite-On Overseas Trading Co., Ltd.	c.	Sales	7,973,665	Cost-plus pricing	5
		Lite-On Overseas Trading Co., Ltd.	c.	Trade receivables	2,139,501	Cost-plus pricing	1
5	LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	Lite-On Overseas Trading Co., Ltd.	c.	Sales	10,674,968	Cost-plus pricing	7
		Lite-On Overseas Trading Co., Ltd.	c.	Trade receivables	2,630,904	Cost-plus pricing	1
6	SILITEK ELEC. (DONGGUAN) CO., LTD.	Lite-On Overseas Trading Co., Ltd.	c.	Sales	7,866,989	Cost-plus pricing	5
		Lite-On Overseas Trading Co., Ltd.	c.	Trade receivables	2,927,033	Cost-plus pricing	2
7	LITE-ON POWER TECHNOLOGY (DONGGUAN) CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	c.	Sales	1,561,448	Cost-plus pricing	1
8	HUIZHOU LI SHIN ELECTRONIC CO., LTD.	Lite-On Overseas Trading Co., Ltd.	c.	Sales	1,641,788	Cost-plus pricing	1

(Continued)

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transaction			% of Consolidated Net Revenue or Total Assets (Note 3)
				Financial Statements Item	Amount	Terms	
9	LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	Lite-On Overseas Trading Co., Ltd. Lite-On Overseas Trading Co., Ltd.	c. c.	Sales	\$ 9,284,723	Cost-plus pricing	6
				Trade receivables	3,372,495	Cost-plus pricing	2
10	LITEON-IT OPTO TECH (BH) CO., LTD.	Lite-On Overseas Trading Co., Ltd.	c.	Sales	4,900,173	Cost-plus pricing	3
11	Lite-On Electronics (Thailand) Co., Ltd.	LITE-ON SINGAPORE PTE. LTD.	c.	Sales	3,942,319	Cost-plus pricing	3
12	LITE-ON SINGAPORE PTE. LTD.	LITE-ON ELECTRONICS H.K. LIMITED LITE-ON TRADING USA, INC. LITE-ON TRADING USA, INC.	c. c. c.	Sales	1,590,968	Cost-plus pricing	1
				Sales	9,253,739	Cost-plus pricing	6
				Trade receivables	3,541,756	Cost-plus pricing	2
13	Lite-On Overseas Trading Co., Ltd.	LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD. LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD. LITE-ON ELECTRONICS (DONGGUAN) CO., LTD. SILITEK ELEC. (DONGGUAN) CO., LTD. LITE-ON ELECTRONICS (GUANGZHOU) LIMITED LITE-ON ELECTRONICS (GUANGZHOU) LIMITED LITEON-IT OPTO TECH (BH) CO., LTD. LITE-ON VIETNAM CO., LTD. LITE-ON VIETNAM CO., LTD. LITE-ON SINGAPORE PTE. LTD. LITE-ON SINGAPORE PTE. LTD.	c. c. c. c. c. c. c. c. c. c. c.	Sales	5,457,536	Cost-plus pricing	4
				Sales	10,738,672	Cost-plus pricing	7
				Trade receivables	4,414,424	Cost-plus pricing	2
				Sales	8,069,305	Cost-plus pricing	5
				Sales	5,728,840	Cost-plus pricing	4
				Sales	6,258,337	Cost-plus pricing	4
				Trade receivables	2,301,023	Cost-plus pricing	1
				Sales	3,940,556	Cost-plus pricing	3
				Sales	4,798,189	Cost-plus pricing	3
				Trade receivables	2,736,627	Cost-plus pricing	1
				Sales	13,355,870	Cost-plus pricing	9
14	Lite-On (Guangzhou) Automotive Electronics Limited	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD. LITE-ON SINGAPORE PTE. LTD.	c. c.	Sales	2,164,534	Cost-plus pricing	1
				Sales	2,687,920	Cost-plus pricing	2

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

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

Note 2: Nature of relationship is as follows:

- a. From the parent company to its subsidiary.
- b. From a subsidiary to its parent company.
- c. Between subsidiaries.

Note 3: The percentage calculation is based on the consolidated total operating revenues or total assets. For balance sheet items, each item's period-end balance is shown as a percentage to consolidated total assets as of December 31, 2023. For profit or loss items, cumulative amounts are shown as a percentage to consolidated total operating revenues for the year ended December 31, 2023.

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

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

(Concluded)