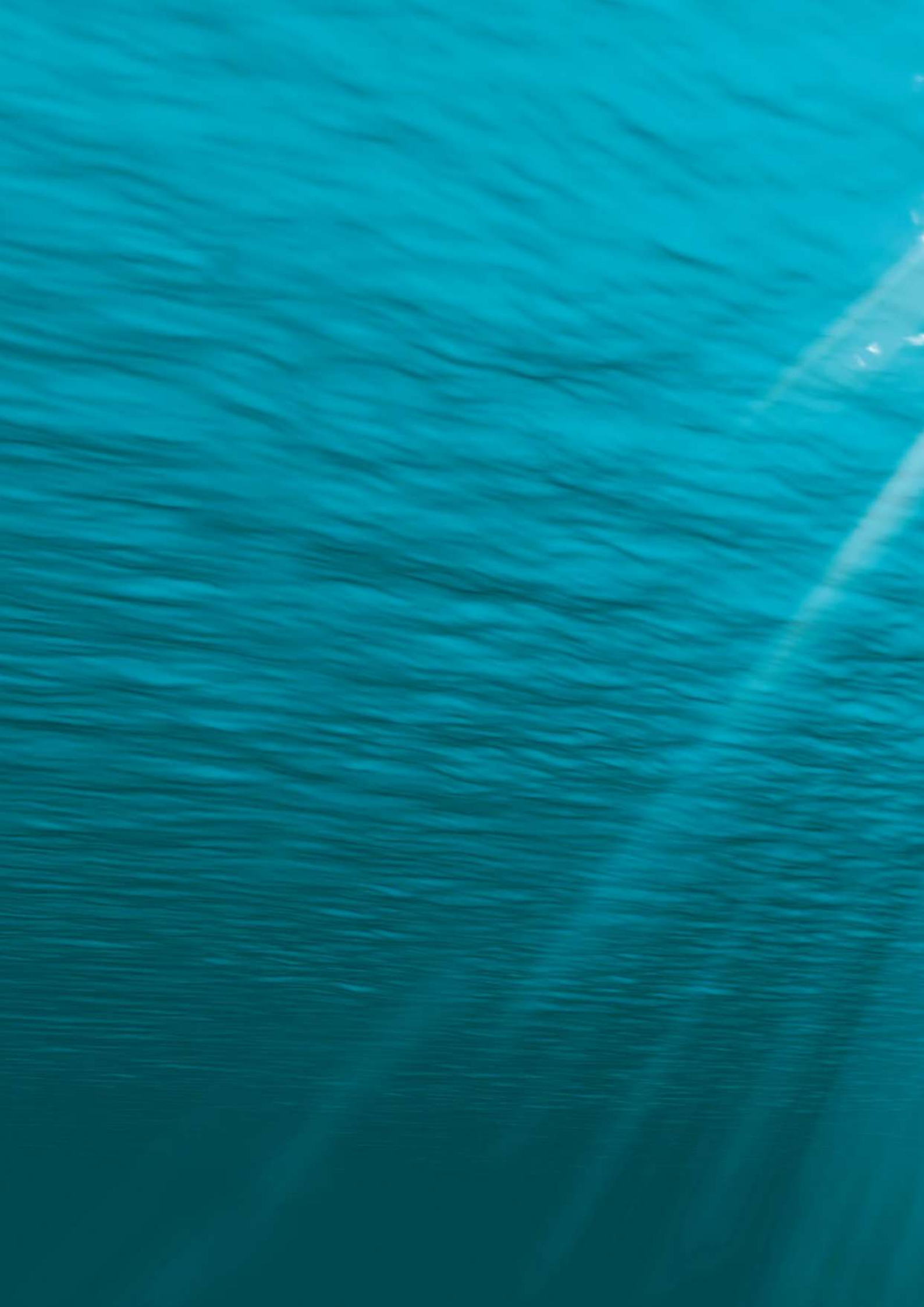


2022 ANNUAL REPORT

LITE-ON Technology Corporation





WE SHINE NEW
LIGHT ON TOMORROW

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GDR and Related Information: N/a

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Note: The site is under reconstruction currently.

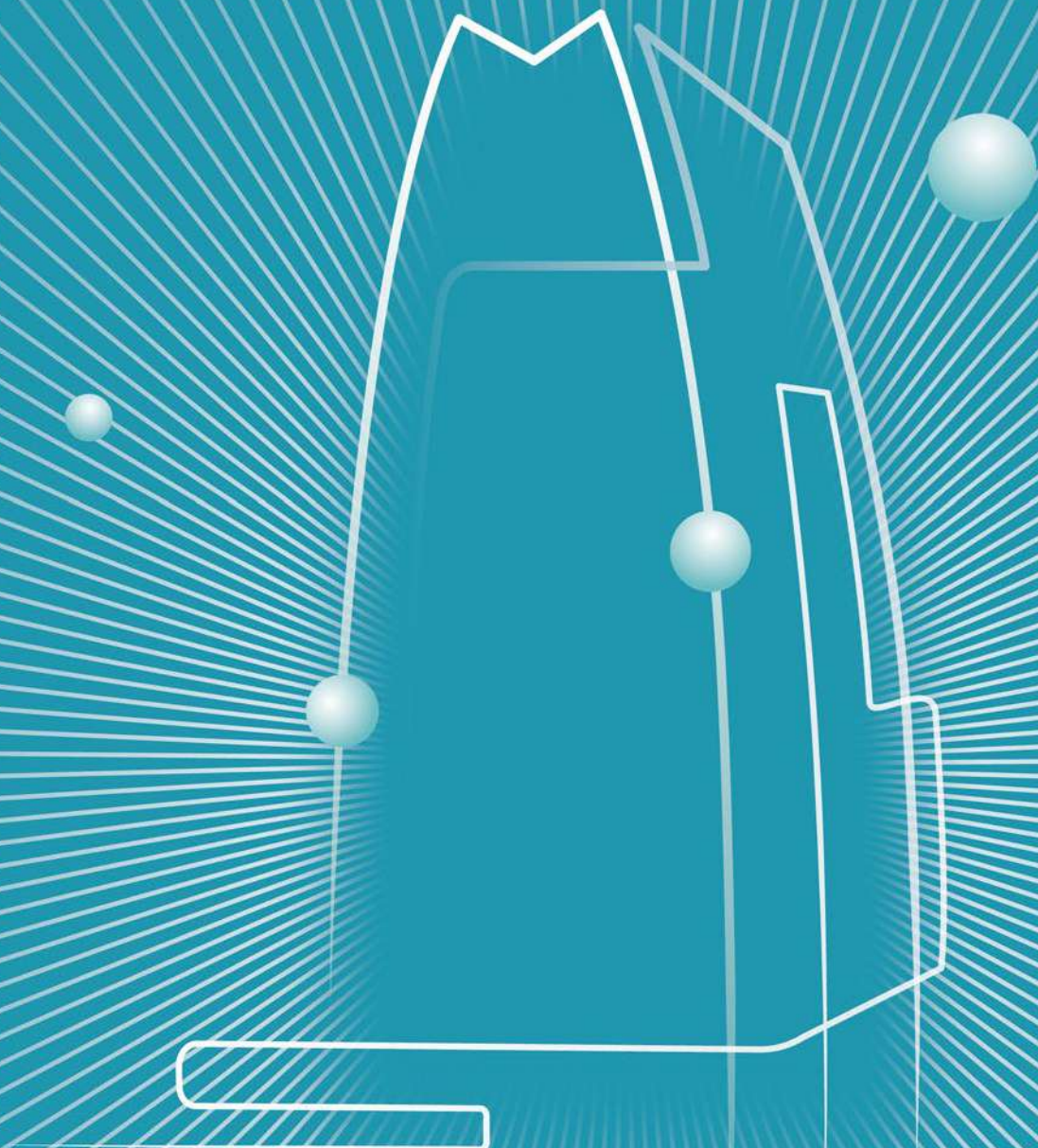


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LETTER TO SHAREHOLDERS

DEAR SHAREHOLDERS

The world started leaving two years of COVID-19 behind in 2022 and getting ready for the new norm. Looking back one year later, we had a year of even more chaos and uncertainties. A war that broke out in February, a series of supply chain disruptions, raw material and energy crises, inflation, and unprecedented market volatility created one challenge after another for LITEON and pushed the company to grow more resilient and more innovative. LITEON held fast to the set targets despite external changes and relied on best judgment to act and advance toward the ultimate goal.

NEW OPERATION, NEW PROFIT MODEL, NEW LITEON

In 2022, LITEON continued to increase both depth and width of digital transformation and implemented digital transition on various levels in various operations. The company embraced new possibilities and worked closely with suppliers, employees, and other partners to achieve targets amid challenges. The result was profitable growth where profit increase exceeded sales increase. In 2022, LITEON's annual sales rose by 5% while the gross profit and the net operating profit rose by 9% and 16%, respectively. New strategies implemented over recent years gave a significant boost to LITEON's high growth and high value core businesses. The gross operating profit margin rose from 13% in 2018 to 19% in 2022, while the net operating profit margin rose from 3.6% to 8.7%. The EPS increased from NT\$3.42 to NT\$6.19. LITEON is now a transformed company in every way from product mix, business model, and operational structure.

LITEON's own cloud power solutions, advanced opto-electronic semiconductors in industrial control and green energy applications, electric vehicle charging, LED automotive lighting and sensors, and 5G & AIoT all displayed impressive growth momentum in 2022. In particular, Cloud & AIoT business accounted for 33% of total sales and the Opto-electronics business segment delivered 20% of total sales. The gross profit margins of high-end products of these two business segments exceeded 25% and 30% respectively. LITEON is working actively to shift to an optimized 4/3/3 sales makeup with 40% of sales from Information Technology & Consumer Electronics business, 30% from Cloud & AIoT, and 30% from optoelectronic automotive products.

To provide incentives for executives and to attract and retain key talent while aligning closely with overall business targets, LITEON launched restricted stock awards (RSAs) in 2022. The terms of issuance requires increased annual profitability. Furthermore, for the purpose of focusing more on long term development of core businesses while coordinating corporate resources and improving business performance, competitiveness, and shareholder value, LITEON completed the transfer of the image business segment to LuxVisions by the end of 2022.

R&D TO ACCELERATE GROWTH IN CLOUD COMPUTING AND ELECTRIC VEHICLES BUSINESS

LITEON enhances product mix and overhauls the business model by increasing the size and scope of strategic R&D. In 2022, revenue from system products and solutions accounted for a fast growing percentage, straying from the previously component and module-centric business model. In 2022, the ratio of R&D expenditure to revenue rose to 4.3%, up by 22% compared to 3.7% in the previous year.

LITEON cloud power systems provide a perfect example. They demonstrated solid power system developed over years of high-end R&D and enabled the company to start designing and offering the latest competitive system products to meet each customer's needs. Efficiency in time-to-market led to technological advantages, which, combined with maneuverability, flexibility, operational resilience, and supply chain management, were transformed into competitive advantages. As a result, LITEON secured a leading market share in new models and projects with major target customers worldwide in 2022. LITEON also started shipping the company's own new integrated high-end power supply and battery backup unit power management systems to large data center customers around the world. Going forward, LITEON will introduce Open Rack 3.0 compatible power solutions and data center power management and cooling systems and provide green and sustainable products and services to meet the demand for green data centers. Faced with the shift to high wattage, high efficiency, and high density cloud power and the growing demand for green energy, we are confident that fast growth in the cloud power business will continue.

Besides increased demand in the electric vehicles (EV) and automotive electronics markets, growth in the automotive electronics was supported mainly by industry-leading time-to-market, highly automated and efficient production, and smooth shipment of various high-end products. Products such as DC fast chargers, integrated cooling modules for high-end LED automotive lighting, and automotive imaging modules for advanced driver assistance systems (ADAS) all delivered excellent results. In particular, revenue from EV chargers more than quadrupled. In addition to continuing growth with existing American EV customers and increased supply to major European and American charging network operators, LITEON won new customers and secured EV orders from traditional North American automakers, thereby entering the high-end commercial EV fleet market.

GLOBAL EXPANSION AND GREEN TRANSFORMATION TO STRENGTHEN SUPPLY CHAIN RESILIENCE

As more and more businesses around the world start shortening their supply chains, LITEON starts expanding globally at a faster pace. In 2022, the company announced the official opening of Vietnam Factory Phase II and groundbreaking for Zhonghe Digital Building. Construction of the building is expected to be completed in 2025. Furthermore, the board of directors passed the budget proposal for Kaohsiung Factory Phase II. The factory will be the production base in

Taiwan for cloud computing, high-end power management systems, EV chargers, and 5G network and communications products. The US Dallas Factory will expand capacity in 2023 to support the data center power management system and EV chargers business segments. It will enable the two business segments to produce locally and have a nearby supply for North American customers.

While the transition to zero carbon becomes a global consensus today, LITEON set clear SBTs for carbon reduction in 2019 and started working actively to reduce the impacts of GHG emissions on the environment. The LITEON Corporate Sustainability Committee, led by the chairman, is in charge of carbon management and related governance practices through the Environmental Sustainability Subcommittee and the Sustainable Product Design Subcommittee. The company will continue to reduce environmental impacts every year through product design, process improvement, and supply chain energy conservation projects. Overall carbon emissions have met the targets every year since the projects were implemented. In addition, an aggressive target has been set to reach net zero emission by 2050.

In 2021, we launched a three-year project, "Sustainable Supply Chain and Green Transition Plan", to perform carbon inventory, set carbon reduction targets, and manage carbon reduction for the supply chain in phases. 2022 was set to be the first year of carbon reduction for the supply chain. LITEON continued to extend the scope of supply chain carbon inventory and set clear carbon reduction targets based on the inventory result. The company accelerated the effort to help suppliers reach net zero and create mutual benefit for LITEON and the supply chain in carbon reduction. Furthermore, we brought together external resources and pushed for energy conservation assistance programs via facilitators. We worked with suppliers to develop the LITEON energy saving system and completed energy saving potential assessment and support. The process moved LITEON's green supply chain further toward sustainability.

PEOPLE INSTEAD OF NUMBERS

We redefined LITEON's brand values in 2022. The intention was to revisit the company's origin and vision and to continue to give back to the community in technology and sustainability. A people-oriented approach and a desire for mutual benefit take us out of the conventional framework for employee welfare and implement instead a local sharing program, LITEON Family. A town hall meeting is held semiannually to bring the management team and the employees face to face for indepth discussions. Other benefits include free employee lunches and subsidy for children 0 to 6 years old. In terms of charity and giving back to the community, LITEON takes action by participating in beach cleanups, support for pomelo farmers, and shoe drives. These activities are ways for us to work as a group outside work and spread good in the world. Guided by the learning organization philosophy, we work with digital transformation programs, innovative design courses and good read recommendations, and invite external experts from various fields and successful businessmen to hold internal seminars. These events encourage LITEON employees to make a habit of learning and sharing and follow the mutual benefit spirit in working and growing together.

MARCHING TOWARDS OUR VISION

The global economy remains highly volatile and its future uncertain in 2023. LITEON is going to monitor the global industry closely and respond quickly to political and economic changes as well as developments in the financial markets in order to maintain operational resilience and flexibility. The company will invest in digital transformation on an ongoing basis regardless of favorable or unfavorable conditions. The continuous effort pushes LITEON forward in developing smart technologies and achieving business goals while succeeding in the digital economy amid different challenges and opportunities. The transformation encompasses everything from the global network, organization, culture, talent, and processes, and builds up core competitive advantages over the long term.

Looking forward, the urgency in the global demand for energy efficiency signals a dire need of smarter, more efficient, and more business oriented system solutions. LITEON has utilized world-leading data center and electric car energy management to consistently prove itself in energy management systems and applications. Going forward, the company will focus on cloud computing, automotive electronics, and new energy management to provide efficient energy solutions in the end market. The company will also make plans for medium- and long-term growth and strategies. These key fields will remain center stage in R&D, capital expenditure, and business partnership. Meanwhile, high-end product design and smart manufacturing capabilities are two more keys for LITEON to open doors to upcoming growth industries such as EV, 5G and AIoT, green data center power management systems, and smart grids. We try to reduce product volume and use less materials to be more environmentally friendly. We also use recycled materials to complete the sustainability cycle and increase energy conversion efficiency to save energy. LITEON will take advantage of core optical and electric technologies and develop effective energy conservation and management systems in order to facilitate optimal utilization of precious energies in the future.

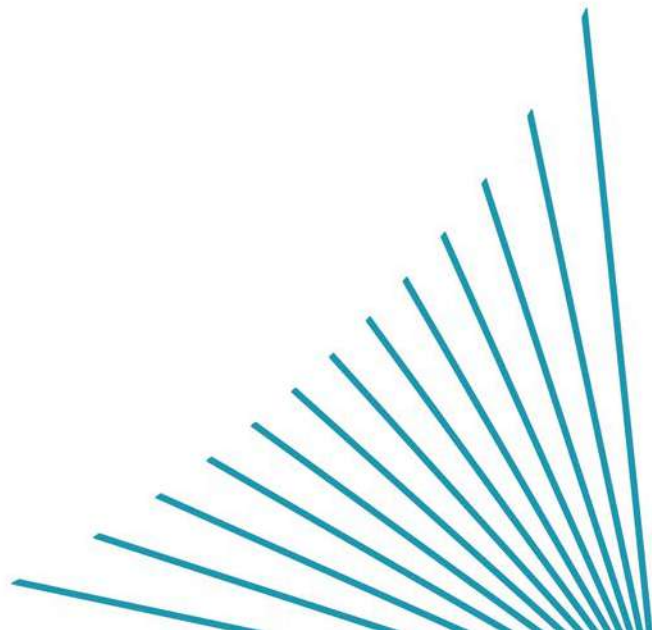
LITEON's transition and transformation is a race to surpass itself. Every change is accomplished by hard work and relies on a lot of trust and teamwork. We would like to give thanks to all of our partners for their support. We would also like to welcome all of our shareholders and partners to be a part of LITEON's rebirth and journey into a brighter future.



Tom Soong
LITEON Chairman



Anson Chiu
LITEON President









COMPANY PROFILE

2. Company Profile

2.1 Date of Incorporation: March 17, 1989

2.2 Company History:

1975

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

1978

- Silitek Corp. was established to manufacture rubber products.

1983

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

1989

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

1990

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

1991

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

1992

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

1994

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

1995

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

1996

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

1997

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

1998

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

1999

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

2000

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

2001

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

2002

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

2003

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

2004

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

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

2005

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

2006

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

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

2007

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

2008

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

2009

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

- Received the 8th National Public Service Award.

2010

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

2011

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

global electronic components and equipment category.

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

2012

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

2013

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

2014

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

2015

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

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

2016

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

2017

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

2018

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

2019

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

2020

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

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

2021

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

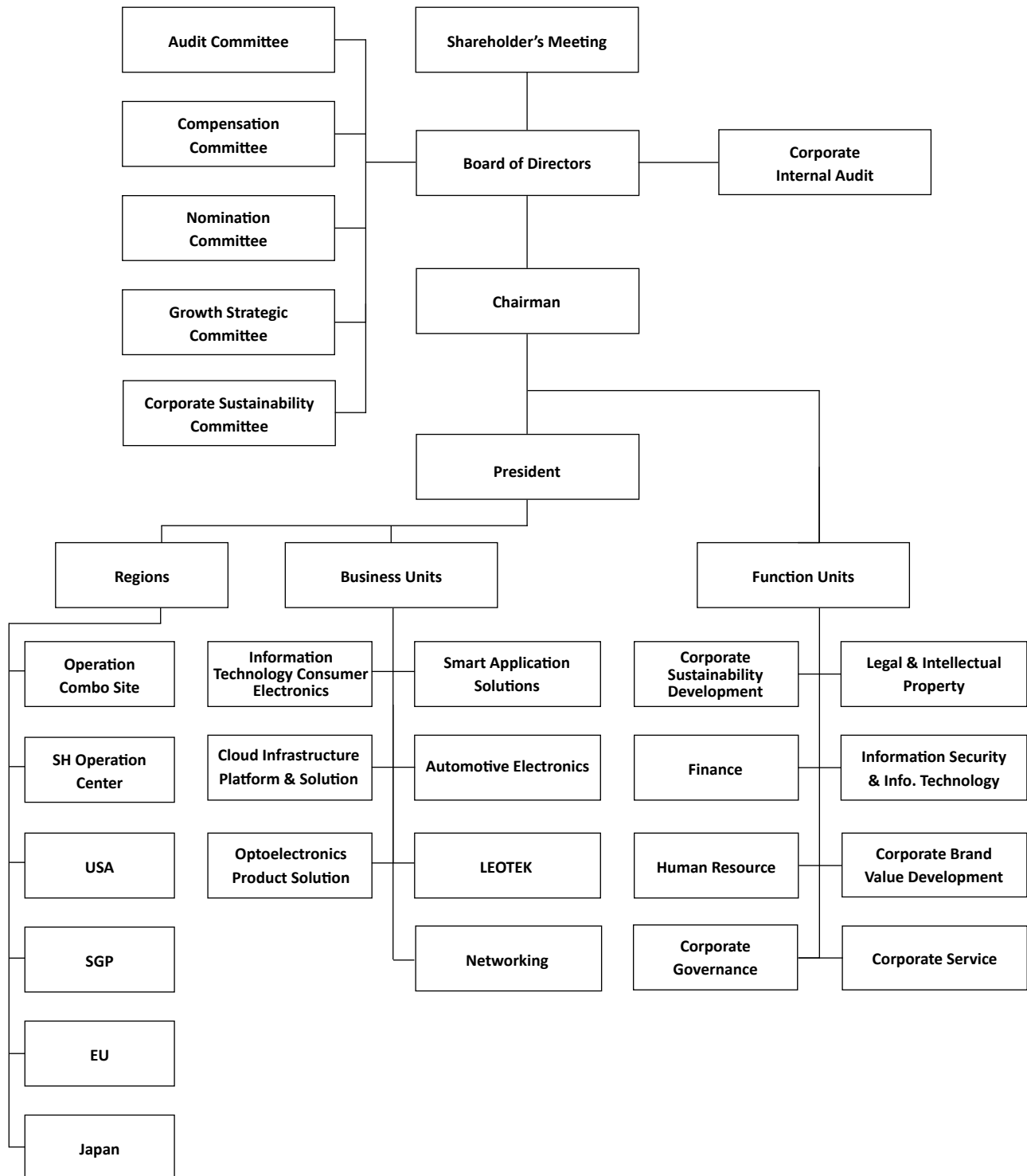
2022

- Awarded “Silver Class” in the 2022 Sustainability Yearbook published by S&P Global.
- Received the highest rating of "Leadership" in the CDP Supplier Engagement Rating (SER)
- LITEON Ranked Top 5% in the 8th Corporate Governance Evaluation for Its Rigorous Sustainability Governance
- Included on the Dow Jones Sustainability Indices for Twelve Consecutive Years and Ranks Among the 2022 DJSI World Index and Emerging Markets Index
- Included in the Constituent of the FTSE4Good TIP Taiwan ESG Index for 5 consecutive years
- Included in the Constituent MSCI ESG Leaders Indexes for 9 consecutive years
- Won the “Corporate Citizenship” Award from Common Wealth Magazine for 16th Straight Year
- Won 2022 TCSA Comprehensive Performance, Sustainability Report and Climate Leadership Awards
- Received three awards of "Generation Inheritance Award", "Innovative Research and Development Award" and "Excellent Award" by New Taipei City
- As the eight founding members of the "Taiwan Climate Alliance," LITEON jointly advocate a net-zero future and assist Taiwan's supply chain of small and medium-sized enterprises to align with global carbon reduction trend.
- Become a founding member of the ESG “IMV” Alliance to advocate ESG innovation in different industries, assisting agriculture, fishery and animal husbandry to engage in sustainable actions.
- Initiated brand re-engineering and introduced new corporate color of turquoise blue (Pantone 7466)
- Zhonghe office building started reconstruction in September 2022 through urban redevelopment. It will be transformed as "LITEON Zhonghe Digitech Center" focusing on advanced fields, which will further expand innovative R&D capacity.
- LITEON accelerated its global diversified operation and smart factories implementation, phase II plant of LITEON Vietnam in Haiphong inaugurated.

3. Corporate Governance Report

3.1 Organization

3.1.1 Organizational Chart



3.1.2 Major Corporate Functions

Departments	Responsibilities and Functions
Corporate Internal Audit	To facilitate the board of directors and the management to check and evaluate the effectiveness of internal controls; to provide timely recommendations for improvement to help the company achieve internal control targets; to ensure the continuity of implementation; and to provide a basis for review and modification of the internal controls system. In addition, the report investigation task force reports investigation results directly to the Audit Committee on a regular basis. The system prevents internal fraud and eliminates unethical behaviors to ensure an effective ethical management policy.
Corporate Sustainability Development	Establish the company's ESG targets, strategies, and implementation plans. Follow issues of concern to different stakeholders, and coordinate internal and external communication to take more action towards sustainable development of the company and deliver regular status updates to the Corporate Sustainability Committee.
Finance	Provide professional finance, accounting, tax, credit management, and investment and merger services to support profit growth for the divisions; implement rigorous risk controls; increase transparency of the company's operations in good faith; and effectively execute the finance plans and engage the capital market in order to protect the shareholders' rights.
Human Resource	To plan and execute strategies for the organization and human resources to facilitate continuing improvement and training for the company's human assets and to ensure sustainable development. To establish performance management and training policies and regulations to enhance the organization's performance and core competencies. According to the company's policies, provide employee services and to create a better employer-employee relationship.
Corporate Governance	<ul style="list-style-type: none"> • Develop and plan company systems and organizational structure, enhance the independence of the Board of Directors, Company transparency and compliance, and execution of internal audits and controls. • Enforce corporate governance and ensure that shareholders meetings and board meetings are called in compliance with applicable regulations and corporate governance principles. • Keep board members informed of the latest regulatory changes and developments regarding the company's areas of business and corporate governance. • Inspecting the disclosure of material information passed by the board of directors after a board meeting or shareholders meeting in order to ensure the legality and accuracy of said material information and protect parity of investor information. • Develop annual continuing education plan for directors and organize courses in accordance with the guidelines issued by the competent authority. • Provide information on the company to the directors and facilitate effective communication between the directors and the division heads. • Provide assistance in arranging meetings between the independent directors and the Chief Audit Officer or the CPAs to facilitate understanding of the company's financial operations.

Departments	Responsibilities and Functions
Legal & Intellectual Property	<ul style="list-style-type: none"> • To be responsible for handling contracts, disputes, litigation, mergers and acquisitions, and intellectual property rights related legal affairs and to manage legal risks. To provide compliance guidelines and risk management measures to facilitate business decisions and to direct and coordinate external attorneys, when necessary, in order to ensure the company's compliance and build up the company's business advantages in the legal aspects of the business. • To be responsible for application and maintenance of patents, trademarks and other intellectual property rights and to make plans for and utilization of the company's intellectual property rights. To increase the value of the company's intangible assets and to strengthen the company's commercial status through strategic management of intellectual property rights.
Information Security & Info. Technology	<p>To plan, construct, maintain, and operate the company's information management systems and satisfy the user demand for system implementation in order to ensure maximized returns on information related investments and reduce information and operating risks for the company while making the company more competitive. Key tasks include:</p> <ul style="list-style-type: none"> • To achieve full conversion to digital operations. • To provide accurate business management information in real-time. • To develop the network infrastructure and information security management. • To achieve the company's vision of smart manufacturing and digital transformation.
Corporate Brand Value Development	<p>Sculpture LITEON brand and make influence both internally and externally with comprehensive branding development strategy. Through synergy of PR, CSR, Marcom and Design functions, it helps to enhance positive impact of LITEON brand value. It makes LITEON, a tech company, not only has dimensions, but also has warmth and brand recognition, which enables inheritance and transmission of LITEON spirit.</p> <ul style="list-style-type: none"> • PR Division serves as an important bridge for communication between LITEON and its stakeholders. Through thorough communication strategies, precise messaging, and timely crisis management, not only it strengthens its corporate image by effectively conveying core values of the company but also adds value for the company by elevating corporate reputation. • CSR Division plays a key role in enhancing the company's sustainable brand image, amplifying its sustainable impact, and fostering the greater good of society by actively revealing sustainable information, engaging in dialogue and communication with critical stakeholders, and participating in social initiatives while establishing public welfare networks. • Marcom Division shapes the unified perception of LITEON brand by integrating marketing resources and outlining the development strategy of brand value, including building brand image, optimizing the content exposure of all online and offline communication channels, integrating the management of all digital platforms, planning annual marketing activities, and assisting business units to participate in major international exhibitions to enhance LITEON's comprehensive brand value and market competitiveness. • Design Division, starts from the perspective of brand recognition, combining various graphic designs and multimedia network productions to assist sales promotion of various business units, providing a consistent corporate visual image to the external.

Departments	Responsibilities and Functions
Corporate Service	<p>Support and integrate the New Construction Division, Factory Management Division, Occupational Safety Department, and Purchasing Department with providing the Corp with daily operational services, new building construction, and sustainable symbiosis between people and environment.</p> <ul style="list-style-type: none"> • Global New factories construction operation with introduction of modern building techniques by low-carbon, waste-reduction methods. ESG standard complied with LEED, Green Building and Smart Building certification pursue. • Coordinate between factory management team and occupational safety department worldwide to deploy and manage the smart factory facilities, and revitalize assets, to provide a safe, healthy and friendly working environment, and supervise the implementation of hygiene and safety management requirements. • Planning and defining of the purchasing process to create the value of the Company and Suppliers/Partners together.

3.2 Board Members and Management Team

3.2.1 Information Regarding Board Members

3.2.1.1 Board Members

2023/02/28

Title/Name	Nationality	Gender Age	Date of appointment (office)	Tenure (year)	Date of initial appointment	Proportion of shareholding at the time of appointment		Proportion of shareholding at present		Proportion of shareholding by spouse and underage children		Proportion of shareholding under the title of a third party		Important experience (education)	Other positions of the company or other companies	Member of the Board of Directors had a spouse or relative within two degrees of consanguinity serving as a manager or director at LITEON.	Note 1
						Quantity	%	Quantity	%	Quantity	%	Quantity	%				
Chairman Tom Soong	R.O.C.	Male 51~60	2022.05.20	three	2017.10.19	12,120,287	0.52%	15,120,287	0.64%	989,708	0.04%	0	0%	Education: International Business Program Attendance, NTU-FUDAN EMBA Electrical Engineering, University of South California, USA Experience: Special Assistant to Chairman & Vice Chairman, LITEON CEO, LITEON Smart Life and Applications Business Group General Manager, LITEON Shanghai Operational Center CEO, LITEON New Mechanical Competence Business Group General Manager, LITEON Mechanical Competence Business Group General Manager, LITEON Networking Access Business Unit General Manager, China Bridge Express Trading Co., Ltd.	Note 2	Raymond Soong, Director, father-child relationship	N.A.
Director Raymond Soong	R.O.C.	Male 71~80	2022.05.20	three	1992.05.20	79,302,560	3.37%	79,302,560	3.36%	16,966,064	0.72%	0	0%	Education: Bachelor of Electronic Engineering, Taipei College of Technology Experience: Chief Engineer, Texas Instruments Taiwan Ltd. Chairman & Founder of LITEON Group and Lite-On Cultural Foundation Member of Board of Councilors, the Doctorate College of Technology, South California (USC) Honor: Fellow, Industrial Technology Research Institution Honorary PhD in Management, National Chiao Tung University Honorary PhD in Management, National Taipei University of Technology	Note 3	Tom Soong, Chairman, father-child relationship	N.A.
Director Warren Chen	R.O.C.	Male 71~80	2019.06.21	three	1998.05.19	7,349,116	0.31%	7,349,116	0.31%	4,631,218	0.20%	0	0%	Chemical Engineering, Chinese Culture University Director, Lite-On Technology Corp. Vice Chairman and GCEO of Lite-On Technology Corp. GCEO of LITEON Group and CEO of Lite-On Technology Corp. President, Lite-On Electronic Co. Manufacturing Super-Intendant, Texas Instrument	Note 4	None	N.A.

Title/Name	Nationality	Gender Age	Date of appointment (office)	Tenure (year)	Date of initial appointment	Proportion of shareholding at the time of appointment		Proportion of shareholding by spouse and underage children		Proportion of shareholding under the title of a third party		Important experience (education)	Other positions of the company or other companies	Member of the Board of Directors had a spouse or relative within two degrees of consanguinity serving as a manager or director at LITEON.	Note 1
						Quantity	%	Quantity	%	Quantity	%				
Director Ta-Sung Investment Co., Ltd. Representative: Keh-Shew Lu	R.O.C.	Male 71-80	2022.05.20	three	1998.05.19 2002.09.01	47,088,399 0	2.00% 0%	0 0	0% 0%	0 0	0% 0%	Bachelor, EE, National Cheng Kung University Master, EE, Texas Institute of Technology Honorary Doctorate of National Cheng Kung University PhD, EE, Texas Institute of Technology Asian Regional President, Senior VP, Texas Instruments Director, Nuvoton Technology Corp. Director, VArmor Corp. Ltd. Chairman, LedEngin Chairman, Lorentz	Note 5	None	N.A.
Director Ta-Sung Investment Co., Ltd. Representative: Anson Chiu	R.O.C.	Male 51-60	2022.05.20	three	1998.05.19 2022.05.20	47,088,399 1,000,000	2.00% 0.04%	0 0	0% 0%	0 0	0% 0%	Bachelor of Industrial Management, Lughwa University of Science and Technology CEO, Lite-On Technology Corp. Power Conversion Business Group General Manager, Lite-On Technology Corp. Power Conversion Business Group Director, NB Business Unit, Lite-On Technology Corp. Power Conversion Business Group	Note 6	None	N.A.
Independent Director Harvey Chang	R.O.C.	Male 71-80	2022.05.20	three	2007.6.21	0	0%	0	0%	0	0%	MBA, The Wharton School, Pennsylvania State University Bachelor, Dept of Geology, National Taiwan University Chairman of TVBS Chairman of Catchplay Media Holdings Ltd. President and CEO, Taiwan Mobile Senior VP and CFO, TSMC Chairman, China Securities Investment Trust Corp. President, China Development Trust Co. Ltd. President, Grand Cathay Securities Manager, Trust Dept, International Dept, Chiao Tung Bank	Note 7	None	N.A.

Title/Name	Nationality	Gender Age	Date of appointment (office)	Tenure (year)	Date of initial appointment	Proportion of shareholding at the time of appointment		Proportion of shareholding at present		Proportion of shareholding by spouse and underage children		Proportion of shareholding under the title of a third party		Important experience (education)	Other positions of the company or other companies	Member of the Board of Directors had a spouse or relative within two degrees of consanguinity serving as a manager or director at LITEON.	Note 1
						Quantity	%	Quantity	%	Quantity	%	Quantity	%				
Independent Director Edward Yang	U.S.	Male 71-80	2019.06.21	three	2007.6.21	0	0%	0	0%	0	0%	0	0%	Stanford Executive Program (SEP), Stanford University, USA; Master of EE, Oregon State University, USA; Bachelor of EE, National Cheng Kung University; Independent Director, Lite-On Technology Corp. Independent Director, Focal Tech. Independent Director, Silicon Storage Technology Independent Director, Pericom Semiconductor Commissioner, Advanced Research Advisory Committee, ITRI Commissioner, Research & Development Advisory committee, Institute for Information Industry Commissioner, Advisory Committee of Engineer Department, San Jose State University. VP and CTO, Personal System Product Division, HP Corporation; VP and CTO, Corporate System Product Division, HP Corporation; President, Singapore Network and Telecommunications Business Unit, HP Corporation; Managing Director, Monte Jade Science and Technology Association Managing Director, China Institute of Engineering; Managing Director, Information Service Association of R.O.C. Director, U-System Inc. Director, Optovue Inc	Note 8	None	N.A.

Title/Name	Nationality	Gender Age	Date of appointment (office)	Tenure (year)	Date of initial appointment	Proportion of shareholding at the time of appointment		Proportion of shareholding by spouse and underage children		Proportion of shareholding under the title of a third party		Important experience (education)	Other positions of the company or other companies	Member of the Board of Directors had a spouse or relative consanguinity serving as a manager or director at LITEON.	Note 1
						Quantity	%	Quantity	%	Quantity	%				
Independent Director Albert Hsueh	R.O.C.	Male 61-70	2022.05.20	three	2016.6.24	0	0%	0	0%	0	0%	MBA, Bloomsburg University, Pennsylvania, U.S.A. Master of Accounting, Soochow University Chairman of PricewaterhouseCoopers Taiwan Director, Corporate Governance Association in Taiwan Member of the Committee in charge of the examination affairs and qualification screening for professional and technologies, Examination Yuan Professor, National Tsinghua University of College of Technology Management Professor, National Taiwan University of Science and Technology, School of Management	Note 9 None	None	N.A.
Independent Director Mike Yang	R.O.C.	Male 61-70	2022.05.20	three	2019.06.21	0	0%	0	0%	0	0%	Arizona State University Master of Science Associate Vice President, ADI Corp. Procurement Dept.	Note 10 None	None	N.A.
Independent Director MK Lu	R.O.C.	Male 71-80	2022.05.20	three	2021.08.26	200,000	0.01%	0	0%	0	0%	Legal Person, Chairman of Tatung Company Chairman of Sino-American Silicon Products Inc. President of Lite-On Semiconductor Corp. President of Vishay Lite-On Power Semiconductor Corp. Vice President of Silitek Corp.	Note 11 None	None	N.A.

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

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

Note 2: (Chairman Tom Soong)

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

Note 3: (Director Raymond Soong)

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

Note 4: (Director Warren Chen, Resigned on May 19, 2022)

- Independent Director, Diodes Inc.(US), Nuvoton Technology Corp.

Note 5: (Director Keh-Shew Lu)

- Chairman, Diodes Incorporated Co., Ltd.

- Director, representative of Lite-On Technology Corp.
 - President and CEO of Diodes Incorporated Co., Ltd.
- Note 6: (Director Anson Chiu)
- Director, representative of Lite-On Technology Corp., Silitech Technology Corp., Dragonjet Corp.
 - Director, Lite-On Singapore Pte. Ltd., Lite-On China Holding Co. Ltd., Lite-On International Holding Co., Ltd., Lite-On Electronics Co., Ltd. (HK)
- Note 7: (Independent Director Harvey Chang)
- Independent Director, Lite-On Technology Corp.
- Note 8: (Independent Director Edward Yang, Resigned on May 19, 2022)
- Chairman, GVT fund
 - Independent Director, Lite-On Technology Corp.
 - Director, Sifotonics Technologies, Bandwidth 10, Neurostim OAB, Soovu Labs, Inc, QED Labs
 - Partner, iD Ventures America, LLC
- Note 9: (Independent Director Albert Hsueh)
- Independent director, Lite-On Technology Corp., Yuanta Financial Holding Co., Ltd. and Yuanta Bank, Walsin Lihwa Corp. and TTY Biopharmaceutical Manufacturers Association
- Note 10: (Independent Director Mike Yang)
- Independent Director, Lite-On Technology Corp.
 - Senior Vice President of Quanta Computer Inc. Cloud Computing Business Unit and Director and President of Quanta Cloud Technology Inc.
- Note 11: (Independent Director MK Lu)
- Honorary Chairman of Actron Technology Corporation, Sino-American Silicon Products Inc.
 - Independent Director, Lite-On Technology Corp.
 - Director, representative of GlobalWafers Co., Ltd

3.2.1.2 Major Shareholders of the Institutional Shareholders

2023/02/28

Name of Institutional Shareholders	Major Shareholders
Ta-Sung Investment Co., Ltd.	Tom Soong (31.27%), Alice Soong (21.2%), Katy Soong (21.2%) Raymond Soong (13.33%), Soong Juan, Feng-Ing(13%)

3.2.1.3 Major Shareholders of the Company's major Institutional Shareholders: Not Applicable.

3.2.1.4 Professional qualifications of Directors and independence of Independent Directors

2023/02/28

Name	Qualification Working experience and professional designations (Note1)	Eligibility of independent status	Number of other public companies in which the director also serves concurrently as an independent director	
Tom Soong	Extensively experienced in talent selection and corporate management	Not an independent director	0	
Raymond Soong	The founder of LITEON is also a pioneer in Taiwan's optoelectronic technology industry		0	
Warren Chen (Note 3)	Possesses an abundance of management experience in the electronics technology industry		2	
Ta-Sung Investment Co., Ltd. Representative: Keh-Shew Lu	Extensive management experience in semiconductors		0	
Ta-Sung Investment Co., Ltd. Representative: CH Chen/ Anson Chiu (Note 4)	Abundant experience in the Asian semiconductor industry		0	
Harvey Chang	Well versed in salary management, the financial profession, and business operations		0	
Edward Yang (Note 3)	Extensive industry experience and strategic planning skills		0	
Albert Hsueh	Expertise in financial accounting and corporate governance with professional qualifications as accountants and part-time professors of university schools of management		All independent directors are in compliance with Article 3 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", please refer to Note 2 for details	3
Mike Yang	Well versed in refinement of cloud management and deployment and in coordination of global 5G and AI networks		0	
MK Lu	Has earned the nickname "the Merger King"		0	

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

(2) For description of the expertise of independent directors, see the diversity status of the members of the board (p. 26~28 of the Annual Report)

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

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

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

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

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

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

Note 3: Director Warren Chen and Independent Director Edward Yang resigned on May 19, 2022.

Note 4: Ta-Sung Investment Co., Ltd. reassigned Mr. Anson Chiu as the representative on May 20, 2022.

3.2.1.5 Diversity and Independence of the Board of Directors

Board Diversity

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

The board of directors of the company must be composed of experts and scholars from industry, finance, business, investment, information, and communications. Over half of the board members must have industry experience, and there is at least one person in each professional field covering operational judgment, salary management, corporate governance, business management, information security, risk management, and sustainable development management; it is actively looking for one female director.

The board consists of eight members, including two natural-person directors, two institutional investor and four independent directors. The board is diverse, and individual members are equipped with various core competencies. They are assisted by independent directors from various professional backgrounds to ensure they fulfill their duties effectively. These members have been given the duty to exercise proper governance of the board of directors, to supervise/appoint/instruct the management, and to oversee the company's financial, social, and environmental performance in ways that maximize stakeholders' interests.

(1) Board diversity is achieved through education and work experience as well as training and related backgrounds of board members as follows:

Diversity Items	Basic Component						Diversity Situation								
	Nationality	Gender	An employee of the Company	Age		Independent directors' tenure		Ability to perform accounting and financial analysis	Ability to conduct management administration	Ability to conduct crisis management	Knowledge of the industry	An international market perspective	Ability to lead	Ability to make policy decisions	Risk Management
				51~60	61~70	71~80	Less than 3 years								
Name															
Tom Soong	R.O.C.	Male	v	v					v	v	v	v	v	v	v
Raymond Soong	R.O.C.	Male			v				v	v	v	v	v	v	v
Warren Chen (Note1)	R.O.C.	Male			v				v	v	v	v	v	v	v
Representative of Ta-Sung Investment Co., Ltd.: Keh-Shew Lu	R.O.C.	Male			v				v	v	v	v	v	v	v
Representative of Ta-Sung Investment Co., Ltd.: CH Chen/Anson Chiu (Note2)	R.O.C.	Male	v	v					v	v	v	v	v	v	v
Harvey Chang	R.O.C.	Male			v				v	v	v	v	v	v	v
Edward Yang (Note1)	U.S.	Male			v				v	v	v	v	v	v	v

Diversity Items	Basic Component						Diversity Situation								
	Nationality	Gender	An employee of the Company	Age		Independent directors' tenure	Ability to make operational judgments	Ability to perform accounting and financial analysis	Ability to conduct management administration	Ability to conduct crisis management	Knowledge of the industry	An international market perspective	Ability to lead	Ability to make policy decisions	Risk Management
				51~60	61~70										
Name															
Albert Hsueh	R.O.C.	Male		v		v	v	v	v	v			v	v	v
Mike Yang	R.O.C.	Male		v		v	v	v	v	v	v		v	v	v
MK Lu	R.O.C.	Male			v	v	v	v	v	v	v		v	v	v

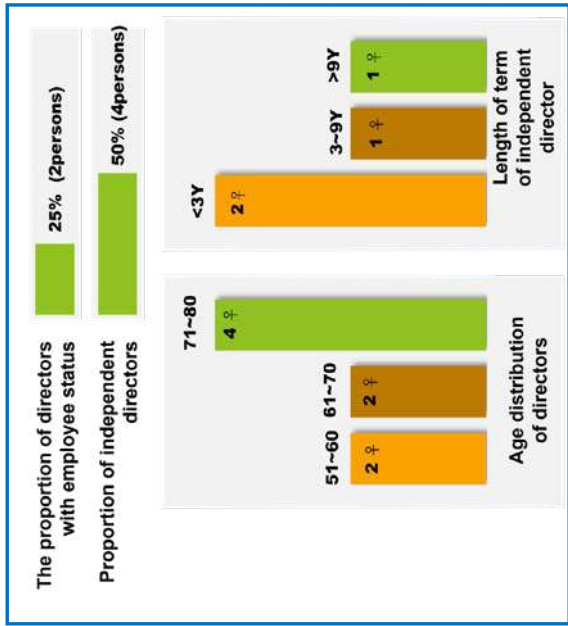
Note 1: Director Warren Chen and Independent Director Edward Yang resigned on May 19, 2022.

Note 2: Ta-Sung Investment Co., Ltd. re-assigned Mr. Anson Chiu as the representative on May 20, 2022.

(2) The independent directors possess training in accounting and audit, corporate governance, strategy, information technology, and information security:

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

(3) Composition of Board members



Board Independence

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

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

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

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

2023/02/28

3.2.2 Information Regarding Management Team

Title	Nationality	Name	Gender	Date of appointment (office)	Proportion of shareholding		Proportion of shareholding by spouse and underage children		Proportion of shareholding under the title of a third party		Major Background Information	Other positions of other companies	Manager who is the spouse or kin within the 2 nd tier of the Civil Code			Remarks (Note)
					shares	%	shares	%	shares	%			Title	Name	Relationship	
President	R.O.C	Anson Chiu	Male	2013.08.19	1,000,000	0.04%	0	0%	0	0%	Refer to the information of Board Members	Director, Lite-On International Holding Co., Ltd., LITE-ON CHINA HOLDING CO. LTD., LITE-ON ELECTRONICS COMPANY LIMITED, LITE-ON SINGAPORE PTE. LTD., Silitech Technology Corporation and Dragonjet Corp.	None	None	None	None
SBU General Manger	R.O.C	Jerry Hsu	Male	2020.10.30	591,258	0.03%	303,057	0.01%	0	0%	Department of Electronic, Lughwa University of Science and Technology SBU General Manger, LITE-ON Technology Corporation.	None	None	None	None	None
SBU General Manger	R.O.C	Steven Liao	Male	2020.07.16	100,978	0%	97	0%	0	0%	Master of Institute of EO Engineering, National Chiao Tung University AVP, LITE-ON Technology Corporation.	None	None	None	None	None
SBU General Manger	R.O.C	John Chang	Male	2020.10.30	0	0%	0	0%	0	0%	EMBA, National Chiao Tung University AVP, LITE-ON Technology Corporation.	None	None	None	None	None
Vice President / Corporate Governance Officer / Board Secretariat	R.O.C	Jean Hong	Female	2015.09.07	0	0%	0	0%	0	0%	MBA, Preston University AVP, LITE-ON Technology Corporation.	None	None	None	None	None
Vice President	R.O.C	Don Lin	Male	2022.12.06	10,000	0%	0	0%	0	0%	Michigan State University, Master, Electrical Engineering. AVP, LITE-ON Technology Corporation.	None	None	None	None	None
Accounting Manager / Associate Vice President	R.O.C	Michelle Hsiao	Female	2022.12.06	0	0%	0	0%	0	0%	MBA, University of Texas at San Antonio Senior Director, LITE-ON Technology Corporation.	None	None	None	None	None
SBU General Manger	R.O.C	Henry Chen (Resigned on September 20, 2022)	Male	2020.10.30	42,901	0%	0	0%	0	0%	Graduate Institute of Electrical Engineering, Tatung University Project Manager, Mustek Systems	None	None	None	None	None
CFO	R.O.C	Patricia Chou (Resigned on December 6, 2022)	Female	2022.01.03	250,000	0.01%	0	0%	0	0%	MBA, University of California at Berkeley Group CFO, ASM Pacific Technology Ltd.	None	None	None	None	None
CFO	R.O.C	Brownson Chiu (Resigned on January 3, 2022)	Male	2004.10.22	829,378	0.04%	588	0%	0	0%	Department of Accounting, Feng Chia University, CFO, Lite-On IT Corporation	None	None	None	None	None

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

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

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

3.3.1 Remuneration of Directors, Independent Directors and Management Team

3.3.1.1 Remuneration of Directors and Independent Directors

Unit:NT\$ thousands

Title	Name	Remuneration (Note 1)						Relevant Remuneration Received by Directors Who are Also Employees				Total Compensation (A+B+C+D+E+F+G) and Ratio of Total Compensation to Net Income (%)		Compensation Paid to Directors from the Invested Company Other than the Company's Subsidiary							
		Base Compensation (A)		Severance Pay (B)		Directors Compensation (C)		Allowances (D)		Salary, Bonuses, and Allowances (E)		Severance Pay (F)			Employee Compensation (G)		From All Consolidated Entities	From All Consolidated Entities			
		The company	From All Consolidated Entities	The company	From All Consolidated Entities	The company	From All Consolidated Entities	The company	From All Consolidated Entities	The company	From All Consolidated Entities	Cash	Stock		The company	From All Consolidated Entities					
Chairman	Tom Soong																				
Director	Raymond Soong																				
Director	Warren Chen (NOTE 3)																				
Director	Ta-Sung Investment Co., Ltd. Representative: Keih-Shew Lu	6,750	6,750	0	0	142,432	142,432	1,515	1,515	37,184	0	65,095	0	65,095	0	252,976	1.79%	252,976	1.79%	50	
Director	Ta-Sung Investment Co., Ltd. Representative: Anson Chiu (NOTE 4)																				
Director	Ta-Sung Investment Co., Ltd. Representative: CH Chen (NOTE 4)																				
Independent Director	Harvey Chang																				
Independent Director	Albert Hsueh																				
Independent Director	Mike Yang	0	0	0	0	54,267	54,267	1,607	1,607	0	0	0	0	0	0	55,874	0.39%	55,874	0.39%	0	
Independent Director	MK Lu																				
Independent Director	Edward Yang (NOTE 3)																				

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

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

Range of Remuneration to directors

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

Note1: Please refer to the LITE-ON TECHNOLOGY CORP.'s official site for The Rules for Evaluating Board of Directors and Functional Committee Performance.

Note2: The Compensation Paid to Directors are from.

Note3: The tenure of Warren Chen and Edward Yang expired on May 20, 2022 because they were not re-elected at the 2022 Annual Shareholders' Meeting.

Note4: CH Chen, the Representative of Ta-Sung Investment Co., Ltd.'s tenure expired, and was replaced by Anson Chiu after the Director re-election at 2022 Annual Shareholders' meeting on May 20, 2022.

3.3.1.2 Remuneration of Supervisors

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

3.3.1.3 Compensation Paid to Management Team

Unit: New Taiwan Dollar

Title	Name	Salary (A)		Severance Pay and Pensions (B)(Note2)		Bonuses and Allowances (C) (Note3)		Employees' Profit Sharing Bonus (D)(Note4)				Total Compensation (A+B+C+D) and Ratio of Total Compensation to Net Income (%)		Compensation Paid to Directors from the Invested Company Other than the Company's Subsidiary	
		Stand-alone	Consolidated	Stand-alone	Consolidated	Stand-alone	Consolidated	Stand-alone	Cash	Stock	Consolidated	Stand-alone	Consolidated		
President	Anson Chiu														
SBG General Manager	Jerry Hsu														
SBU General Manager	Steven Liao														
SBU General Manager	John Chang														
Vice President / Corporate Governance Officer/ Board Secretariat	Jean Hong														
Vice President	Don Lin (On board on December 6, 2022)	25,311,217	25,311,217	1,413,857	1,413,857	77,351,022	77,351,022	0	0	149,094,675	149,094,675	0	0	Amount : 253,170,771 Ratio :1.79%	50,000
Accounting Manager/ Associate Vice President	Michelle Hsiao (On board on December 6, 2022)														
SBU General Manager	Henry Chen (resigned on September 20, 2022)														
CFO	Patricia Chou (resigned on December 6, 2022)														
CFO	Brownson Chu (resigned on January 3, 2022)														

Note1 : These amounts did not include compensation for the period before Don Lin, Michelle Hsiao on board on December 6, 2022.

Note2 : Pensions funded according to applicable law.

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

Note4 : Refers to the amount approved by the Compensation Committee for the employee's remuneration in the most recent year (2022).

Range of compensation to management executives

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

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

3.3.1.4 Employees' Profit Sharing Bonus Paid to Management Team

As of February 28, 2023

Title	Name	Stock bonus	Cash bonus	Total	As a % of net profit
President	Anson Chiu	0	149,094,675	149,094,675	1.05%
SBG General Manager	Jerry Hsu				
SBU General Manager	Steven Liao				
SBU General Manager	John Chang				
Vice President Corporate Governance Officer Board Secretariat	Jean Hong				
Vice President	Don Lin (On board on December 6, 2022)				
Accounting Manager/ Associate Vice President	Michelle Hsiao (On board on December 6, 2022)				
SBU General Manager	Henry Chen (Resigned on September 20, 2022)				
CFO	Patricia Chou (Resigned on December 6, 2022)				
CFO	Brownson Chu (Resigned on January 3, 2022)				

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

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

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

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

Item	Total remunerations as a percentage of net income			
	2021		2022	
	LITEON	Consolidated	LITEON	Consolidated
Directors	1.32%	1.32%	1.46%	1.46%
Management team	1.31%	1.31%	1.79%	1.79%

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

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

The policy of remuneration of management team follows the LITEON Compensation Management Guidelines. Remuneration is based on the average level of pay offered by competition for the same position, the authority and responsibility of the position, and the contribution to the company's business targets.

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

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

3.4 Implementation of Corporate Governance

3.4.1 Board of Directors

3.4.1.1 Board Meetings Attendance

The Board held 12 meetings (A) in the recent period of time (from January 1st, 2022 to February 28th, 2023) with the attendance of the directors specified as below:

Title	Name	Attend (sit in) in person (B)	Attend by proxy	Attendance rate (%) 【 B / A 】	Remarks
Chairman	Tom Soong	10	2	83	
Director	Raymond Soong	11	1	92	
	Warren Chen	5	0	100	Resigned on May 19, 2022
	Ta-Sung Investment Co., Ltd. Representative: Keh-Shew Lu	9	3	75	
	Ta-Sung Investment Co., Ltd. Representative: CH Chen/Anson Chiu	12	0	100	Reassigned Mr. Anson Chiu as the representative on May 20, 2022.
Independent Director	Harvey Chang	12	0	100	
	Edward Yang	5	0	100	Resigned on May 19, 2022
	Albert Hsueh	12	0	100	
	Mike Yang	12	0	100	
	MK Lu	12	0	100	

3.4.1.2 Annotations:

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

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

(2) The Board Meeting Attendance Status of Independent Director

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

Board	Harvey Chang	Edward Yang	Albert Hsueh	Mike Yang	MK Lu
In the 11th session of the 19th Board Meeting on Jan. 03, 2022	⊙	⊙	⊙	⊙	⊙
In the 11th session of the 20th Board Meeting on Feb. 24, 2022	⊙	⊙	⊙	⊙	⊙
In the 11th session of the 21st Board Meeting on Mar. 11, 2022	⊙	⊙	⊙	⊙	⊙
In the 11th session of the 22nd Board Meeting on Apr. 01, 2022	⊙	⊙	⊙	⊙	⊙
In the 11th session of the 23rd Board Meeting on Apr. 28, 2022	⊙	⊙	⊙	⊙	⊙
In the 12th session of the 1st Board Meeting on May 20, 2022	⊙	-	⊙	⊙	⊙
In the 12th session of the 2nd Board Meeting on Jul. 28, 2022	⊙	-	⊙	⊙	⊙
In the 12th session of the 3rd Board Meeting on Sep. 06, 2022	⊙	-	⊙	⊙	⊙
In the 12th session of the 4th Board Meeting on Sep. 20, 2022	⊙	-	⊙	⊙	⊙
In the 12th session of the 5th Board Meeting on Oct. 28, 2022	⊙	-	⊙	⊙	⊙
In the 12th session of the 6th Board Meeting on Dec. 06, 2022	⊙	-	⊙	⊙	⊙
In the 12th session of the 7th Board Meeting on Feb. 21, 2023	⊙	-	⊙	⊙	⊙

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

- In the 20th session of the 11th Board Meeting, Chairman Tom Soong, Director Mr. Raymond Soong, Mr. Warren Chen, Mr. CH Chen and Mr. MK Lu avoided the discussion and did not vote the motion of donation to Lite-On Cultural Foundation.
- In the 22nd session of the 11th Board Meeting, Chairman Tom Soong, Director Mr. Raymond Soong, Mr. KS Lu, Mr. Anson Chiu, Independent Director Mr. Albert Hsueh, Mr. Harvey Chang, Mr. Mike Yang and Mr. MK Lu avoided the discussion and did not vote the motion on their own parts of reviewing the list of candidates for directors and independent directors for the 2022 Annual General Meeting of Shareholders of the company.
- In the 4th session of the 12th Board Meeting, Chairman Tom Soong and Director Mr. Anson Chiu avoided the discussion and did not vote the motion of the company's first issuance of employee restricted stock awards in 2022 and the list of allotted employees and the number of allotted shares

- In the 7th session of the 12th Board Meeting, Chairman Tom Soong, Director Mr. Raymond Soong, Mr. Anson Chiu and Independent Director Mr. MK Lu avoided the discussion and did not vote the motion of donation to Lite-On Cultural Foundation.

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

Evaluation Cycle	Period of Evaluation	Scope of Evaluation	Method of Evaluation	Evaluation Content
Performed once a year	Jan. 01, 2022 to Dec. 31, 2022	Board Performance Evaluation	Internal evaluation of the board	① Participation in the operation of the company. ② Improvement of the quality of the board of directors' decision making. ③ Composition and structure of the board of directors. ④ Election and continuing education of the directors. ⑤ Internal control.
		The evaluation of individual directors	Self-evaluation by individual board members	① Familiarity with the goals and missions of the company. ② Awareness of the duties of a director. ③ Participation in the operation of the company. ④ Management of internal relationship and communication. ⑤ The director's professionalism and continuing education. ⑥ Internal control.
		Evaluation of the performance of functional committees (Audit/ Compensation/ Nomination/ Growth Strategy/ Corporate Sustainability Committee)	The internal evaluation of functional committees	① Participation in the operation of the company; ② Awareness of the duties of the functional committee; ③ Improvement of quality of decisions made by the functional committee; ④ Makeup of the functional committee and election of its members ⑤ Internal control.

- The indexes of 2022 board and functional committee performance evaluation are determined based on the operation and needs of the Company and suitable and appropriate for evaluations by the company, subject to reviews of the Compensation Committee.
- When electing or nominating members of the board of directors, the Company base its election on the evaluation results of the performance of the board and base its determination of an individual director's remuneration on the evaluation results of his or her performance.
- The Company reported the evaluation results in the first quarterly Compensation Committee (Feb.20, 2023), Nomination Committee (Feb.21, 2023) and Board(Feb.21, 2023) meetings, the results will be a reference for enhancing the professional competence of the Board of Directors and had been announced on the company website for investors' reference.

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

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

management, effective management of the RBA code of conduct, community involvement, sustainable supply chain management, sustainable product design, environmental sustainability, and stakeholder communication and information disclosure.

4. The Company formulated the "Risk Management Policy and Procedures" in February 2020 in view of strengthening corporate governance and improving the Company's management and control of risk; wherein it established risk management mechanisms which include early identification, accurate measurement, effective supervision, and rigorous controls. Within the scope of bearable risk, it prevents possible losses and continuously adjusts and improves best risk management practices based on changes in the internal and external environments, thus protecting the interests of employees, shareholders, partners, and clients, increasing the value of the Company, and achieving the principle of optimizing allocation of company resources. Furthermore, the annual risk management plan and operation were presented to the Corporate Sustainability Committee and the Audit Committee in 2022. The Audit Committee in turn presented the results to the board of directors.
5. In following the direction of corporate governance and strengthening the roles of the board, LITEON implemented the "Nomination Committee Charter" in February 2021 and passed the establishment of the "Nomination Committee". The Nomination Committee devises the criteria for directors and executive officers and seeks and nominate candidates based on these criteria. The Nomination Committee establishes and develops the organizational structure of the board and its committees. It also conducts performance evaluation for the board of directors and its committees, performance evaluation for directors and executive officers, and independence assessment of independent directors. The Nomination Committee establishes and reviews regularly continuing training programs for director and succession plans of directors and executive officers.

3.4.2 The Operation of the Audit Committee

3.4.2.1 Audit Committee Meeting Status

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

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

The Audit Committee is responsible for reviewing the following:

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

The Audit Committee held 12 meetings (A) in the recent period of time (from January 1, 2022 to February 28, 2023) with the attendance of the independence directors specified below:

Title	Name	Attend (sit in) in person (B)	Attend by proxy	Attendance rate (%) 【 B / A 】	Note
Independent Director	Albert Hsueh	12	0	100	
	Harvey Chang	12	0	100	
	Edward Yang	5	0	100	Resigned on May 19, 2022.
	Mike Yang	12	0	100	
	MK Lu	12	0	100	

3.4.2.2 Annotations:

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

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

Audit Committee	Content of motion	Article 14-5 of the Securities and Exchange Act of the ROC	Minutes of Audit Committee	Company reaction base on the opinion of Audit Committee
In the 18th session of the 5th Audit Committee on Jan. 03, 2022	Change of Chief Financial Officer of the Company.	V	All attendees of Independent Directors have no objection	All attendees of Directors have no objection
In the 19th session of the 5th Audit Committee on Feb. 24, 2022	1. Reviewing the results of it's operations for Fiscal Year 2021.	V		
	2. The Company's 2021 profit distribution proposal.	V		
	3. Formulate the "Guideline for CPA Firm Selection and Services".	V		
	4. Amendment to the Company's "Regulation on Signature Authority Revision Table".	V		
	5. The certified public accountants reported to the Audit Committee the annual compensation of 2022.	V		
	6. The Company's 2021 business report.	V		
In the 20th session of the 5th Audit Committee on Mar. 11, 2022	1. Spin-off outdoor lighting business of the company.	V		
	2. To change deal criteria of disposing VIZIO HOLDING CORP common shares hold by subsidiary.	V		
	3. The issuance of employee restricted stock awards.	V		
In the 21st session of the 5th Audit Committee on Apr. 01, 2022	1. The Amendment to "Procedures for Acquisition and Disposal of Assets"	V		
	2. Disposal and surrender to subscribe all or partial cash capital increase of LEOTEK CORPORATION.	V		
In the 22nd session of the 5th Audit Committee on Apr. 28, 2022	1. The Company's consolidated financial report of 2022Q1.	V		
	2. Interim dividend distribution of 2022 Q1.	V		
	3. Cooperating with the internal adjustment of the certified accounting firm, the company changed the certified accountant for the financial report from the second quarter of 2022.	V		

Audit Committee	Content of motion	Article 14-5 of the Securities and Exchange Act of the ROC	Minutes of Audit Committee	Company reaction base on the opinion of Audit Committee
In the 1st session of the 6th Audit Committee on May 20, 2022	Proposal on the election of the convener and chairman of the 6th session of the audit committee of the company.			
In the 2nd session of the 6th Audit Committee on Jul. 28, 2022	1. LITEON invests in Esquarre IoT Landing Fund, L.P.	V	All attendees of Independent Directors have no objection	All attendees of Directors have no objection
	2. The Company's consolidated financial report of 2022Q2.	V		
	3. Interim dividend distribution of 2022Q2.	V		
	4. The Company's 2022Q2 business report.			
	5. Announcement of the change of chief internal auditor.	V		
In the 3rd session of the 6th Audit Committee on Sep. 06, 2022	Investment of Mainland China through debt-for-equity swap on behalf of LITE-ON MOBILE PTE. LTD.	V		
In the 4th session of the 6th Audit Committee on Sep. 20, 2022	The company's first issuance of employee restricted stock awards in 2022 to the list of employees who are not directors or managers and the number of allotted shares.	V		
In the 5th session of the 6th Audit Committee on Oct. 28, 2022	1. The company signed a consulting service contract with Nomura International (Hong Kong) Limited.	V		
	2. The budget of the factory construction in Kaohsiung II.	V		
	3. The Company's consolidated financial report of 2022Q3.			
	4. Interim dividend distribution of 2022Q3.	V		
	5. Proposal to evaluate the independence and competence of CPA.			
	6. Reviewing and approving the 2023 internal audit plan.	V		
	7. The Amendment to "Corruption Reporting Guidelines"	V		
In the 6th session of the 6th Audit Committee on Dec. 06, 2022	1. The financial officer and accounting officer of the company change.	V		
	2. The disposal of Image department's business.	V		

Audit Committee	Content of motion	Article 14-5 of the Securities and Exchange Act of the ROC	Minutes of Audit Committee	Company reaction base on the opinion of Audit Committee
In the 7th session of the 6th Audit Committee on Feb. 21, 2023	1. The Company's consolidated financial report of 2022.	V	All attendees of Independent Directors have no objection	All attendees of Directors have no objection
	2. Interim dividend distribution of 2022.	V		
	3. The Amendment to "Management of the procedures for preparation of financial statements".			
	4. The certified public accountants reported to the Audit Committee the annual compensation of 2023 and refer to Audit Quality Indicators(AQI) to evaluate the independence and competence of CPA.	V		
	5. The Company's 2022 business report.			
	6. The budget of the R&D building construction in Kaohsiung.	V		
	7. The Record date for cancellation of registration and share capital reduction involving cancellation of treasury stock repurchased by the Company in accordance with Article 13 of the Business Mergers and Acquisitions Act.	V		
	8. The Record date for cancellation of registration and share capital reduction involving the cancellation of restricted shares to employee Stock Awards.	V		
	9. Reviewing the report on self-assessment results for the year 2022.	V		
	10. The amendment on the title of "Whistleblowing Guidelines" (original title: Corruption Reporting Guidelines).	V		

2. Other issues not passed by the Audit Committee but resolved by more than two-thirds of the directors: none

(2) Recusals of Independent Directors due to conflicts of interests

The act of the avoidance of the conflict of interest by the independent director: none.

(3) The communications between the independent directors, the Chief Audit Officer and the certified public accountants:

1. Communications are established through Audit Committee or individually with independent directors via meetings or e-mails.
 - i. The Chief Audit Officer reported to the Audit Committee on the establishment and amendment to the internal control system.
 - ii. The Chief Audit Officer reported to the Audit Committee on the annual self- assessment of the implementation and results on the internal control systems.
 - iii. The Chief Audit Officer reported to the Audit Committee on the annual audit plan and the implementation of the plan quarterly.
 - iv. The Chief Audit Officer reported to the Chairman of Audit Committee on audit projects quarterly.
 - v. The Chief Audit Officer reported to the Audit Committee on the findings of each audit and the tracking of corrective actions and preventive actions.
 - vi. The Chief Audit Officer provided information on the addition or amendment of laws governing securities and exchange to the Audit Committee.
 - vii. The Chief Audit Officer presented to the Audit Committee the report on the conduct of special audits prescribed by the committee and the findings.
 - viii. The certified public accountants reported to the Audit Committee the findings of their quarterly/annually review or audits on the Company's financial results, and also the communication of the relevant law and regulation or any other modified issues.

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

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

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

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

a. Communication through the Audit Committee

Meeting Dates	Communication Matters	Results
Feb. 24, 2022	<ol style="list-style-type: none"> 1. Reviewing the internal auditor’s report for the fourth quarter of 2021 (include reviewing regulatory developments). 2. Reviewing report on self- assessment results for the year 2021. 3. Reviewing the fraud audit report for the second half of 2021. 	There are no comments at this meeting.
Apr. 28, 2022	<ol style="list-style-type: none"> 1. Reviewing the internal auditor’s report for the first quarter of 2022 (include reviewing regulatory developments). 2. Reviewing the receipt instructions of mailbox in reporting a violation of Code of Conduct or engagement in fraud for the first quarter of 2022. 	The internal auditors had followed the instructions and reported to the Audit Committee.
Jul. 28, 2022	<ol style="list-style-type: none"> 1. Reviewing the internal auditor’s report for the second quarter of 2022 (include reviewing regulatory developments). 2. Reviewing the receipt instructions of mailbox in reporting a violation of Code of Conduct or engagement in fraud for the second quarter of 2022. 3. Reviewing the fraud audit report for the first half of 2022. 	There are no comments at this meeting.
Oct. 28, 2022	<ol style="list-style-type: none"> 1. Reviewing the internal auditor’s report for the third quarter of 2022 (include reviewing regulatory developments) 2. Reviewing the fraud audit report for the third Quarter of 2022. 3. Reviewing and approving the 2023 internal audit plan 4. The amendment of “Corruption Reporting Guidelines”. 	There are no comments at this meeting.
Feb. 21, 2023	<ol style="list-style-type: none"> 1. Reviewing the internal auditor’s work report for the fourth quarter of 2022 (include reviewing regulatory developments). 2. Reviewing the report for Whistleblowing of 2022. 3. Reviewing the report on self-assessment results for the year 2022. 4. The amendment on the title of “Whistleblowing Guidelines” (original title: Corruption Reporting Guidelines). 	There are no comments at this meeting.

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

Date/Quarter	Communication Matters	Results
2022.3.16 the first quarter of 2022	<ol style="list-style-type: none"> 1. The project of “LITEON Audit intelligent monitoring system” proposed by Deloitte. 2. Effective design and execution of control point for purchase rebate. 3. Blacklisting the spams in the ethic hotline feedback mailbox. 	The internal auditors had followed the instructions and reported to the Audit Committee.
2022.6.7 the second quarter of 2022	<ol style="list-style-type: none"> 1. How to exert the value of internal audit department. 2. The internal audit department cooperates with the certificated public accountant. 3. Optimize the organization of internal audit 	The internal auditors had followed the instructions and reported to the Audit Committee.
2022.8.25 the third quarter of 2022	<ol style="list-style-type: none"> 1. Reviewing the internal auditing progress for the nine months ended September 30, 2022. 2. Adopting data visualization and charts in internal audit management report. 3. The annual plan of auditing department for 2023. 	There are no comments at this meeting.

Date/Quarter	Communication Matters	Results
2022.12.16 the fourth quarter of 2022	<ol style="list-style-type: none"> 1. Reviewing the internal auditing progress for year ended December 31, 2022. 2. The project of "LITEON Audit intelligent monitoring system"-Procurement Cycle implemented as schedule. 3. The project of "LITEON Audit intelligent monitoring system" will step forward to next stage for sales cycle. 	There are no comments at this meeting.

c. Audit reports and follow-up reports review

Period	Communication Matters	Results
Jan.01~Dec.31, 2022	During Jan 1 to Dec,31, 2022, the internal auditors have sent the audit reports and follow-up reports to the Audit Committee 55 times.	The Chairman of the Audit Committee has commented on each audit report. The internal auditors have followed the instructions and reported to the Audit Committee.
Jan.01~Feb.28, 2023	During Jan 1 to Feb.28, 2023, the internal auditors have sent the audit reports and follow-up reports to the Audit Committee 12 times.	The Chairman of the Audit Committee has commented on each audit report. The internal auditors have followed the instructions and reported to the Audit Committee.

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

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

Meeting Dates	Communication matters	Results
Feb. 24, 2022	The certified public accountants reported to the Audit Committee on the results and the major matters of consolidated and standalone financial reports of 2021.	Consolidated and standalone financial reports of 2021 were reported to the Board of Directors after being approved by the Audit Committee, and was publicly announced and reported to the authority as scheduled.
Apr. 28, 2022	The certified public accountants reported to the Audit Committee on the results and major review matters of 2022 Q1 consolidated financial report.	Consolidated financial reports of 2022Q1 was reported to the Board of Directors after being approved by the Audit Committee, and was publicly announced and reported to the authority as scheduled.
Jul. 28, 2022	The certified public accountants reported to the Audit Committee on the results and major review matters of 2022 Q2 consolidated financial report.	Consolidated financial reports of 2022Q2 was reported to the Board of Directors after being approved by the Audit Committee, and was publicly announced and reported to the authority as scheduled.
Oct. 28, 2022	<ol style="list-style-type: none"> 1.The certified public accountants reported to the Audit Committee on the results and major review matters of 2022 Q3 consolidated financial report. 2.The certified public accountants reported to the Audit Committee on the planning key audit matters of 2022 and auditing planning of each period of 2023. 	Consolidated financial reports of 2022Q3 was reported to the Board of Directors after being approved by the Audit Committee, and was publicly announced and reported to the authority as scheduled.
Feb. 21, 2023	The certified public accountants reported to the Audit Committee on the results and the major matters of consolidated and standalone financial reports of 2022.	Consolidated and standalone financial reports of 2022 were reported to the Board of Directors after being approved by the Audit Committee, and was publicly announced and reported to the authority as scheduled.

3.4.2.3 Attendance of Supervisors at Board Meetings:

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

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

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

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

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
(3) Has the Company established methodology for evaluating the performance of its Board of Directors, on an annual basis and submit the results of performance assessments to the board of directors and use them as reference in determining compensation for individual directors, their nomination and additional office term?	V		<p>(3) The company has implemented the Rules for Evaluating Board of Directors and Functional Committee Performance, and has been performing board performance evaluation every year. The methods of evaluation include the internal evaluation of the board, self-evaluation by individual board members, and internal evaluation of the functional committee. External professional institutions or teams of experts and scholars are hired to perform evaluation every three years.</p> <p>The performance evaluation results of Board of Directors and Functional Committees of the Company for the year 2022 are used as a reference when electing or nominating members of the board of directors, and base its determination of an individual director's remuneration on the evaluation results of his or her performance. The Company reported the evaluation results in the first quarter Compensation Committee (Feb.20, 2023), Nomination Committee (Feb.21, 2023) and board meeting (Feb.21, 2023), the results will be a reference for enhancing the professional competence of the Board of Directors and had been announced on the company website for investors' reference.</p>	
(4) Does the Company regularly evaluate its external auditors' independence?	V		<p>(4) The Audit Committee of the company evaluates the independence and competency of the Certificated Public Accountants (CPA) every year. In addition to requiring the CPA provide "declarations of impartiality and independence", it also evaluates with reference to the Audit Quality Indicators. The company has confirmed that apart from the certification and finance and tax related handling charges between the CPA and the company, there exist no financial interest or business relationship between any of the CPA and the company, and none of the CPA's family members is in violation of the independence requirement. The recent year's evaluation result of the CPA's independence was approved by the board of directors on February 21, 2023.</p> <p>The Audit Quality Indicators evaluation items are detailed in Note.</p>	
4. Does the TWSE/TPEx listed company have in place an adequate number of qualified corporate governance officers and appoint a corporate governance supervisor to be responsible for corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with the laws, organizing board meetings and annual general meetings as required by law, and compiling minutes of board meetings and annual general meetings)?	V		<p>Through a company resolution passed by the board of directors meeting on February 26, 2019, the company appoints Jean Hong, vice president of the Finance Department and Board Secretariat, as the corporate governance officer responsible for protecting the shareholders' rights and making the board function more effectively. Ms. Jean Hong has a minimum of ten-year experience in conducting financial operations and business meetings in a management capacity in listed companies.</p> <p>The main duties are the following:</p> <ol style="list-style-type: none"> 1. Formulating company policies and an appropriate organizational structure to facilitate independence of the board of directors, transparency of the company, and effective implementation of compliance, internal audit and internal control. 2. Reporting to the board of directors, directors, and the functional committees on the status of corporate governance practices in the company, and checking if shareholders meetings and board meetings are called in compliance with the applicable regulations and corporate governance principles. 3. Inviting suggestions from directors prior to a board meeting to facilitate preparation of the meeting agenda; and giving a minimum of 7-day notice to all directors to attend a meeting and providing sufficient materials for the directors to familiarize themselves with the items. Giving prior notice to the individuals involved in the presence of items that involve stakeholder interest and require recusal. 4. Registering the date of shareholders meeting and preparing and filing with the authority the shareholders meeting notice, agenda, and minutes by the statutory deadline every year; and completing the procedures after an amendment of the Articles of Incorporation or an election of directors. 5. Inspecting the disclosure of material information passed by the board of directors after a board meeting or shareholders meeting in order to ensure the legality and accuracy of said material information and protect parity of investor information. 	In compliance with the Best Practice Principles

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
			<p>6. Keeping board members informed of latest changes and developments in laws and regulations relevant to the company's field and regarding corporate governance.</p> <p>7. Create yearly study plans or enroll in courses based on the characteristics of the company's business activities and the education and experience of respective directors.</p> <p>8. Providing the directors with necessary company information; and maintaining an open communication channel between the directors and the department leaders.</p> <p>9. Providing assistance to arrange communication between the independent directors and the Chief Audit Officer and the certified public accountants to facilitate understanding of the company's financial operations.</p> <p>10. Other duties pursuant to the Articles of Incorporation or other contracts.</p> <p>2022 Corporate Governance Operating Status:</p> <p>1. Reporting to the board of directors, directors, and the functional committees on the status of corporate governance practices and making sure that shareholders and board meetings are called in compliance with the applicable regulations and corporate governance principles.</p> <p>2. Established the annual work plan and meeting agenda for the board of directors and functional committees, and prepared legislative proceedings. Inviting suggestions from directors prior to a board meeting to facilitate preparation of the meeting agenda; and giving 7-day notice to all directors to attend a meeting by e-mail and providing sufficient materials for the directors to familiarize themselves with the items. Gave prior notice to the individuals involved where there were items involving stakeholder interest and requiring recusal. Held 10 board meetings, 10 Audit Committee meetings, 4 Compensation Committee meetings, 5 Nomination Committee meetings, 2 Growth Strategy Committee meetings, and 2 Corporate Sustainability Committee meeting in 2022. The details of the above meetings are on the Company's website.</p> <p>3. Inspecting the disclosure of material information passed by the board of directors after a board meeting or shareholders meeting in order to ensure the legality and accuracy of said material information and protect parity of investor information.</p> <p>4. Keeping board members informed of latest changes and developments in laws and regulations relevant to the company's field and regarding corporate governance.</p> <p>5. Providing the directors with necessary company information; and assist directors and department heads to interact and communicate smoothly.</p> <p>6. Registered shareholder meeting date within the legally ordered period (2022 shareholder meeting was held on May 20), and the shareholders' meeting shall be completed within the time limit specified by the competent authority.</p> <p>7. Arranged 6 hours of educational training for the directors on "Digital Transformation Services (DTS)" and "Business Growth and M&A~Sino-American Silicon Group Case Sharing".</p> <p>8. Arranged communication between independent directors and internal auditors/Certified Public Accountants during Audit Committee meetings. Summaries can be found on the Company's website.</p> <p>9. On October 28, 2022, report the company's annual risk management operation and plan to the audit committee, and the audit committee will report to the board of directors, and arrange to report on the implementation of the integrity business to ensure the implementation of the Ethical Management Policy.</p> <p>10. Complete the performance evaluation of Board of Directors and Functional Committees of the Company for the year 2022. The Company reported the evaluation results in the first quarter Compensation Committee (Feb. 20, 2023), Nomination Committee (Feb. 21, 2023) and board meeting (Feb. 21, 2023).</p>	

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
5. Has the Company established a means of communicating with its Stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a Stakeholders Section on its Company website? Does the Company respond to stakeholders' questions on corporate social responsibilities?	V		<p>The company places great emphasis on maintaining balanced relationship and open communication with stakeholders, including shareholders, employees, customers, and suppliers.</p> <p>1. Shareholders: In addition to annual general meetings, the company holds quarterly earnings conference and discloses relevant information in the "Investors and Shareholders" section of the company website. Furthermore, shareholders can share their comments via email: LITEONTech.IR@liteon.com, where a dedicate contact window will response to these requests.</p> <p>2. Employees:</p> <p>(1) In terms of organization, an employee relations unit and HR representatives have been assigned the responsibility of improving employer-employee communication and interaction to make the communication mechanism be improved and perfected.</p> <p>(2) In terms of execution, company-wide employee communication meetings and new hire communication meetings are regularly held by top executives. Two-way communication meetings with employees are also organized by each unit to boost employee loyalty and identification with the Company. In addition to internally published e-mails, websites and employee hot-lines, the Company also manages social networking platforms for conveying information on company activities and collecting employee feedback. These ensure open channels of communication are maintained between the Company and employees.</p> <p>3. Customers: In addition to day-to-day communication channels and regular meetings, the company utilizes the RBA-Online platform to disclose RBA self-assessment results from the factories to customers.</p> <p>4. Suppliers: In addition to day-to-day communication channels and regular meetings, the company hosts annual supplier conventions to convey the company's business performance and goals.</p> <p>5. Furthermore, the company organizes employees and suppliers' training on topics such as corporate social responsibility, the RBA code, and greenhouse gas emission as needed.</p> <p>The company has created the LITEON CSR and Investors section on the company website to provide information for stakeholders. It also offers an email address, Corporate Sustainability Committee & ESG Division: LITEONTech.ESG@liteon.com, for comments.</p> <p>In 2022, the company has continued to use diversified communication channels to improve results and stimulate different social values with nine types of stakeholders. The identification of material topics at LITEON is conducted every three years and the most recent one was done in early 2023. The results of this survey will be analyzed and reported to the Corporate Sustainability Committee directly under the Board of Directors.</p>	In compliance with the Best Practice Principles
6. Has the Company appointed a professional registrar for its Shareholders' Meetings?	V		The company has appointed Yuanta Securities Co., Ltd. as registrar for our Shareholders' Meetings.	In compliance with the Best Practice Principles

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
<p>7. Information Disclosure</p> <p>(1) Has the Company established a corporate website to disclose information regarding its financials, business and corporate governance status?</p> <p>(2) Does the Company use other information disclosure channels (e.g. maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?</p> <p>(3) Does the company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating statements for each month before the specified deadline?</p>	V		<p>(1) The Company will fully disclose company's latest information, product information, financial information, sustainability report, public meeting information, human resources information, etc. in both Chinese and English on the official website for the reference of shareholders and relevant stakeholders.</p> <p>(2) Finance center, investor relations and media windows are set in the Company to take responsibility for collection and disclosure on shareholders, laws and regulations, investment, and market information. The Company also has a spokesperson system to implement and comply with relevant laws and regulations. The presentations and videos of each quarterly earnings conference will also be disclosed in the investor section of the official website for the reference of shareholders and relevant stakeholders.</p> <p>(3) The Company published and reported the annual consolidated and standalone financial report within two months after the end of a fiscal year. And the Company published and reported the financial reports for the first, second and third quarters as well as the operating statements for each month before the specified deadline.</p>	In compliance with the Best Practice Principles
<p>8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)?</p>	V		<p>1. Employee share in the Company's profits and are provided with benefits as the Company's most important partner. We cultivate a working environment unique to the corporate culture of "LITEON" for employees that includes: The Company shares surpluses with employees every year. We also actively support health promoting activities and employee care programs. Our goal is to create a high-quality workplace that takes the quality of life of individuals and families into account, and promote a positive atmosphere for teamwork so that employees can create more value at work and in their own lives.</p> <p>2. The principle of equality opportunity is embraced by the Company. An open and transparent merit-based selection process is followed during recruitment and there is no discrimination on the basis of race, gender, age, religion, nationality or political affiliation. Employees are placed in roles appropriate for their skills and we recognize the contributions of talented people from diverse backgrounds. All forms of workplace discrimination, inequality and sexual harassment are prohibited at LITEON. Related management regulations and a complaint hot-line have been set up to maintain a friendly and healthy working environment.</p> <p>3. The Company treats all customers and vendors in a fair, respectful and dignified manner. Ethics and best practice principles are also emphasized for employees, vendor, and customers.</p> <p>4. All of the company's directors and independent directors have expert knowledge and practical experience in the industry. The company organizes seminars and provides information on relevant regulations as needed. Some directors take the initiative to complete corporate governance courses, and ask the company to report their training online. Records of training completed by the directors are shown in Director Education and Training of the annual report (P.87~88).</p> <p>5. Directors and independent directors attend board meetings and give opinions on governance oversight and business decisions to achieve professional governance. The company has completed online filing of details and attendance for meetings of the board and the Audit Committee.</p> <p>6. Board meetings are conducted in compliance with the Company Act and related regulations regarding conflict of interest and recusal. Recusals of Directors due to conflicts of interests can refer to the annual report P.38~39.</p>	In compliance with the Best Practice Principles

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
			<p>7. The company has purchased liability insurance for the company's directors, independent directors, and key persons.</p> <p>8. The company's risk management policy is to define each risk in accordance with the company's overall operating policy, establish a risk management mechanism to identify early, measure accurately, monitor effectively and control strictly, to prevent possible losses within the range of affordable risks. Based on changes in the internal and external environment, the Company will continue to adjust and improve the best risk management practices to protect the interests of employees, shareholders, partners and customers, increase the value of the company, and achieve the principle of optimizing the allocation of company resources.</p> <p>Furthermore, the annual risk management plan and operation were presented to the Corporate Sustainability Committee and the Audit Committee in 2022. The Audit Committee in turn presented the results to the board of directors.</p>	
<p>9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures.</p> <p>The company has started taking actions and implementing measures according to the internal best-practice principles in response to the results of the Corporate Governance Evaluation.</p>				

(Note) The Audit Quality Indicators evaluation items

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

3.4.4 Functional Committees

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

3.4.4.1 Compensation Committee

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

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

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

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

According to LITEON'S "Compensation Committee Organizational Rules", the Compensation Committee convenes at least twice every year. A total of four Compensation Committee meetings were held in 2022.

3.4.4.1.1 Compensation Committee Members' Professional Qualifications and Independent Analysis

Identity	Qualification (Note1) Name	Relevant working years	Working experience and professional designations	Eligibility of independent status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Compensation Committee Member(Note2)
Independent Director (Chairperson)	Harvey Chang	All have more than 20 years of work experience in business, legal, financial, accounting or corporate business.	(1) Professional qualifications, experience and independence, please refer to pages 20-29 of the director's information (2) Each member complies with Article 3 of the "Measures for the Establishment of Independent Directors of Public Offering Companies and Matters to be Followed" two years before their election and during their term of office.		0
Independent Director	Albert Hsueh				4
Independent Director	Mike Yang				0
Independent Director	MK Lu				0
Independent Director	Edward Yang (Note3)				0

Note1 : For the relevant working years, professional qualifications and experience and independence of each member, please refer to page 20-29 of the relevant content of the director's information.

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

Note3 : Independent Director Edward Yang Term expired on May 19, 2022.

3.4.4.1.2 Compensation Committee Meeting Status

(1) The Compensation Committee consists of four members.

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

The committee convened four times in 2022(A). Committee member attendance was as follows:

Title	Name	Attendance in person (B)	By proxy	Attendance ratio (%) (B / A)	Remarks
Chairperson	Harvey Chang	4	0	100%	Renewal of office
Member	Albert Hsueh	4	0	100%	
	Mike Yang	4	0	100%	
	MK Lu	4	0	100%	
	Edward Yang	2	0	100%	Term expired on May 19, 2022

Annotations:

1. There was no recommendation of the Compensation Committee which was not adopted or was modified by the Board of Directors in 2022.
2. There were no written or otherwise recorded resolutions on which a member of the Compensation Committee had a dissenting opinion or qualified opinion.

3.4.4.1.3 2022 Main Points of Discussion by the Compensation Committee up to February 28, 2023

Date of the meeting	Main Points of Discussion	Resolution	Company reaction base on the opinion of Compensation Committee
13th meeting of 6th committee Feb.23.2022	<ol style="list-style-type: none"> 1.Reported 2021 Annual Board and Functional Committee Performance External Evaluation Report. 2.Reported on the resolution and implementation of the previous compensation committee meeting. 3.Reported 2022 proposal regarding distribution of 2021 remuneration for directors and employees' compensation followed by the discussion and decision making by Compensation Committee. 	Passed by a unanimous vote	Presented by the chairperson of the Compensation Committee to the board of directors
14th meeting of 6th committee Mar.16.2022	<ol style="list-style-type: none"> 1.Reported 2022 proposal regarding distribution of 2021 remuneration for directors followed by the discussion and decision making by Compensation Committee. 2.Reported 2022 proposal regarding distribution of 2021 remuneration for Chairman and Management Team followed by the discussion and decision making by Compensation Committee. 	Passed by a unanimous vote	Presented by the chairperson of the Compensation Committee to the board of directors
1st meeting of 7th committee May.20.2022	Elected the convener and chairman for the seventh Compensation Committee.	Passed by a unanimous vote	Presented by the chairperson of the Compensation Committee to the board of directors
2nd meeting of 7th committee Sept.20.2022	Reported 2022 the first issuance of employee restricted stock awards.	Passed by a unanimous vote	Presented by the chairperson of the Compensation Committee to the board of directors
3rd meeting of 7th committee Feb.20.2023	<ol style="list-style-type: none"> 1.Reported 2022 Annual Board and Functional Committee Performance Evaluation Report. 2.Reported on the resolution and implementation of the previous compensation committee meeting. 3.Reported on proposals for adjusting the principle of director remuneration distribution. 4.Reported 2023 proposal regarding distribution of 2022 remuneration for directors and employees' compensation followed by the discussion and decision making by Compensation Committee. 	Passed by a unanimous vote	Presented by the chairperson of the Compensation Committee to the board of directors

3.4.4.2 Nomination Committee

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

The Committee shall call the committee meeting at least twice a year. A total of six Nomination Committee meetings were held in 2022.

1. Information on the operation of the Nomination Committee

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

(2) Tenure of the Nomination Committee: May 20, 2022 to May 19, 2025. The committee convened 7 meetings (A) in the recent period of time (from January 1st, 2022 to February 28th, 2023) with the attendance of the members specified as below:

Title	Name	Professional qualifications and experience	Attendance in person (B)	By proxy	Attendance ratio (%) (B / A)	Remarks
Chairperson	MK Lu	Headed more than a dozen of mergers and succeeded in turning around many companies. His success in corporate management has earned him the nickname "the Merger King".	7	0	100	Independent Director
Member	Tom Soong	Worked for years as one of the company's key operations officers before becoming the chairman; extensively experienced in talent selection and corporate management	7	0	100	
	Harvey Chang	Specialized in finance and corporate management with plenty of experience in salary and performance management, corporate development and related investments	7	0	100	Independent Director
	Albert Hsueh	Trained in financial accounting and corporate governance with extensive experience in corporate governance and management as well as skills in financial statement analysis and application	7	0	100	Independent Director
	Mike Yang	More than 25 years of experience in IT and business management, specializing in simplifying cloud management and deployment, and leading the global layout of 5G and AI	7	0	100	Independent Director
	Edward Yang	Skilled in forward-looking analysis and opinions on the industry based on extensive industry experience and strategic planning skills	3	0	100	Independent Director Term Expired on May 19, 2022

2. Main Points of Discussion by the Nomination Committee up to February 28, 2023

Date	Main Points of Discussion	Resolutions	Summary of LITEON's opinions on the Nomination Committee
In the 5th session of the 1st Nomination Committee on Jan.03, 2022	Review of new executive manager appointments	The review of the recommended appointment of Patricia Chou as the new chief financial officer (head of finance and accounting) passed unanimously, and was submitted to the board of directors for approval.	The results were reported by the chairman of the Nomination Committee to the board of directors.
In the 6th session of the 1st Nomination Committee on Feb.23, 2022	<ol style="list-style-type: none"> The 2022 continuing education plan for directors Discussion on the number of directors (including independent directors) to be elected to the 12th board of directors and candidate qualifications 	<p>The proposal passed unanimously.</p> <ol style="list-style-type: none"> Topics of the two continuing education sessions for directors this year Recommendation and proposal to the board of directors: <ol style="list-style-type: none"> The 12th board of directors is to consist of eight directors (including independent directors). The company will actively look for more trained professionals, especially women, to join the board of directors. 	The results were reported by the chairman of the Nomination Committee to the board of directors.
In the 7th session of the 1st Nomination Committee on Mar.16, 2022	Recommended list of candidates for the 12th term of directors (including independent directors).	<p>The proposal passed unanimously.</p> <ol style="list-style-type: none"> Director candidate: Tom Soong, Raymond Soong, KS Lu, Anson Chiu Independent Director candidate: Harvey Chang, Albert Hsueh, Mike Yang, MK Lu 	The results were reported by the chairman of the Nomination Committee to the board of directors.
In the 1st session of the 2nd Nomination Committee on May 20, 2022	Elected the convener and chair for the 2nd Nomination Committee.	Nominations were passed unanimously. Independent Director Mike Yang was elected the convener and chair of the 2nd Nomination Committee.	The results were reported by the chairman of the Nomination Committee to the board of directors.
In the 2nd session of the 2nd Nomination Committee on Oct.28, 2022	The amendment to "Corporate governance best practice principles".	The proposal passed unanimously and was submitted to the board of directors for approval.	The results were reported by the chairman of the Nomination Committee to the board of directors.
In the 3rd session of the 2nd Nomination Committee on Dec.06, 2022	Review of new manager appointments.	The proposal passed unanimously and was submitted to the board of directors for approval.	The results were reported by the chairman of the Nomination Committee to the board of directors.
In the 4th session of the 2nd Nomination Committee on Feb.21, 2023	The company's directors' training program plan in 2023.	The proposal passed unanimously.	The results were reported by the chairman of the Nomination Committee to the board of directors.

3.4.4.3 Growth Strategy Committee

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

The Committee shall call the committee meeting at least once every six months. A total of two Growth Strategy Committee meetings were held in 2022.

1. Information on the operation of the Growth Strategy Committee

- (1) Six members of the Growth Strategy Committee (including four independent directors).
- (2) Tenure of the Growth Strategy Committee: May 20, 2022 to May 19, 2025. The committee convened two times in the recent period of time (from January 1st, 2022 to February 28th, 2023) with the attendance of the members specified as below: (A)

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

2. Main Points of Discussion by the Growth Strategy Committee up to February 28, 2023

Date	Main Points of Discussion	Resolutions	LITEON's response to Growth Strategy Committee's opinions
Jun.16, 2022	Discuss the business opportunity layout strategy of the company's smart grid, and give feedback or suggestions.	All committee members participated in the discussion, and put forward ideas for the management team.	The results were reported by the chairman of the Growth Strategy Committee to the board of directors.
Aug.25, 2022	Discuss the three-year strategy and Roadmap of the company's smart grid business opportunity layout, and give feedback or suggestions.	All committee members participated in the discussion, and put forward ideas for the management team.	The results were reported by the chairman of the Growth Strategy Committee to the board of directors.

3.4.4.4 Corporate Sustainability Committee

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

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

The Corporate Sustainability Committee consists of no less than three board members appointed by the board of directors, and more than half are independent directors. They are responsible for setting the annual goals of corporate social responsibility in economic, environmental, and social aspects and regularly supervising the implementation status, leading LITEON sustainable development to improve and achieve various short, medium, and long-term goals, and regularly report implementation plans and results to the board of directors every year. The Committee shall convene at least twice a year following LITEON's "Organizational Rules for the Corporate Sustainability Committee." The Committee held two meetings in 2022.

1. Corporate Sustainability Committee meeting status

- (1) The Corporate Sustainability Committee consists of 5 members (including 4 independent directors). The independent directors of the company have industry professional backgrounds and practical experience. Among them, Albert Hsueh is an independent director specializing in corporate governance, and Mike Yang is an independent director have an extensive background in IT and infosec.
- (2) The term of 6th session of the Corporate Sustainability Committee: 2022/05/20 to 2025/05/19, there have been 2 meetings(A) held from 2022/1/1-2023/2/28 and members' attendance status is as follows:

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

2. Summary of the Corporate Sustainability Committee meetings for the most recent year (2022 to 2023/2/28)

Date	Meeting Minutes	Resolution	Follow Up
5th meeting of 2 nd CS Committee Mar. 16, 2022	<ul style="list-style-type: none"> • Revision of Corporate Social Responsibility Best Practice Principles • Risk management report • 2022 critical ESG project report 	No objection from all the members present.	The chairman of Corporate Sustainability Committee reports implementation plans and results to the board of directors.
6th meeting of 2 nd CS Committee Oct. 21, 2022	<ul style="list-style-type: none"> • Corporate Sustainability Subcommittees 2022 status report • Risk management status report • TCFD status report 	No objection from all the members present.	The chairman of Corporate Sustainability Committee reports implementation plans and results to the board of directors.

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

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

Promotion Item	Implementation Status		Non-implementation and Its Reason(s)
	Yes	No	
1. Has the Company established and promoted a sustainable development governance structure and set up a dedicated (or non-dedicated) unit for the promotion of sustainable development, and has the Board of Directors authorized the senior management to handle relevant issues and does the Board supervise the state of affairs with respect to the preceding?	V		<p>In April 2019, LITEON passed a resolution to set up the Corporate Sustainability Committee (CS Committee) directly under the board, as the highest designated unit to guide the sustainable governance of the Company. The CS Committee is chaired by the Chairman, who leads the executive management to drive sustainable strategies, review the effectiveness of sustainable implementation and formulate improvement plans. The Committee meets at least twice a year, and is divided into nine sub-committees, responsible for planning and formulating sustainable strategies and operations covering environmental, social and governance (ESG), and submitting meeting resolutions to the board of directors in accordance with organizational regulations, to strengthen the relationship between corporate governance and sustainability.</p>
2. Does the company conduct risk assessments of environmental, social and corporate governance issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	V		<p>LITEON set up a Corporate Sustainability Committee (CS Committee) under the Board, and Risk Management Subcommittee, a part of functional teams, under CS Committee Since 2020, LITEON has formulated Risk Management Policy and Procedures, which have been reviewed, approved, and implemented by the Board of Directors.</p> <p>The scope of the Policy covers LITEON and its subsidiaries, with its content defines clear organizational functions with its' liabilities and various risks in accordance with LITEON's overall operation policy to establish risk identification in advance, risk assessment more precisely, risk monitor more effectively and risk control more strictly. In addition, to ensure that comprehensive risk issues can be included in the risk identification process, LITEON's Risk Management Subcommittee divides risks into eight major categories based on economic (including corporate governance), environmental, social, and other aspects, including market risk, operation risk, investment risk, legal and regulatory risk, environmental risk, working hazards risks, human resource risks, and other risks. In 2021, LITEON introduced enterprise risk management (ERM) to systematically establish the mechanism of risk evaluation whose aim is to prevent possible losses and to continue to adjust with improvements of the best possible risk management practices, which aims to prevent possible losses and to continue to adjust with improvements of the best possible risk management practices, according to the changes in the internal and external environment, under certain tolerable risks, and to protect the interests of LITEON's employees, shareholders, partners, and clients and to create more value and achieve optimal resource allocation for the company.</p>

Promotion Item	Implementation Status		Non-implementation and Its Reason(s)
	Yes	No	
3. Environmental Issues (1) Has the Company set an Environmental management system designed to industry characteristics?	V		None
(2) Is the Company committed to improving energy efficiency and to the use of renewable materials with low environmental impact?	V		(1) LITEON continues to strengthen the company's sustainable governance functions to create a more sustainable environment. LITEON has established the Corporate Sustainability Committee directly under the board of directors as the highest guidance for LITEON's sustainable governance operations, and set goals and implement it gradually, and organize an Environmental Sustainability Subcommittee under it, with the top manager of the manufacturing department serving as the convener to improve environmental management performance and environmental risk control, to enhance the company's production department's emphasis on the environment, respond to the United Nations Sustainable Development Goals (SDGs), and set goals and gradually promote implementation. LITEON adheres to the concept of responsible production strategy, takes the development of low-carbon products and sustainable green operation as the environmental sustainable management policy, and introduces ISO 14001, ISO 45001, ISO 50001, and establishes multiple inventory systems including ISO 14064, ISO 14067 and UL 2799 to monitor environmental information, respectively for climate change and energy, operation and product carbon emissions, water resources, waste and recycling and product green design and occupational safety management. We also strive to reduce emissions from operations, products and waste to properly respond to stakeholders' expectations on environmental issues and enhance LITEON's resilience to sustainable issues. (2) LITEON improves energy efficiency and implements energy conservation and carbon reduction programs by setting energy and environmental targets, and reduces its carbon footprint and greenhouse gas emissions through the use of recycled materials and the use of raw materials in product research and development. LITEON continues to utilize energy creation, energy conservation, and energy conversion as mitigation strategies, increases LITEON's renewable energy utilization rate, implements and improves the energy management system, optimizes the process and promotes plant operation improvement strategies, and adjusts internal carbon prices, strengthens carbon reduction investment decisions to fulfill LITEON's SBT commitment. In terms of goal setting, LITEON has set an SBT (Science Based Target) goal to reduce its carbon intensity by 39.3% compared to 2014 by 2025. Additionally, the company has established a target to improve the energy efficiency of its power module products by 2% from 2016 to 2023. Furthermore, the company has incorporated bio-friendly design concepts into its product design, such as improving LED product design to reduce negative impacts on biological behavior and minimizing the environmental impact of products. LITEON not only aims to improve product energy efficiency and protect biodiversity, but also conducts detailed research on the materials used in its products. For example, the company has utilized PCR plastic materials in 3C power module products, keyboards, mice, and casings, and has increased the proportion of products made from recycled materials. In 2022, the company obtained ISCC traceability certification for plastic recycling materials, and related data was disclosed in the 2022 LITEON Sustainability Report.

Promotion Item	Implementation Status		Non-implementation and Its Reason(s)
	Yes	No	
<p>(3) Has the company evaluated the potential risk and opportunity induced by climate change and deploy possible solutions to face the problem?</p>	V		<p>None</p>
	<p>Summary</p> <p>(3) Regarding climate change as an important risk and opportunity, LITEON supports the Task Force on Climate-Related Financial Disclosures (TCFD) and follows its climate-related financial disclosure proposal framework in its Sustainability Report. LITEON discloses climate change information and the risks and opportunities it brings, plans the countermeasures needed to face climate change, responds to the "Commit to Action" initiative jointly launched by CDP and the We Mean Business Coalition, and participate in the "Taiwan Climate Partnership" to reduce year by year Greenhouse gas emissions from organizations and products. LITEON has created a climate change risk working group which is responsible for the entity and transition risks and opportunities arising from climate change, identifying climate-related risks and opportunities, assessing the possibility of occurrence and analyzing the degree of impact, and discussing appropriate countermeasures based on the analyzed risks and opportunities. Major climate risk issues after the main analysis mainly come from important stakeholders such as clients and investors, issues including corporate greenhouse gas reduction and compliance with product energy efficiency standards. For the opportunities brought by climate change, LITEON's diversified and sustainable green products and service orientations are on the right track.</p>		
<p>(4) Did the company collect the data of the past two years on GHG emission, water consumption and the weight of waste as well as set up related environmental impact reduction policy?</p>	V		

(4) LITEON adopted ISO 14064 reasonable assurance and AA1000AS then entrusted the third-party verification agency to conduct audits on GHG emission, including scope 1 to 3, water consumption and waste generation for managing the environmental impact from the company operation and practicing responsible production. The related information is provided on LITEON Sustainability Report and the website. The greenhouse gas inventory targets include plants with more than 1% of the company's revenue (including 19 global plant sites and Neihu headquarters) to effectively manage and reduce the environmental impact of operational activities and implement responsible production.

Year	2014 (Base Year)	2020	2021	2022 ⁴
Scope 1 ^{1,2}	11,241	11,947	10,081	8,568
Scope 2 ^{1,2,3}	275,714	213,791	216,771	208,481
Emission Intensity (tonCO ₂ e/ million NTD revenue)	2.04	1.61	1.53	1.46
Scope 3 ¹	-	12,604,594	13,332,353	13,000,000

1 : Units of scope 1,2 and 3 data are tonCO₂e
 2 : Greenhouse gases included in scope 1 and 2 include CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃ and others notified by the central authority, etc.
 3 : Scope 2 information is calculated in market-based
 4 : The verified data will be disclosed in LITEON's 2022 Sustainability Report

Promotion Item	Implementation Status		Non-implementation and Its Reason(s)																																
	Yes	No																																	
		<p>To continuously achieve the carbon reduction targets set in each year, LITEON continues to implement the carbon reduction tracking. The reduction direction was carried out in the form of energy saving plans, purchase of renewable energy, and reduction of product life cycle emissions etc., with a cumulative power saving of 27.67 million kWh/year from 2019 to 2021, an estimated power saving of 21.3 million kWh/year in 2022, and the energy-saving method was implemented by heat recovery, process improvement etc., and purchased certified renewable energy, improved the use rate of renewable energy and achieved the energy-saving target set by the power supply product in advance².</p> <table border="1"> <thead> <tr> <th></th> <th>2020</th> <th>2021</th> <th>2022</th> </tr> </thead> <tbody> <tr> <td>Water Consumption(m³)</td> <td>2,555,303</td> <td>2,539,346</td> <td>2,158,992</td> </tr> <tr> <td>Water Consumption Intensity (m³/ million NTD revenue)</td> <td>18.48</td> <td>17.32</td> <td>14.51</td> </tr> <tr> <td>General industrial waste¹</td> <td>4,648</td> <td>3,679</td> <td>6,063</td> </tr> <tr> <td>Harmful industrial waste/ scrap¹</td> <td>1,900</td> <td>2,392</td> <td>2,545</td> </tr> <tr> <td>Waste from resources¹</td> <td>14,304</td> <td>12,524</td> <td>21,411</td> </tr> <tr> <td>Total waste¹</td> <td>20,512</td> <td>18,596</td> <td>26,254</td> </tr> <tr> <td>Waste intensity (ton/ million NTD revenues)</td> <td>0.148</td> <td>0.126</td> <td>0.177</td> </tr> </tbody> </table> <p>1: Unit: ton 2: The verified data will be disclosed in LITEON's 2022 Sustainability Report</p> <p>LITEON has set targets of carbon emission (based on the SBT criteria), water consumption, and waste disposal :</p> <ul style="list-style-type: none"> • Emission Intensity decrease by 39.3% by 2025 compared to the base year 2014 • Water consumption data set 2017 as the base year and aims to reduced water intensity by 10% in 2025 • Waste to decrease by 3,300 tons on an absolute basis by 2025 compared to the base year 2017 • Plastics in packaging to decrease by 300 tons by 2025 compared to the base year 2018 • Product carbon footprint 5% reduction in carbon emissions for each generation 		2020	2021	2022	Water Consumption(m ³)	2,555,303	2,539,346	2,158,992	Water Consumption Intensity (m ³ / million NTD revenue)	18.48	17.32	14.51	General industrial waste ¹	4,648	3,679	6,063	Harmful industrial waste/ scrap ¹	1,900	2,392	2,545	Waste from resources ¹	14,304	12,524	21,411	Total waste ¹	20,512	18,596	26,254	Waste intensity (ton/ million NTD revenues)	0.148	0.126	0.177	None
	2020	2021	2022																																
Water Consumption(m ³)	2,555,303	2,539,346	2,158,992																																
Water Consumption Intensity (m ³ / million NTD revenue)	18.48	17.32	14.51																																
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Total waste ¹	20,512	18,596	26,254																																
Waste intensity (ton/ million NTD revenues)	0.148	0.126	0.177																																

Promotion Item	Implementation Status		Non-implementation and Its Reason(s)
	Yes	No	
<p>4. Social Issues</p> <p>(1) Does the Company set policies and procedures in compliance with regulations and internationally recognized human rights principles?</p>	V	No	None
			<p>LITEON respects and supports internationally recognized human rights standards and principles, including the “Universal Declaration of Human Rights”, the “United Nations Global Compact”, and the “Declaration of Fundamental Principles and Rights at Work” of the International Labor Organization, and complies with local laws and regulations. According to the “UN Guiding Principles on Business and Human Rights”, LITEON formulates our internal human right policy. In its implementing of human rights management, LITEON adopts the Responsible Business Alliance (RBA) Code of Conduct as the management framework in its operations and on the supply chain, which allows it to identify, prevent, and reduce impact relating to human rights. LITEON has established a process for due diligence, and investigation is carried out at least once every three years; The last such investigation was conducted in 2020, and it has been restarted in 2023. In addition, internal and external audits at our facilities are carried out on a regular basis in accordance with the RBA audit process. Achievements and improvements of various performance indicators, including those of labor, ethics, environment, safety, and health, are reviewed in the annual management review meeting.</p>

Promotion Item	Implementation Status		Non-implementation and Its Reason(s)
	Yes	No	
(2) Has the Company established appropriately managed employee welfare measures (include salary and compensation, leave and others), and link operational performance or achievements with employee salary and compensation?	V		<p>A.Compensation</p> <p>Employees are the most important partners for LITEON's sustainable development. In addition to protecting employees' work rights, we also provide market-competitive compensation and benefits. LITEON regularly invites professional third-party consultation companies to conduct compensation level review, understand the level and trend of market competitiveness, appropriately adjusts salary levels of employees, and has established annual bonuses, incentive bounds and employee remuneration systems...ets to reward employees for contributions and outstanding performance in order to share operating profits with employees; also, the compensation system applies equally with respect to factors such as gender, age, and race, so that employees can express their personal value and contribute through use of their strengths in an equal workplace environment. In 2022, the proportion of female employees was 46%, and the proportion of female senior executives was 12%. There is no significant difference in remuneration ratio between men and women of the Company.</p> <p>LITEON launched its "employee stock ownership trust" in September 2021, and has invited employees to become LITEON shareholders; Taiwanese employees can choose to participate according to their personal intention. A fixed amount is allocated from the monthly salary of participants, and the Company will allocate a corresponding reward and deposit it into a special trust account. The trust allows employees the opportunity to share the operational results of the Company over the long term, accumulate wealth, and create a mutually beneficial partnership.</p> <p>B.Holidays and Retired</p> <p>Holidays are better than the Labor Standards Law. In addition to enjoying various leave in accordance with the law, there are also group vacations. LITEON makes contributions to employees' pension funds according to local regulations, regardless of where it operates in the world. Today, 100% of its employees have joined a pension plan</p>

Promotion Item	Implementation Status		Non-implementation and Its Reason(s)
	Yes	No	
Same(2)		<p>Summary</p> <p>C.The other welfare measures are explained as follows, please see “V. Operational Highlights” of this Annual Report, which provides information on “Labor Relations”:</p> <p>(I)On-site Services and Amenities LITEON provides staff restaurants, health centers and fitness centers. In addition to health professionals available daily to provide assistance, doctors visit the health center monthly to provide face-to-face medical consultations for employees. The center is also equipped with first-aid supplies and equipment for various emergencies. And the fitness center contains a variety of weight training equipment and treadmills. The company has hired an external sports consultant to supply personal trainers who provide services and instructions. In addition to professional fitness advice, the personal trainers offer regular sports courses that will help employees relieve stress and get fit.</p> <p>(II)Health Management Programs LITEON organizes employee health check-ups every year. Based on the yearly health check, employees will be divided into three classes, low, medium, and high risk, depending on the degree of deviation from the standard values. The hospitals and nurses on site will make corresponding tracking and coaching afterward. An employee may direct any question regarding his/her checkup to the family doctor stationed at the same plant so to get a better understanding of his/her own physical conditions.</p> <p>(III)Employee Assistance Programs LITEON has been introducing Employee Assistance Programs (EAPs) that provided every employee with free, 24-hour professional, multi-lateral and highly confidential consultation services in five main areas: mental health, business administration, legal affairs, health care and finance advice to assist colleagues to deal with life problems.</p> <p>In addition, LITEON has posted relevant contact information on the internal website through which employees may obtain the most timely and professional assistance in an emergency situation.</p> <p>(IV)Employee Welfare Programs The Company offers annual recognition of long-serving employees, employee group insurance, marriage and childbirth subsidies, hospitalization and bereavement support, continuing education subsidies, child education subsidies, travel subsidies, festival subsidies, and statutory employee benefits to provide employees with basic care. Employees are encouraged to set up recreational clubs on their own initiative. Subsidies for clubs, physical and online lectures, and live-stream events enrich and add variety to the recreational life of employees. Employees are provided with free various types of lunch, child care plan (implemented in 2023) and other benefits that exceed the statutory minimum. We are continuing to optimize our support for employees.</p>	None

Promotion Item	Implementation Status		Non-implementation and Its Reason(s)
	Yes	No	
(3) Does the Company provide employees with a safe and healthy working environment, with regular safety and health training?	V		<p>A. We follow local occupational health and safety regulations and provide pre-employment physical examinations and occupational safety and health education and training for new hires. Relevant health and safety education and training is also provided to active employees. The scope of such education and training covers occupational health and safety regulations, fire safety, use and management of hazardous chemicals, and first aid courses. Regarding employee health, one physical examination per year is provided above the regulatory requirements in addition to necessary health consultation and follow up. In order to prevent occupational diseases and occupational accidents, all plants have established EHS promotion task forces, which work in conjunction with internal audits and external audits. These task forces oversee environmental health and safety, and improvement actions, throughout the company. A zero workplace accident scorecard is a key operations and management indicator.</p> <p>B. ISO 45001 occupational health and safety management certification was organized at all plants in Taiwan and overseas in 2022 according to the local regulations or clients' requirements.</p> <p>C. A total of 40 occupational accidents worldwide occurred at LITEON in 2022. The ratio is 0.1% based on 30,977 employees in total. LITEON investigated every occupational accident and identified the root causes. The company also performed necessary construction or administrative improvement or provided necessary personal health and safety equipment. Mandatory health and safety education and training and campaigns were reinforced to reduce the risk of repeat accidents.</p> <p>LITEON's training and development programs are guided by the company's vision, strategy, and values. The corporate culture is embedded at the core of a full-developed-level and skill-specific learning structure. The five aspects of LITEON's learning structure: Leadership, Domain Knowledge, Legal Compliance, Self-development, Talent development. The detail description, please see "5. Operational Highlights" of this Annual Report, which provides information on "5.5 Labor Relations."</p>
(4) Has the Company established effective career development training plans?	V		

Promotion Item	Implementation Status		Non-implementation and Its Reason(s)
	Yes	No	
(5) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer or customer protection and grievance policies?	V		<p>Summary</p> <p>A. In 2010, LITEON implemented the LITEON LS301 standards by following the IECQ, QC 0800000 system and considering the latest trends in other countries, regulations (IEC 62474 or beyond RoHS, REACH, California Bill 65, Montreal Protocol, and other directives), as well as customer needs. The LS301 standards have 100% control over all products and materials. and from time to time, it will be reconciled and revised with the versions of various business divisions. The total number of restricted substances reached 380 in 2021.</p> <p>The in-house Green product Management System (GMS) works with the Prohibited Substances management and "design development management" procedures already in place as well as the Quality Assurance, Quality Control and LS301 standards for hazardous substance management. LITEON also requires that suppliers (including contractors) comply with the LITEON Guidelines for Green Procurement and submit the Supplier Statement of Restricted Substances Compliance for material/part acknowledgment and internal control. Furthermore, LITEON states explicitly in all procurement contracts the strict requirement for materials, parts, or semi-finished goods to comply with or exceed RoHS, REACH, California Proposition 65, and Montreal Protocol. With the implementation of green supply chain management, we hope to achieve the goal of sourcing environmentally friendly materials, manufacturing and providing to our customers low-toxicity and low-pollution products to minimize any harmful impact they may have on the human body or the environment.</p> <p>B. To implement the protection of personal data and privacy rights, the company has formulated a "Privacy Policy" and "Personal Data Protection Management Measures" as guidelines for personal data protection. In response to the European Union's General Data Protection Regulation (GDPR) and Taiwan's Personal Data Protection Law and other relevant requirements of the competent authorities in recent years, the company revised the personal data protection security policy and related management measures, while continuing to introduce information technology tools and continuously improve management mechanisms to effectively maintain information security and privacy protection.</p> <p>C. Customer satisfaction is one of LITEON's core values. All the business units have cross-function teams (CFTs) providing targeted services to individual customers. These teams are responsible for sales, product R&D and manufacturing, quality, delivery, cost, and after-sales service. The CFTs can quickly propose response methods and overall solutions based on problems and feedback reported by customers. Furthermore, all LITEON business units have installed customer and consumer complaint channels to ensure consumer rights are protected.</p>

Promotion Item	Implementation Status		Non-implementation and Its Reason(s)
	Yes	No	
(6) Does the company formulate a supplier management policy that requires suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and the implementation?	V		<p>LITEON sets the Sustainable Supply Chain Management Subcommittee under the Corporate Sustainability Committee. Based on traditional supply chain management, we also follow relevant domestic and international laws and regulations, supplemented by the industry benchmark such as the RBA Code of Conduct, etc., to consolidate sustainable supply chain management, and formulate LITEON's sustainable supply chain management policy accordingly. To ensure a safe working environment in the supply chain, respect and dignity for employees' human rights, environmental protection and ethical conduct in business operations, the relevant management regulations and ESG evaluation/audit of suppliers have been formulated and implemented to jointly fulfill corporate social responsibilities. The basic of LITEON's supply chain management mechanism is to formulate supplier green procurement standards, require suppliers to comply with LITEON's Supplier Code of Conduct, sign the "Supplier Executive Certification of Compliance" and "Integrity Commitment." It also requires suppliers comply fully with the laws and regulations in the countries/regions where they operate their businesses. Meanwhile, LITEON requires first tier suppliers impose the same guidelines on suppliers on the next tier.</p> <p>In addition, LITEON proactively provides suppliers with training and counseling resources on issues of international highlight issues such as climate change, biodiversity, and responsible minerals. LITEON also conducts supply chain carbon inventory, energy-saving projects for suppliers, and responsible mineral due diligence, etc. The above-mentioned implementations are all for building the solidity of sustainable supply chain management and reducing operational risks, increasing supplier partnerships in sustainability.</p> <p>For related information, please refer to: https://www.liteon.com/en-us/globalcitizenship/289</p>
5. Does the company prepare sustainability reports and other reports that disclose non-financial information by following international reporting standards or guidelines? Does the company obtain third party assurance or certification for the reports above?	V		<p>LITEON has been publishing Sustainability Reports since 2007. The sustainability issues, as well as strategies, goals and practices of the Sustainability Report, are drafted based on GRI Standards published by Global Reporting Initiative while responding to SASB, TCFD, Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, Sustainable Development Goals (SDGs) and ISO 26000 Guidance on Social Responsibility. Moreover, the contents of this report have been discussed and categorized using AA1000 APS-compliant procedures. An independent third party has been engaged to provide assurance for AA1000AS type-2, high-level accountability and GRI Standard disclosure. Please refer to: https://www.liteon.com/en-us/globalcitizenship/365</p>

Promotion Item	Implementation Status		Non-implementation and Its Reason(s)
	Yes	No	
	Summary		
6. If the Company has established the sustainable development principles based on "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies", please describe any discrepancy between the Principles and their implementation: No deviations.			
7. Other important information to facilitate better understanding of the company's implementation of sustainable development: A. International/Domestic ESG Ratings (1) Dow Jones Sustainability Indices (DJSI) Included on the Dow Jones Sustainability Indices for 12 consecutive years and ranks among the 2022 DJSI World Index and Emerging Markets Index (2) 2023 S&P Global Sustainability Yearbook Industry top 5% (3) Rated AA in MSCI, ESG Rating and included in 2022 MSCI AWCI ESG Leaders Indexes (4) Inclusion in the FTSE4Good Emerging Index / FTSE4Good TIP Taiwan ESG Index (5) Awarded "Prime Status" in ISS ESG Rating (6) Received the highest rating of "Leadership" in CDP Supplier Engagement Rating (SER) (7) Ranked Top 5% in the 8th Corporate Governance Evaluation (8) Recipient of the Commonwealth Corporate Citizen Award by the Commonwealth Magazine since 2007 for 16 consecutive years (9) Awarded Corporate Sustainability Report Platinum Awards, Climate Leader Award and Supply Chain Leadership Award in 2022 Taiwan Corporate Sustainability Awards (TCSA) (10) Won 3 Enterprise Classic Award from New Taipei City Government			


Promotion Item	Implementation Status		Non-implementation and Its Reason(s)
	Yes	No	
<p>B. ESG Related Certifications</p> <p>(1) Reports are based on GRI and assured by third parties to meet the GRI Standards</p> <p>(2) Emission reduction targets approved by Science Based Targets Initiative (SBTi)</p> <p>(3) ISO 14001 environmental management system certification</p> <p>(4) ISO 45001 occupational health and safety certification</p> <p>(5) ISO 14064-1 GHG inventory (reasonable level of assurance)</p> <p>(6) ISO 50001 Energy Management certification</p> <p>(7) QC 080000 hazardous substance process management certification</p> <p>(8) RoHS testing services and CNAS accreditation</p> <p>(9) A total of 25 factories received Product Liability Insurance AAA Certification</p> <p>(10) IEC 62443 and ISO 27001 Information security management certification</p> <p>(11) Taiwan I Sports certification by Sports Administration, Ministry of Education</p> <p>(12) Green Building Certification</p> <p>(13) Received UL ECVF 2809 (UL Environmental Claim Validation Procedure, UL ECVF) and UL 746D (UL Recycled Plastics Certification in Yellow Card), which makes LITEON the first company in the world to be certified both in the traceability and performance of ocean plastic</p> <p>(14) LITEON CA site(Dongguan) has obtained UL 2799 with platinum rating</p> <p>(15) LITEON Cultural Foundation has undertook Xinyi Community College, promoted community education for 22 years and won the Annual Special Award from the Ministry of Education</p>			
<p>C. Product inspection and certification</p> <p>(1) ENERGY STAR energy efficiency label</p> <p>(2) Minimum Energy Performance Standard (MEPS)</p> <p>(3) 80 PLUS energy efficiency labels</p> <p>(4) China Energy Conservation Program (CECP certification)</p> <p>(5) LITEON's photocoupler LTV-817, PLCC SMD LED LTV-089 series, desktop chassis G558L07B, and laptop power supply PA-1600-5A have been verified by a third party and obtained ISO 14040, ISO 14025 Product Environmental Footprint Declaration Compliance Statement.</p> <p>(6) Server power products PF-1153, PS-2322 and LED car light modules also obtained ISO 14067 Product Carbon Footprint Declaration Compliance Statement</p> <p>(7) GZ OCS has obtained the IATF16949 certification of the mobile industry quality management system</p>			

3.4.5.2 Climate-Related Information of TWSE/TPEx Listed Company

1. Implementation status of climate-related information

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

Item	Implementation status:
<p>5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.</p>	<p>For scenario simulations, LITEON analyzed the impact of extreme weather events on the company with respect to our product and production advantages. Using scenarios such as RCP 8.5 and RCP 2.6, extreme weather factors that may impact on LITEON as a result of an increase in temperature were identified as typhoons, flooding, and hot weather. Quantitative and qualitative analysis using RCP 8.5 as the worst-case scenario suggested the temperatures will increase by 4.1°C by 2100. During our analysis, we used climate analysis as a reference to confirm our parameters and assumptions due to the greater diversity in LITEON product applications. Items analyzed included energy demand and combination, price of key merchandise/products, energy and technology efficiency, and our worldwide websites. Under the RCP 8.5 scenario, we chose to emphasize the collection of climate data and physical risks in our analysis. Short, medium and long-term targets were therefore set for the progressive reduction of carbon emissions through carbon management and emission reduction plans. The main impacts of RCP 8.5 have now been confirmed. Rising temperatures and sea levels will increase the frequency of flooding or diseases in the future.</p> <p>An analysis based on the 2°C scenario (2DS) of International Energy Agency (IEA) was carried out verify the potential contributions that LITEON can make towards emission reduction. According to energy system pathways and CO₂ emission pathways described by 2DS, strict regulation of production and operating locations will reduce annual energy-related CO₂ emissions by 70% by 2060. The parameters and assumptions that we took into account included energy composition (including renewable energy), energy-conservation technology, customer requirements, as well as the policy choices made by qualitative scenarios during 2DS scenario analysis. The analytical choices that we made during our analysis included period of effect, applicability to our operating locations, and costs.</p>
<p>6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.</p>	<p>The identification of climate risks and opportunities was used to examine climate-related developments within LITEON in order to determine the physical and transition risks and opportunities, and potential problems in the future. We also took the outcomes of past climate responses into account. The purpose of the process is to manage risk as well as expand and explore future opportunities. A task force was set up by LITEON to consider the potential financial impact of related issues and risk management was improved as a result. The LITEON TCFD execution team discussed the transition risks from law, technology, market, and reputation as well as the short, medium and long-term opportunities. The transition risks and opportunities identified by LITEON included energy efficiency of products, source of energy product materials, laws, and technology applications. Key stakeholders consist of customers, investors, and other GHG reduction government agencies. The main climate opportunities lay in green products and services that are aligned with the trend towards sustainable green development. To support future GHG reduction targets. The main climate opportunities will come from the sustainable development of green products and services by the customer. LITEON has set product targets for GHG reduction in the future. These will serve to reduce GHG emissions produced by LITEON's own production operations and products.</p>

Item	Implementation status:																																							
<p>7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.</p>	<p>Internal carbon pricing was used by LITEON as an auxiliary tool for transition risk. Pricing was calculated using investments related to carbon reduction including the purchase of renewable energy/certificates, reduction in GHG emissions, and so on. A carbon pricing policy not only strengthened the Company's energy efficiency and carbon reduction measures. It will also help LITEON cope with changes in the energy market and mitigate our operating risks after the introduction of carbon emission reduction and carbon trading regulations. The policy is one of our long-term strategies for achieving net zero emissions so we may gradually increase the rates.</p>																																							
<p>8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified</p>	<p>Science-based reduction targets were set by LITEON and approved by SBTi review in 2019. The LITEON carbon reduction pathway set 2014 as the baseline and aims to reduce carbon emissions by 39.3% for each unit of revenue by 2025. The goal is to achieve net zero by 2050. The SBT carbon reduction pathway is as shown below. In LITEON's carbon reduction pathway, the scope of GHG emissions included Scope 1 and Scope 2 emissions from LITEON's main production sites and headquarters. In 2021, LITEON purchased 73,130 International Renewable Energy Certificates (I-REC) for a total reduction of 63,562 tons CO₂e. In terms of carbon reductions, LITEON exceeded our carbon SBT reduction target (24.62%) with a reduction of 25.16% in 2021.</p>  <p>LITEON Carbon Reduction Roadmap</p> <table border="1"> <thead> <tr> <th>Year</th> <th>SBT Carbon reduction roadmap</th> <th>Carbon Intensity</th> </tr> </thead> <tbody> <tr><td>2014</td><td>2.04</td><td>2.04</td></tr> <tr><td>2015</td><td>1.99</td><td>1.99</td></tr> <tr><td>2016</td><td>1.91</td><td>1.83</td></tr> <tr><td>2017</td><td>1.83</td><td>1.76</td></tr> <tr><td>2018</td><td>1.76</td><td>1.69</td></tr> <tr><td>2019</td><td>1.69</td><td>1.62</td></tr> <tr><td>2020</td><td>1.62</td><td>1.54</td></tr> <tr><td>2021</td><td>1.57</td><td>1.61</td></tr> <tr><td>2022</td><td>1.53</td><td>1.46</td></tr> <tr><td>2023</td><td>1.38</td><td>1.31</td></tr> <tr><td>2024</td><td>1.24</td><td>1.24</td></tr> <tr><td>2025</td><td>1.24</td><td>1.24</td></tr> </tbody> </table> <p>*The 2022 GHG inventory data will be disclosed in the LITEON Sustainability Report.</p>	Year	SBT Carbon reduction roadmap	Carbon Intensity	2014	2.04	2.04	2015	1.99	1.99	2016	1.91	1.83	2017	1.83	1.76	2018	1.76	1.69	2019	1.69	1.62	2020	1.62	1.54	2021	1.57	1.61	2022	1.53	1.46	2023	1.38	1.31	2024	1.24	1.24	2025	1.24	1.24
Year	SBT Carbon reduction roadmap	Carbon Intensity																																						
2014	2.04	2.04																																						
2015	1.99	1.99																																						
2016	1.91	1.83																																						
2017	1.83	1.76																																						
2018	1.76	1.69																																						
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2024	1.24	1.24																																						
2025	1.24	1.24																																						
<p>9. Greenhouse gas inventory and assurance status (filled out separately below in 1-1).</p>																																								

1-1 Greenhouse Gas Inventory and Assurance Status


Instructions for Completing the Table:

1. Scope 1 and Scope 2 information in this table shall be disclosed according to the schedule prescribed in the order issued under Article 10, paragraph 2 of the Regulations. Scope 3 information may be voluntarily disclosed by the business.
2. The company may conduct the greenhouse gas inventory in accordance with the following standards:
 - (1) Greenhouse Gas Protocol (GHG Protocol)
 - (2) ISO 14064-1 issued by the International Organization for Standardization.
3. The assurance body shall meet the provisions regarding assurance of sustainability reports prescribed by the TWSE and the TPEX.
4. The information for subsidiaries may be reported individually, or in aggregate (e.g., by country or by region), or on a consolidated basis (Note 1).
5. The intensity of greenhouse gas emissions may be calculated per unit of product/service or revenue, but at least the data calculated in terms of revenue (NT\$ 1 million) should be disclosed (Note 2).
6. The proportion of total emissions from operating sites or subsidiaries not included in the inventory calculation shall not be more than 5%. "Total emissions" above means the quantity of emissions calculated according to the mandatory inventory scope referred to in point 1 of these instructions for Completing the Table.
7. The description of assurance status shall summarize the content of the assurance report of the assurance body, and the complete assurance opinion shall be appended to the annual report (Note 3).

Basic information of the company <input checked="" type="checkbox"/> Capital of NT\$10 billion or more, iron and steel industry, or cement industry <input type="checkbox"/> Capital of NT\$5 billion or more but less than NT\$10 billion <input type="checkbox"/> Capital of less than NT\$5 billion	Minimum required disclosure under the Sustainable Development Roadmap for TWSE/TPEX Listed Companies: <input type="checkbox"/> Inventory for parent company only <input type="checkbox"/> Inventory for all consolidated entities <input checked="" type="checkbox"/> Assurance for parent company only <input type="checkbox"/> Assurance for all consolidated entities
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Scope 1	Total emissions		Intensity Metric tons CO ₂ e/ NT\$ 1 million	Assurance body	Description of assurance (Note 3)
	Metric tons CO ₂ e				
LITE-ON TECHNOLOGY CORPORATION		293			
LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.		1,793			
LITE-ON POWER TECHNOLOGY (DONGGUAN) CO., LTD.		2,249			
LITE-ON ELECTRONICS (GUANGZHOU) LTD.		1,669			
LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.		1,151			
LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.		306			
LITE-ON ELECTRONICS (TIANJIN) CO., LTD.		363			
LITE-ON NETWORK COMMUNICATION (DONGGUAN) LTD.		183	0.07	SGS TAIWAN LTD.	
LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD.		276			
LITE-ON (GUANGZHOU) AUTOMOTIVE ELECTRONICS LTD.		169			
HUIZHOU LI SHIN ELECTRONIC CO., LTD.		596			
LEOTEK CORPORATION					
SILITEK ELEC. (DONGGUAN) CO., LTD.					

Scope 1	Total emissions Metric tons CO ₂ e	Intensity		Assurance body	Description of assurance (Note 3)
		Metric tons CO ₂ e/ NT\$ 1 million	Metric tons CO ₂ e/ NT\$ 1 million		
LITEON-IT OPTO TECH (BH) CO., LTD.	305				
LITE-ON Electronics (Thailand) Co., Ltd.	15				
LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED	228				
LITE-ON VIETNAM CO., LTD.	145		0.07	SGS TAIWAN LTD.	
Total	9,740				

Scope 2 (location-based)	Total emissions Metric tons CO ₂ e	Intensity		Assurance body	Description of assurance (Note 3)
		Metric tons CO ₂ e/ NT\$ 1 million	Metric tons CO ₂ e/ NT\$ 1 million		
LITE-ON TECHNOLOGY CORPORATION	14,335				
LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	42,088				
LITE-ON POWER TECHNOLOGY (DONGGUAN) CO., LTD.					
LITE-ON ELECTRONICS (GUANGZHOU) LTD.	33,740				
LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	26,040				
LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	34,612				
LITE-ON ELECTRONICS (TIANJIN) CO., LTD.	33,635				
LITE-ON NETWORK COMMUNICATION (DONGGUAN) LTD.	19,561				
LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD.	9,440		1.91	SGS TAIWAN LTD.	
LITE-ON (GUANGZHOU) AUTOMOTIVE ELECTRONICS LTD.					
HUIZHOU LI SHIN ELECTRONIC CO., LTD.	4,446				
LEOTEK CORPORATION	267				
SILITEK ELEC. (DONGGUAN) CO., LTD.	11,174				
LITEON-IT OPTO TECH (BH) CO., LTD.	7,017				
LITE-ON Electronics (Thailand) Co., Ltd.	20,485				
LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED	5,029				
LITE-ON VIETNAM CO., LTD.	6,687				
Total	268,556				

Scope 2 (market-based)	Total emissions		Intensity Metric tons CO ₂ e/ NT\$ 1 million	Assurance body	Description of assurance (Note 3)
	Metric tons CO ₂ e	Metric tons CO ₂ e			
LITE-ON TECHNOLOGY CORPORATION	14,335				
LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	13,135				
LITE-ON POWER TECHNOLOGY (DONGGUAN) CO., LTD.	33,740				
LITE-ON ELECTRONICS (GUANGZHOU) LTD.	26,040				
LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	34,612				
LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	1,142				
LITE-ON ELECTRONICS (TIANJIN) CO., LTD.	19,561				
LITE-ON NETWORK COMMUNICATION (DONGGUAN) LTD.	9,440				
LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD.	4,446				
LITE-ON (GUANGZHOU) AUTOMOTIVE ELECTRONICS LTD.	267				
HUIZHOU LI SHIN ELECTRONIC CO., LTD.	9,059				
LEOTEK CORPORATION	7,017				
SILITEK ELEC. (DONGGUAN) CO., LTD.	20,485				
LITEON-IT OPTO TECH (BH) CO., LTD.	5,029				
LITE-ON Electronics (Thailand) Co., Ltd.	6,687				
LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED					
LITE-ON VIETNAM CO., LTD.					
Total	204,995		1	1 SGS TAIWAN LTD.	

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

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

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

Assessment Item	Implementation Status		Non-implementation and Its Reason(s)
	Yes	No	
(5) Does the company provide internal and external ethical corporate management training programs on a regular basis?	V		(5) To ensure the practices are exactly followed, the company's orientation training has included the Ethics Code in the compulsory course content and frequently mentioned in meetings. It is included in the annual compulsory course content for all employees from Year 2019. For the complete course information, please refer to "5.5 Labor Relations", which provides information on "Training implementation".
3. Implementation of Complaint Procedures (1) Does the company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received?	V		(1) LITEON has established the Whistleblowing Guidelines and the Rewards and Violation Management Guidelines to govern related standard operating procedures for investigating, handling of investigating results, and disciplinary actions. There is a business unit created specifically to handle such matters by following the appropriate rules and procedures.
(2) Does the company establish standard operation procedures for investigating the complaints received, follow-up measures taken after investigating and ensuring such complaints are handled in a confidential manner?	V		(2) Violation of business integrity by the company or any of its employees or involvement in illegal activity can be reported as follows: The principle of integrity requires the person filing a complaint or report to provide his/her real name and contact information for the company to accept the complaint or report. The company guarantees that the person filing a complaint or report and the information that he/she provides will be kept strictly confidential pursuant to the Personal Information Protection Act. Contact information: Mailbox: PO Box 156-21, Jiangan Post Office, Neihu District, Taipei City 114956 Office of Chairman Reporting Mailbox By email: ethic.hotline@liteon.com Telephone: +886-2-8793 6833
(3) Does the company adopt proper measures to prevent a complainant from retaliation for his/her filing a complaint?	V		(3) The company has a dedicated person to handle complaints or report cases to ensure that the whistleblower is protected during the prosecution process and will not be punished for reporting.

Assessment Item	Implementation Status		Non-implementation and Its Reason(s)
	Yes	No	
4. Strengthening Information Disclosure Does the company disclose its ethical corporate management policies as well as the results of its implementation on its website and Market Observation Post System ("MOPS")?	V		Compliant with the Ethical Corporate Management Best Practice Principles.
5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation: No deviations.			
6. Other important information to facilitate a better understanding of the company's ethical corporate management policies (e.g., review and amend its policies): (1) LITEON builds its ethical management practices on compliance with the Company Act, the Securities and Exchange Act, the Business Entity Accounting Act, and regulations governing TWSE listed companies or other business activities. (2) LITEON has implemented the Material Insider Information Procedures. The procedures require explicitly that directors, managers and employees not disclose material insider information in their knowledge to other people; inquire or collect from persons with material insider information any undisclosed information unrelated to their duties; and not disclose to other people any undisclosed material insider information acquired not through performance of their duties.			

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

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

3.4.8 Other Important Information Regarding Corporate Governance

3.4.8.1 LITEON Technology Corporation Executive Succession Plan

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

I.Executive development plan:

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

II.Executive succession plan:

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

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

3.4.8.2 Other Important Information

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

3.4.9 Internal Control System Execution Status

3.4.9.1 Statement of Internal Control System

Lite-On Technology Corporation
Statement of Internal Control System

Date: February 21, 2023

Based on the findings of a self-assessment, Lite-On Technology Corporation (LOT) states the following with regard to its internal control system during the year 2022:

1. LOT is fully aware that establishing, operating, and maintaining an internal control system are the responsibilities of its Board of Directors and management. LOT has established such a system to provide reasonable assurance in achieving objectives related to the effectiveness and efficiency of operations (including profits, performance, and safeguarding of assets), reliability, timeliness, transparency, and regulatory compliance of reporting and compliance with applicable laws, regulations, and bylaws.
2. An internal control system has inherent limitations. An effective internal control system, no matter how perfectly designed, can provide only a reasonable assurance in the accomplishment of the three objectives mentioned above. Furthermore, the effectiveness of an internal control system may change along with changes in environment or circumstances. The internal control system of LOT contains self-monitoring mechanisms, and LOT takes corrective actions as soon as a deficiency is identified.
3. LOT evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (herein referred to as "Regulations"). The internal control system evaluation criteria stated in the Regulations classify internal control into five key elements based on the process of management control: 1. control environment, 2. risk assessment, 3. control activities, 4. information and communications, and 5. monitoring. Each component further contains several items. Please refer to the Regulations for details.
4. LOT has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of the evaluation mentioned in the preceding paragraph, LOT believes that as at December 31, 2022, its internal control system (including its supervision and management of subsidiaries), which encompasses internal controls for the knowledge of the degree of achieving operational effectiveness and efficiency objectives, reliability, timeliness, transparency, and regulatory compliance of reporting and compliance with applicable laws, regulations, and bylaws, was effectively designed and operated and reasonably assured the achievement of the above-stated objectives.
6. This Statement will form an integral part of LOT's Annual Report and Prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
7. This Statement has been passed by the LOT Board of Directors' Meeting on February 21, 2023, where all of the eight attending directors did not express any dissenting opinion and affirmed the content of this Statement.

Lite-On Technology Corporation

Tom Soong
Chairman



Anson Chiu
President



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

3.4.10 Reprimands on the Company and its Staff

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

3.4.11 Major Resolutions of Shareholders' Meeting and Board Meetings

3.4.11.1 Major Resolutions of Shareholders' Meeting and Implementation Status

The Company held a regular session of the General Meeting of 2022 on May 20, 2022 at the International Conference Center of Lite-On Technology Building located at No. 392, Rai Guang Road, 1/F, Neihu, Taipei. Major resolutions and the status of execution are shown below:

Item	Major Resolutions	Status of Execution
1	Adoption of 2021 Financial Statements.	The resolution had exceeded legal requirement of the voting numbers and been approved in the AGM.
2	Adoption of 2021 Earnings Distribution.	The resolution had exceeded legal requirement of the voting numbers and been approved in the AGM. (1)2021Q2 Earnings Distribution: Ex-rights (ex-dividend) record date Aug. 22, 2021 Dividend distribution date: Sep. 10, 2021 (Cash dividends NT\$ 2 per share) (2)2021Q4 Earnings Distribution: Ex-rights (ex-dividend) record date Mar. 26, 2022 Dividend distribution date: Apr. 22, 2022 (Cash dividends NT\$ 2.5 per share)
3	Amendment to "Articles of Incorporation".	The resolution had exceeded legal requirement of the voting numbers and been approved in the AGM. The revised version of "Articles of Incorporation" was implemented and announced on the Company website.
4	Amendment to "Rules and Procedures of Shareholders' Meeting".	The resolution had exceeded legal requirement of the voting numbers and been approved in the AGM. The revised version of "Articles of Incorporation" was implemented and announced on the Company website.
5	Amendment to "Rules Governing the Election of Directors"	The resolution had exceeded legal requirement of the voting numbers and been approved in the AGM. The revised version of "Rules and Procedures of Shareholders' Meeting" was implemented and announced on the Company website.
6	Amendment to "Procedures for Acquisition and Disposal of Assets"	The resolution had exceeded legal requirement of the voting numbers and been approved in the AGM. The revised version of "Rules and Procedures of Shareholders' Meeting" was implemented and announced on the Company website.
7	The issuance of employee restricted stock awards.	The resolution had exceeded legal requirement of the voting numbers and been approved in the AGM. The resolution is passed and will be implemented in accordance with the resolution of the shareholders' meeting
8	LITEON dispose or abandon all or partial cash capital increase of spin-off existing subsidiary LEOTEK CORPORATION.	The resolution had exceeded legal requirement of the voting numbers and been approved in the AGM. The execution of LEOTEK CORPORATION capital raise related works will follow the resolution of the shareholders' meeting.

Item	Major Resolutions	Status of Execution
9	Election of the Board of Directors of the 12th Term.	The resolution had exceeded legal requirement of the voting numbers and been approved in the AGM. (1) Director Elected: Tom Soong, Raymond Soong, KS Lu, Anson Chiu (2) Independent Director Elected: Harvey Chang, Albert Hsueh, Mike Yang, MK Lu The Company Change Registration had been approved by Ministry of Economic Affairs, R.O.C. on Jun. 17, 2022. The nomination and voting method and election results has been announced on the Company website.
10	Proposal of release of directors from non-competition restrictions.	The resolution had exceeded legal requirement of the voting numbers and been approved in the AGM. Announce the related resolution after AGM on May 20, 2022.

3.4.11.2 Major Resolutions of Board Meeting

2022	Major Resolutions
Jan.03	1. Change of Chief Financial Officer of the Company. 2. Change of spokesperson of the Company.
Feb.24	1. The results of it's operations for Fiscal Year 2021. 2. Dividend distribution. 3. Donation to Lite-On Culture Foundation. 4. The schedule and agenda of year 2022 shareholders' meeting.
Mar.11	1. Spin-off outdoor lighting business of the company. 2. To change deal criteria of disposing VIZIO HOLDING CORP common shares hold by subsidiary. 3. The issuance of employee restricted stock awards.
Apr.01	1. Disposal and surrender to subscribe all or partial cash capital increase of LEOTEK CORPORATION. 2. The schedule and agenda of year 2022 shareholders' meeting(Agenda Added).
Apr.28	1. The Company's consolidated financial report of 2022Q1. 2. No interim dividend distribution of 2022 1Q.
May.20	1. Proposal for Election of the Chairman of the Twelfth Board of Directors of the Company. 2. Change of members of Nomination Committee. 3. Change of members of Compensation Committee.
Jul.28	1. LITEON invests in Esquarre IoT Landing Fund, L.P. 2. The Company's consolidated financial report of 2022Q2. 3. Interim dividend distribution of 2022 2Q. 4. Announcement of the change of chief internal auditor.
Sep.06	Investment of Mainland China through debt-for-equity swap on behalf of LITE-ON MOBILE PTE. LTD.
Oct.28	1. The budget of the factory construction in Kaohsiung II. 2. The Company's consolidated financial report of 2022Q3. 3. No interim dividend distribution of 2022Q3.
Dec.06	1. The financial officer and accounting officer of the company change. 2. To release the managerial officer from the non-competition restrictions. 3. The disposal of Image department's business.

2023	Major Resolutions
Feb.21	<ol style="list-style-type: none"> 1. The results of it's operations for Fiscal Year 2022. 2. Dividend distribution. 3. Donation to Lite-On Culture Foundation. 4. The budget of the R&D building construction in Kaohsiung. 5. The Record date for cancellation of registration and share capital reduction involving cancellation of treasury stock repurchased by the Company in accordance with Article 13 of the Business Mergers and Acquisitions Act. 6. The Record date for cancellation of registration and share capital reduction involving the cancellation of restricted shares to employee Stock Awards. 7. The schedule and agenda of year 2023 shareholders' meeting.

3.4.12 Major Issues of Record or Written Statements Made by Any Director Dissenting to Important Resolutions Passed by the Board of Directors during 2022 and as of the Date of this Annual Report: None.

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

2023.02.28

Title	Name	Date of Appointment	Date of Termination	Reasons for Resignation or Dismissal
CFO	Brownson Chu	2004.10.22	2022.01.03	Resignation
CFO	Patricia Chou	2022.01.03	2022.12.06	Resignation

Note: Mr. Brownson Chu resigned as CFO on January 3, 2022 and retired on January 31, 2022.

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

Title	Name	Date		Organizer	Course name	Hours	Total hours
		Start date	End date				
1	Chairman Tom Soong	Apr.28, 2022	Apr.28, 2022	Taiwan Corporate Governance Association	Digital Transformation Services (DTS)	3.0	6.0
		Oct.28, 2022	Oct.28, 2022	Taiwan Corporate Governance Association	Business Growth and M&A~Sino-American Silicon Group Case Sharing	3.0	
2	Director Raymond Soong	Apr.28, 2022	Apr.28, 2022	Taiwan Corporate Governance Association	Digital Transformation Services (DTS)	3.0	6.0
		Oct.28, 2022	Oct.28, 2022	Taiwan Corporate Governance Association	Business Growth and M&A~Sino-American Silicon Group Case Sharing	3.0	
3	Director Keh-Shew Lu	Apr.28, 2022	Apr.28, 2022	Taiwan Corporate Governance Association	Digital Transformation Services (DTS)	3.0	6.0
		Oct.28, 2022	Oct.28, 2022	Taiwan Corporate Governance Association	Business Growth and M&A~Sino-American Silicon Group Case Sharing	3.0	
4	Director Anson Chiu	Apr.28, 2022	Apr.28, 2022	Taiwan Corporate Governance Association	Digital Transformation Services (DTS)	3.0	6.0
		Oct.28, 2022	Oct.28, 2022	Taiwan Corporate Governance Association	Business Growth and M&A~Sino-American Silicon Group Case Sharing	3.0	
5	Independent Director Harvey Chang	Apr.28, 2022	Apr.28, 2022	Taiwan Corporate Governance Association	Digital Transformation Services (DTS)	3.0	6.0
		Oct.28, 2022	Oct.28, 2022	Taiwan Corporate Governance Association	Business Growth and M&A~Sino-American Silicon Group Case Sharing	3.0	
6	Independent Director Albert Hsueh	Jan.24, 2022	Jan.24, 2022	Taiwan Corporate Governance Association	Sharing of "Audit Committee Reference Guidebook"	1.0	27.5
		Feb.17, 2022	Feb.17, 2022	Taiwan Securities Association	How to Avoid Landmine Stocks ~ Application of Corporate Governance Risk	3.0	
		Feb.25, 2022	Feb.25, 2022	Taiwan Corporate Governance Association	2022 Global and Taiwan Economic Outlook	1.0	
		Mar.02, 2022	Mar.02, 2022	Yuanta Financial Holding Co., Ltd.	Analysis of the impact of my country's anti-tax avoidance system and the global minimum tax system	1.5	
		Apr.28, 2022	Apr.28, 2022	Taiwan Corporate Governance Association	Digital Transformation Services (DTS)	3.0	
		Jul.14, 2022	Jul.14, 2022	Taiwan Securities Association	Latest Trends in Anti-Money Laundering and Combating Terrorism (Including insider trading promotion)	3.0	
		Aug.11, 2022	Aug.11, 2022	Taiwan Securities Association	Strengthening the financial industry's information security resilience and financial industry risk management trend practice	3.0	
		Sep.22, 2022	Sep.22, 2022	Taiwan Securities Association	The principle of fair hospitality and the protection and empowerment of financial consumers	3.0	
		Oct.19, 2022	Oct.19, 2022	Taiwan Corporate Governance Association	2022 Corporate Governance Summit XVIII - Improve the functions of directors and implement the company's sustainable management	3.0	
		Oct.25, 2022	Oct.25, 2022	Taiwan Corporate Governance Association	Research and Outlook on Important Economic and Trade Issues in 2022	3.0	
		Oct.28, 2022	Oct.28, 2022	Taiwan Corporate Governance Association	Business Growth and M&A~Sino-American Silicon Group Case Sharing	3.0	

Title	Name	Date		Organizer	Course name	Hours	Total hours
		Start date	End date				
7	Mike Yang	Apr.28, 2022	Apr.28, 2022	Taiwan Corporate Governance Association	Digital Transformation Services (DTS)	3.0	6.0
		Oct.28, 2022	Oct.28, 2022	Taiwan Corporate Governance Association	Business Growth and M&A~Sino-American Silicon Group Case Sharing	3.0	
8	MK Lu	Apr.28, 2022	Apr.28, 2022	Taiwan Corporate Governance Association	Digital Transformation Services (DTS)	3.0	12.0
		Jun.16, 2022	Jun.16, 2022	Taiwan Corporate Governance Association	Precautions and Solutions for Insider Trading	3.0	
		Jun.28, 2022	Jun.28, 2022	Taiwan Corporate Governance Association	Review insider trading from the perspective of criminal investigation	3.0	
		Oct.28, 2022	Oct.28, 2022	Taiwan Corporate Governance Association	Business Growth and M&A~Sino-American Silicon Group Case Sharing	3.0	

3.4.14.2 Continuing Education/Training of Management

Title	Name	Date	Course name	Hours
General Manger	Anson Chiu	2022/04/28	Digital Transformation Services (DTS)	3
		2022/06/29	EDP Keynote Speech Part 1: Dynamic Strategic Mindset in a Fast-changing Environment, the C3E Structure, and the Diamond Model	3.5
		2022/08/18	EDP Keynote Speech Part 2: Dynamic Competition and Cooperation, US-China Rivalry, and the Crisis at LITEON	3
		2022/08/15 2022/08/16 2022/08/17	Leadership Forum	23.5
		2022/10/28	Business Growth and M&A~Sino-American Sillicon Group Case Sharing	3
		2022/05/05 2022/06/01(2 sessions) 2022/07/05 2022/11/01 2022/12/06	EDP Entrepreneurs Share their Success Stories (6 sessions)	10.5
		SBG General Manger	Jerry Hsu	2022/06/29
2022/08/18	EDP Keynote Speech Part 2: Dynamic Competition and Cooperation, US-China Rivalry, and the Crisis at LITEON			3
2022/08/15 2022/08/16 2022/08/17	Leadership Forum			23.5
2022/05/05 2022/07/05 2022/11/01 2022/12/06	EDP Entrepreneurs Share their Success Stories (4 sessions)			10.5
SBU General Manger	Steven Liao			2022/06/29
		2022/08/18	EDP Keynote Speech Part 2: Dynamic Competition and Cooperation, US-China Rivalry, and the Crisis at LITEON	3
		2022/08/15 2022/08/16 2022/08/17	Leadership Forum	23.5
		2022/05/05 2022/07/05 2022/11/01 2022/12/06	EDP Entrepreneurs Share their Success Stories (6 sessions)	10.5

Title	Name	Date	Course name	Hours	
SBU General Manger	John Chang	2022/06/29	EDP Keynote Speech Part 1: Dynamic Strategic Mindset in a Fast-changing Environment, the C3E Structure, and the Diamond Model	3.5	
		2022/08/18	EDP Keynote Speech Part 2: Dynamic Competition and Cooperation, US-China Rivalry, and the Crisis at LITEON	3	
		2022/08/15 2022/08/16 2022/08/17	Leadership Forum	23.5	
		2022/05/05 2022/07/05 2022/11/01 2022/12/06	EDP Entrepreneurs Share their Success Stories (4 sessions)	10.5	
Vice President / Corporate Governance Officer/ Board Secretariat	Jean Hong	2022/04/28	Digital Transformation Services (DTS)	3	
		2022/6/21	<Criminal Case Studies in Corporate Governance Series> Prevention of Insider Threats - Internal Corporate Investigations Explained	3	
		2022/06/29	EDP Keynote Speech Part 1: Dynamic Strategic Mindset in a Fast-changing Environment, the C3E Structure, and the Diamond Model	3.5	
		2022/07/15	How to Respond to Crisis of Misinformation: Differentiating Truth from Fiction	3	
		2022/08/15 2022/08/16 2022/08/17	Leadership Forum	23.5	
		2022/08/18	EDP Keynote Speech Part 2: Dynamic Competition and Cooperation, US-China Rivalry, and the Crisis at LITEON	3	
		2022/10/28	Business Growth and M&A~Sino-American Silicon Group Case Sharing	3	
		2022/05/07(online courses) 2022/07/05 2022/11/01 2022/12/06	EDP Entrepreneurs Share their Success Stories (4 sessions)	10.5	
Vice President	Don Lin (On board on December 6, 2022)	2022/06/29	EDP Keynote Speech Part 1: Dynamic Strategic Mindset in a Fast-changing Environment, the C3E Structure, and the Diamond Model	3.5	
		2022/08/18	EDP Keynote Speech Part 2: Dynamic Competition and Cooperation, US-China Rivalry, and the Crisis at LITEON	3	

Title	Name	Date	Course name	Hours
Accounting Manager/ Associate Vice President	Michelle Hsiao (On board on December 6, 2022)	2022/06/29	EDP Keynote Speech Part 1: Dynamic Strategic Mindset in a Fast-changing Environment, the C3E Structure, and the Diamond Model	3.5
		2022/08/18	EDP Keynote Speech Part 2: Dynamic Competition and Cooperation, US-China Rivalry, and the Crisis at LITEON	3
		2022/05/17(online courses) 2022/07/05 2022/11/01 2022/12/06	EDP Entrepreneurs Share their Success Stories (4 sessions)	10.5
		2022/06/29	EDP Keynote Speech Part 1: Dynamic Strategic Mindset in a Fast-changing Environment, the C3E Structure, and the Diamond Model	3.5
SBU General Manager	Henry Chen (Resigned on September 20, 2022)	2022/08/18	EDP Keynote Speech Part 2: Dynamic Competition and Cooperation, US-China Rivalry, and the Crisis at LITEON	3
		2022/08/15 2022/08/16 2022/08/17	Leadership Forum	23.5
		2022/05/05 2022/07/05 2022/11/01 2022/12/06	EDP Entrepreneurs Share their Success Stories (4 sessions)	10.5
		2022/06/29	EDP Keynote Speech Part 1: Dynamic Strategic Mindset in a Fast-changing Environment, the C3E Structure, and the Diamond Model	3.5
CFO	Patricia Chou (Resigned on December 6, 2022)	2022/08/18	EDP Keynote Speech Part 2: Dynamic Competition and Cooperation, US-China Rivalry, and the Crisis at LITEON	3
		2022/08/15 2022/08/16 2022/08/17	Leadership Forum	23.5
		2022/09/20	ESG Development and non-financial disclosures	3
		2022/10/04	Analysis of Real-World Disputes at Shareholder Meetings	3
		2022/05/05 2022/07/05 2022/11/01 2022/12/06	EDP Entrepreneurs Share their Success Stories (4 sessions)	10.5
		2022/11/17	Workshop on Techniques for Detecting Financial Statement Fraud	8
		2022/06/29	EDP Keynote Speech Part 1: Dynamic Strategic Mindset in a Fast-changing Environment, the C3E Structure, and the Diamond Model	3.5

3.4.15 Intellectual Property Strategy, Management, and Outcome Application

1. Intellectual property management plan and goals

We actively encourage innovation and independent research and development. The priorities in our intellectual property strategy are focusing on core technologies, and developing high quality patents. We implement an intellectual property management plan and goals that are linked to business targets and key R&D plans, and conduct risk management as needed to reduce infringement risk. Meanwhile, moving toward creating added value in intellectual property rights, we strengthen R&D outcome commoditization and enhance our brand image by creating added value from intellectual property. We aim to operate in all areas of our business and maximize the value of intellectual property while managing and utilizing effectively our patents, trademarks, trade secrets, and copyrights.

2. Intellectual property strategy and management system

As part of our ongoing commitment to intellectual property, we have implemented the Intellectual Property Management Procedure to regulate and manage the grant of right, maintenance, and utilization of patents, trademarks, trade secrets, copyright and other forms of intellectual property. The procedure serves to help LITEON compete in the market and protect the rights of itself and its shareholders.

Patent management measures:

We have implemented a sub-procedure, "Invention Application and Incentive Award Program", under the Intellectual Property Management Procedure. We have a well-established disclosures, review committee, and incentive program to encourage our employees to turn R&D outcomes into protected intellectual property. The effort will generate momentum for R&D and innovation in products and technologies. We also try to file good patents to build up powerful patent portfolio for the company as a whole and pave the way for the company to compete more effectively in the tech industry.

Trade secret management measures:

Our "Engineering Notebook Management Procedure" is designed to manage the entire intellectual property innovation process. It enables the R&D personnel to record their work outcomes in an easier and more effective manner for easier reference, access to supporting documents, and long term storage. The procedure protects LITEON's R&D results and trade secrets effectively in order to accumulate and pass on the company's entire R&D database and intellectual property. It also helps the company stand out more. The Engineering Notebook is developed by combining LITEON's operating system and approval system. It allows the R&D personnel to record research outcomes on a computer and R&D supervisors to review and approve work electronically. The move from paper to electronic allows recording, approval, and storage without time and space constraints. The company is able to retain complete R&D outcomes more economically. Furthermore, we upgrad "Engineering Notebook Management Procedure" to "Trade secret registration platform" in 2022. By strengthening employees' awareness of trade secret, R&D outcomes can be fully protected.

Meanwhile, for the purpose of protecting the company's intellectual property, employees joining the company are required to sign an employment agreement and related documents to agree, in addition to making their inventions created on the job as required by law of the intellectual property of the company, to undertake the duty to safeguard the confidentiality of the company's intellectual property rights and confidential information and other obligations for the duration of employment and after termination of employment.

Trademark management measures:

We also have a trademark management system. The system establishes the procedures for application, evaluation, acquisition, and maintenance of trademarks, and promotes the correct use of trademarks. It serves the purpose of protecting LITEON's intangible assets, establishing and maintaining LITEON's reputation, and protecting LITEON's brand interests by preventing from trademark squatting.

Furthermore, we perform regular internal audits of the R&D cycle every year in order to ensure the acquisition, maintenance, and utilization of the intellectual property are handled in accordance with LITEON's rules.

3. Implementation and outcome

We present one or more intellectual property management report to the board of directors every year. The last report was presented on October 28, 2022.

We have been working hard to develop the intellectual property management plan. Key activities in recent years are as follows:

- (1) We had been building a system for various forms of intellectual property for the company. (The Intellectual Property Management Procedure Version 2, the Invention Application and Incentive Award Program Version 1, and the Engineering Notebook Management Procedure Version 1 were revised in 2020.)
- (2) We refined our intellectual property management plan. Improvements included the introduction of quality indicators for R&D personnel's patent applications, performance evaluation mechanisms and related reward programs. The objective is to focus on key R&D technologies effectively and generate effective protection for intellectual property rights.
- (3) The patent management system is optimized, for example, conducting paperless procedure by an international management platform. In addition, "Engineering Notebook Management Procedure" is also upgraded as "Trade secret registration platform" in 2022.
- (4) Several training sessions were held to raise awareness of basic ideas of intellectual property rights every year.

In summary, our outcomes in intellectual property are the following:

Patents: As of the end of 2022, LITEON has a total of 2,600 patent applications and 2,200 granted patents, including 1,700 utility patents. These patents are spread across a number of major markets and countries and cover main places of manufacture and sale for related products. In particular, the technical field covers our core products, including LITEON's LED products, power supply units, servers and network communication parts, multifunction machines, computer input devices and chassis, automotive electronic parts and other core products. Core technologies included opto-electronics, cloud computing, AI, smart home, network communication, storage, smart lighting, smart automobile, imaging and 5G wireless system. A huge amount of patent data are handled systematically entirely by the LITEON patent database. The process makes it easier to track the status of patent applications and issued patents and subsequent maintenance.

Trademarks: So far LITEON has more than two hundred granted trademarks. In 2021, TIPO issued an official letter to recognize **LITEON** as a famous trademark in Class 9 which covers several electrical products. **LITEON** is majorly marketing trademark and spread across ten categories and registered in more than forty countries in order to ensure LITEON's products, including opto-electronics, information, automotive, lighting, and storage products can be protected by these trademarks. Meanwhile, to enhance the brand image and recognition, we place our trademarks not only on the products and the exterior packaging, but also on business documents, such as product catalogs and income certificates. In addition, we make it ongoing standard practice to use our trademarks in all domestic and international business activities and exhibitions. Furthermore, we organize internal education and training sessions as needed to raise awareness of the correct use of trademarks. Furthermore, to shape and transform LITEON's brand image, we establish the department of Corporate Brand Value Development Center. With a complete brand development strategy, our brand value will be enhanced.

Partnerships: We work with well-known universities around the world in various cooperation programs, such as the R&D center established jointly with National Tsing Hua University. These programs help us secure technologies and patents for key technologies in the business. We also team up with Nanyang Technological University of Singapore to develop more power-efficient technologies for smart grids and smart homes. More than a hundred theses have been published on domestic and international journals under these programs. These partnerships with research institutions, such as National Taiwan University of Science and Technology, attract outstanding talent to join LITEON. We also work actively with upstream/downstream suppliers to develop and facilitate related patents.

To encourage technical innovation and creativity, we have created the Core Competence Center (CCC) to handle primarily innovative product development, aesthetic design, user experience design, and IoT and app integration design. The adoption of digital technologies and environmental policies in recent years extends the responsibilities of ICC further to cover cloud platform integration, augmented reality (AR) application and green packaging design. For example: the success in creating a smart streetlight IoT control panel and its application in large domestic government projects; recycling marine waste and turning marine waste keyboard packages into environmentally friendly board game cards and marine waste mouse packages into card holders in order to raise awareness of marine waste in the next generation through a combination of education and entertainment. The design received an iF Design Award in 2020 and a Red Dot Design Award.

As a subsidiary of LITE-ON Technology Corporation, LEOTEK Corporation actively provides smart transportation solutions, committed to fulfilling the vision of "Roadway Intellimation" (intelligent automation). LEOTEK is proud to be recognized as Gold and Bronze Award by the 2022 Edison Awards in the "Critical Human Infrastructure Category" for two exciting new technological developments, "Human-Centric Smart Street Lighting System" and "Ecological Conservation Smart Lighting", respectively. Looking forward, LEOTEK Corporation promises to be the roadway safety guardian, and pioneering a roadway intellimated city for a sustainable world.

Furthermore, to fulfill our corporate social responsibility and drive innovation in Taiwan, LITEON hosts the LITEON Award, which is open to the public, every year. By hosting competitions, campus innovation seminars, and international forums, we continue to call attention to technologies, products, and innovative designs in the Chinese-speaking world. We also provide young creative teams with a platform for exchanging ideas with world-class corporate, academic, technical experts and social resources in Taiwan.

4. Purposes of intellectual property and its contributions to business activities

We work hard to invigorate and manage the existing intellectual property, such as receiving royalty from licensee, cross license, purchase, sale or trust of intellectual property, and anti-counterfeiting efforts. We sometimes use patents as weapons to open doors and form strategic alliances to create win-win situations. There have been many successes with invigorating intellectual property to create profits for the company, improving the brand image, increasing market shares for specific products, and winning clients' trust. Meanwhile, we continue to innovate and develop new products and technologies. Through the coordination among different entities in the LITEON Group, we can establish an intellectual property wall which increases LITEON's advantage and competitiveness.

5. Countermeasures against intellectual property related risks

We take an active approach to facing and handling intellectual property disputes as appropriate with priority given to protecting the company's market, products, technologies, and clients. Besides following the dispute resolution mechanisms to perform technical, legal, and industrial analyses and formulate dispute resolution strategies, we utilize various models and look at the big picture before deciding to erect technical barriers to trade for competitors or avoid infringement on patents of others.

We organize a number of training sessions every year to communicate the importance of intellectual property and related risk management mechanisms to our employees. Topics include gaining the first-mover advantage by immediately applying for patents, use and management of confidential technical information, and monitoring of products and technologies in the market. We have also certain guidelines in place for employees to follow so to enable our employees to take appropriate response measures in the event of a patent risk incident.

To ensure LITEON's information assets are adequately protected, we set rules for the categorization, classification, and labeling of confidential information in the company. We also take appropriate confidentiality measures to prevent the theft, alteration, damage, destruction, or leakage of confidential information. There are also controls in place to manage access to view confidential information. Meanwhile, following the trend of going paperless and electronic transmission, we have implemented an ISO 27001:2013 compliant information security policy. To prevent hacker attacks and theft of the company's confidential information, we have installed information security monitoring systems and implemented Microsoft Azure Information Protection (AIP). Digital cloud tools, such as Microsoft Office 365, and encryption, identification and authorization rules are utilized to protect confidential business documents. Furthermore, in terms of security in the real world, all of our employees and external parties (including clients, consultants, partners and suppliers) are inside the scope of this policy.

To prevent the above risks, we identify operations management related intellectual property opportunities and risks, and devise countermeasures, including systems and regulations, training, confidentiality management, inventory maintenance, and reporting proven infringement and rewards. These measures ensure output of intellectual property rights, and effectively manage intellectual property risks.

3.5 Information on Attesting CPA Professional Fees

Unit: NT\$ thousands

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit Fee	Non-audit Fee	Total	Remarks
Deloitte & Touche	MENG-CHIEH, CHIU CHEN-TSAI, TSAI	01/01/2022- 03/31/2022	24,838	21,334	46,172	1.Reasons for replacement:Retirement of the predecessor CPA, CHEN-TSAI, TSAI. 2.Non-audit fees were mainly for tax-related consultation and compliance, investment-related consultation, information system related consulting services and others.
	MENG-CHIEH, CHIU SHIUH-RAN, CHENG	04/01/2022- 12/31/2022				

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

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

3.6 Information on Replacement of CPAs

A. Information regarding the former CPAs

Date of replacement	April 28, 2022		
Reason for replacement and explanation	The original CPAs of the Company were MENG-CHIEH, CHIU and CHEN-TSAI, TSAI, due to the retirement of CHEN-TSAI, TSAI, the CPAs were changed to MENG-CHIEH, CHIU and SHIUH-RAN, CHENG since 2022Q2.		
Describe whether the Company terminated or the CPAs terminated or did not accept the engagement	Parties	CPAs	The Company
	Circumstances		
	Terminated the engagement	Not Applicable	Not Applicable
	No longer accepted (discontinued) the engagement	Not Applicable	Not Applicable
If the CPAs issued an audit report expressing any opinion other than an unqualified opinion during the 2 most recent years, specify the opinion and the reasons	None		
Disagreement with the Company?	Yes		Accounting principles or practices
			Disclosure of financial reports
			Audit scope or steps
			Other
	No	V	
	Specify details		
Other disclosures(Any matters required to be disclosed under sub-items d to g of Article 10.6.A)	None		

B. Information Regarding the Successor CPAs

Name of accounting firm	Deloitte & Touche
Names of CPAs	MENG-CHIEH, CHIU and SHIUH-RAN, CHENG
Date of engagement	April 28, 2022
Subjects discussed and results of any consultation with the CPAs prior to the engagement, regarding the accounting treatment of or application of accounting principles to any specified transaction, or the type of audit opinion that might be issued on the Company's financial report	None
Successor CPAs' written opinion regarding the matters of disagreement between the Company and the former CPAs	None

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

3.7 Audit Independence

The Company's Chairman, Chief Executive Officer, Chief Financial Officer, and managers in charge of its finance and accounting operations did not hold any positions in the Company's independent auditing firm or its affiliates during 2022.

3.8 Changes in Shareholding of Directors, Managers and Major Shareholders

Unit: Shares

Title	Name	2022		As of February 28, 2023	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	Tom Soong	5,000,000	12,120,287	0	0
Director	Raymond Soong	0	0	0	0
Director	Ta-Sung Investment Co., Ltd.	0	0	0	0
	Representative:Anson Chiu (Note 1)	450,000	0	0	0
Director	Ta-Sung Investment Co., Ltd.	0	0	0	0
	Representative:Keh-Shew Lu	0	0	0	0
Independent Director	Harvey Chang	0	0	0	0
Independent Director	Albert Hsueh	0	0	0	0
Independent Director	Mike Yang	0	0	0	0
Independent Director	MK Lu	0	0	0	0
President	Anson Chiu	450,000	0	0	0
SBG General Manager	Jerry Hsu	0	0	0	0
SBU General Manager	Steven Liao	39,000	0	0	0
SBU General Manager	John Chang	0	0	0	0
Vice President Corporate Governance Officer Board Secretariat	Jean Hong	0	0	0	0
Vice President	Don Lin (On board on December 6, 2022)	0	0	0	0
Accounting Manager/ Associate Vice President	Michelle Hsiao (On board on December 6, 2022)	0	0	0	0
Director	Warren Chen (Note 2)	0	0	0	0
Director	Ta-Sung Investment Co., Ltd.	0	0	0	0
	Representative:CH Chen (Note 2)	0	0	0	0
Independent Director	Edward Yang (Note 2)	0	0	0	0
SBU General Manager	Henry Chen (Resigned on September 20, 2022)	0	0	0	0
CFO	Patricia Chou (On board on January 3, 2022) (Resigned on December 6, 2022)	240,000	0	0	0
CFO	Brownson Chu (Resigned on January 3, 2022)	0	0	0	0

Note 1: Mr. Anson Chiu was elected as the representative of LITEON's legal person director at LITEON's Annual Shareholders' Meeting on May 20, 2022. His shareholding was disclosed starting from that date.

Note 2: Mr. Warren Chen, Mr. CH Chen and Mr. Edward Yang's tenure expired on May 20, 2022. Their shareholdings are no longer required to disclose.

3.8.1 Shares Trading with Related Parties: None

3.8.2 Shares Pledge with Related Parties: None

3.9 Relationship among the Top Ten Shareholders

As of August 18, 2022

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees	
	Shares	%	Shares	%	Shares	%	Title (or name)	Relationship
Yuanta/P-shares Taiwan Dividend Plus ETF	90,081,868	3.83%	0	0%	0	0%	None	None
Ta-Rong Investment Co., Ltd.	85,402,698	3.63%	0	0%	0	0%	Shu-Yan Tsai	Chairman
Ta-Rong Investment Co., Ltd. Chairman: Shu-Yan Tsai	7,454	0%	0	0%	0	0%	Ming-Hsing/ Ta-Sung/ Yuan Pao Development (Investment Co., Ltd.)	Chairman
Raymond Soong	79,302,560	3.37%	16,966,064	0.72%	0	0%	None	None
Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF	67,284,000	2.86%	0	0%	0	0%	None	None
Ming-Hsing Investment Co., Ltd.	47,326,330	2.01%	0	0%	0	0%	Shu-Yan Tsai	Chairman
Ming-Hsing Investment Co., Ltd. Chairman: Shu-Yan Tsai	7,454	0%	0	0%	0	0%	Ta-Rong/ Ta-Sung/ Yuan Pao Development (Investment Co., Ltd.)	Chairman
Ta-Sung Investment Co., Ltd.	47,088,399	2.00%	0	0%	0	0%	Shu-Yan Tsai	Chairman
Ta-Sung Investment Co., Ltd. Representative: Keh-Shew Lu	0	0%	0	0%	0	0%	None	None
Ta-Sung Investment Co., Ltd. Representative: Anson Chiu	900,000	0.04%	0	0%	0	0%	None	None
Lite-On Technology Corporation (Treasury shares)	40,462,000	1.72%	0	0%	0	0%	Raymond Soong	Director
Yuan Pao Development & Investment Co. Ltd.	39,473,599	1.68%	0	0%	0	0%	Shu-Yan Tsai	Chairman
Yuan Pao Development & Investment Co. Ltd. Chairman: Shu-Yan Tsai	7,454	0%	0	0%	0	0%	Ta-Rong/ Ming-Hsing/ Ta-Sung (Investment Co., Ltd.)	Chairman
Labor Pension fund	34,094,413	1.45%	0	0%	0	0%	None	None
CTBC Investments Co., Ltd. Managed for Taiwan Life Insurance Discretionary Account	33,820,000	1.44%	0	0%	0	0%	None	None

3.10 Ownership of Shares in Affiliated Enterprises

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

As of December 31, 2022
Unit: shares; %

Invested businesses (Note 1)	The Company's investment		Investment of director, supervisor, management, and the business controlled by the Company directly or indirectly		Total Ownership	
	Shares	Share-holding ratio %	Shares	Share-holding ratio %	Shares	Share-holding ratio %
Silitech Technology Corporation	11,322,003	16.65	385,545	0.57	11,707,548	17.22
DragonJet Corporation	21,968,856	29.62	-	-	21,968,856	29.62
Lite-On Capital Corporation.	170,706,763	100.00	-	-	170,706,763	100.00
LITE-ON ELECTRONICS H.K. LIMITED	17,865,367	100.00	-	-	17,865,367	100.00
Lite-On Electronics (Thailand) Co., Ltd.	6,049,844	100.00	-	-	6,049,844	100.00
LITE-ON SINGAPORE PTE. LTD.	51,776,500	100.00	-	-	51,776,500	100.00
Lite-On Japan Ltd.	12,451,058	100.00	-	-	12,451,058	100.00
LITE-ON TECHNOLOGY USA, INC.	470,239	100.00	-	-	470,239	100.00
Lite-On International Holding Co., Ltd.	363,725,483	100.00	-	-	363,725,483	100.00
LTC GROUP LTD.	32,915,855	100.00	-	-	32,915,855	100.00
LITE-ON ELECTRONICS (EUROPE) LIMITED	300,000	100.00	-	-	300,000	100.00
Lite-On Technology (Europe) B.V.	330,896	54.00	281,875	46.00	612,771	100.00
Lite-On Overseas Trading Co., Ltd.	5,142,962	100.00	-	-	5,142,962	100.00
LITE-ON VIETNAM CO., LTD.	-	100.00	-	-	-	100.00
LITE-ON MOBILE PTE. LTD.	221,062,238	100.00	-	-	221,062,238	100.00
LITE-ON AUTOMOTIVE ELECTRONICS MEXICO, S.A. DE C.V.	294,825	99.00	2,978	1.00	297,803	100.00
EAGLE ROCK INVESTMENT LTD.	10,000	100.00	-	-	10,000	100.00
LET (HK) LIMITED	62,059,600	100.00	-	-	62,059,600	100.00
HIGH YIELD GROUP CO., LTD.	68,238,000	100.00	-	-	68,238,000	100.00

Invested businesses (Note 1)	The Company's investment		Investment of director, supervisor, management, and the business controlled by the Company directly or indirectly		Total Ownership	
	Shares	Share-holding ratio %	Shares	Share-holding ratio %	Shares	Share-holding ratio %
Philips & Lite-On Digital Solutions Corporation	17,150,000	49.00	-	-	17,150,000	49.00
Lite-Space Technology Company Limited	5,600,000	46.67	-	-	5,600,000	46.67
Lite-On Automotive International (Cayman) Co., Ltd.	11,967,300	100.00	-	-	11,967,300	100.00
LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED	102,374,058	99.00	1,034,082	1.00	103,408,140	100.00
KBW-LEOTEK Jordan Private Shareholding Limited	49,000	49.00	-	-	49,000	49.00
KBW-LITEON Jordan Private Shareholding Limited	36,056,975	99.86	-	-	36,056,975	99.86
SKYLA CORPORATION	18,070,000	55.19	-	-	18,070,000	55.19
LEOTEK CORPORATION	60,000,000	100.00	-	-	60,000,000	100.00

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

4. Capital Overview

4.1 Capital and Shares

4.1.1 Source of Capital

4.1.1.1 Capitalization

As of February 28, 2023

Month/ Year	Issued Price (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares (K)	Amount (NT\$ thousands)	Shares (K)	Amount (NT\$ thousands)	Sources of Capital	Capital Increased by Assets Other than Cash	Others
12/2022	10	3,500,000	35,000,000	2,363,083	23,630,830	Issuance of employee restricted stock awards \$122,160 thousands	-	12/07/2022 No. 11101228250 issued by the Ministry of Economic Affairs, R.O.C.
02/2023	10	3,500,000	35,000,000	2,362,093	23,620,930	Cancellation of treasury stock \$4,620 thousands and employee restricted stock awards \$5,280 thousands	-	As of the date of publication of the annual report (February 28, 2023), currently under Amendment registration.

4.1.1.2 Type of Stock

Unit: shares

Type of Stock	Authorized Share Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Common Stock	2,362,093,032	1,137,906,968	3,500,000,000	Listed Stock

4.1.1.3 Information for Shelf Registration: Not applicable

4.1.2 Status of Shareholders

As of August 18, 2022

	Governmental Organizations	Financial Institutions	Other Institutional Investors	Individuals	Foreign Institutional Shareholders and Individuals	Total
Numbers of Shareholders	9	37	308	118,502	1,151	120,007
Holding Shares	75,228,615	223,411,937	563,243,890	434,350,900	1,054,631,690	2,350,867,032
Holding Stake	3.20%	9.50%	23.96%	18.48%	44.86%	100%

4.1.3 Shareholding Distribution Status

4.1.3.1 Common Shares

As of August 18, 2022

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1~ 999	70,657	16,285,478	0.69%
1,000~ 5,000	38,488	77,600,464	3.30%
5,001~ 10,000	5,584	39,908,353	1.70%
10,001~ 15,000	1,728	20,856,141	0.89%
15,001~ 20,000	831	14,690,059	0.62%
20,001~ 30,000	732	17,845,124	0.76%
30,001~ 40,000	397	13,810,386	0.59%
40,001~ 50,000	205	9,279,245	0.39%
50,001~ 100,000	446	30,954,581	1.32%
100,001~ 200,000	235	33,249,253	1.41%
200,001~ 400,000	196	57,054,222	2.43%
400,001~ 600,000	105	51,315,408	2.18%
600,001~ 800,000	68	47,321,280	2.01%
800,001~1,000,000	53	47,346,388	2.01%
1,000,001 or over	282	1,873,350,650	79.70%
Total	120,007	2,350,867,032	100%

4.1.3.2 Preferred Shares: Not applicable

4.1.4 List of Major Shareholders

As of August 18, 2022

Shareholder's Name	Shareholding	
	Shares	Percentage
Yuanta/P-shares Taiwan Dividend Plus ETF	90,081,868	3.83%
Ta-Rong Investment Co., Ltd.	85,402,698	3.63%
Raymond Soong	79,302,560	3.37%
Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF	67,284,000	2.86%
Ming-Hsing Investment Co., Ltd.	47,326,330	2.01%
Ta-Sung Investment Co., Ltd.	47,088,399	2.00%
Lite-On Technology Corporation (Treasury shares)	40,462,000	1.72%
Yuan Pao Development & Investment Co. Ltd.	39,473,599	1.68%
Labor Pension fund	34,094,413	1.45%
CTBC Investments Co., Ltd. Managed for Taiwan Life Insurance Discretionary Account	33,820,000	1.44%

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

Unit: K shares, NTS

Item		Year	2021	2022	Current year to Feb. 28, 2023 (Note 5)
Market Price Per Share	Highest		67.90	71.30	70.70
	Lowest		49.80	54.20	63.70
	Average		60.97	64.83	67.73
Net worth per Share	Before distribution		31.68	35.36	-
	After distribution		29.15	32.34 (Note1)	-
Earnings per Share	Weighted average shares		2,310,790	2,285,001	-
	Earnings per share	Before adjustment	6.01	6.19	-
		After adjustment	6.01	6.19	-
Dividends per Share	Cash Dividend		4.5	4.5 (Note1)	-
	Stock Dividends	Stock Dividends Appropriated from Retained Earnings	-	-	-
		Stock Dividends Appropriated from Capital Reserve	-	-	-
	Accumulated Undistributed Dividends		-	-	-
Return on Investment	Price/Earnings Ratio (Note 2)		10.14	10.47	-
	Price/Dividend Ratio (Note 3)		13.55	14.41 (Note1)	-
	Cash Dividend Yield Rate (Note 4)		7.38	6.94 (Note1)	-

Note 1: Include the cash dividends for 2022Q4 which were approved by Board of Directors on February 21, 2023.

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

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

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

Note 5: As of the date of publication of the annual report, there is no financial report of 2023Q1 has been reviewed by certified public accountant.

4.1.6 Dividend Policy and Implementation Status

4.1.6.1 Dividend Policy

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

Where the Company distributes preceding surplus earning, legal reserve and capital reserve in the form of cash, such distribution is authorized to be made after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting; if such distribution is in the form of new shares to be issued, it shall be approved by shareholders meetings according to the regulations.

In consideration of business development plan, investing environment, demand for funds, global competitiveness and the shareholders' interest, the Dividend Policy of the Company is the distribution to shareholders with the appropriation of the amount which shall be no less than 70% of the net profit after income tax 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.

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

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

4.1.6.2 Proposed Distribution of Dividend

On July 28, 2022, the Board of Directors approved the distribution of cash dividend NTD 3,465,607,548 (NTD 1.5 per share) in the second quarter of 2022, and the dividend had been paid on September 8, 2022.

On February 21, 2023, the Board of Directors approved the distribution of cash dividend NTD 6,966,279,096 (NTD 3.0 per share) in the fourth quarter of 2022, and the dividend was proposed to be paid on April 21, 2023.

The total cash dividends for 2022 was NTD 4.5 per share. In the event of repurchase of the Company's shares, transfer, conversion or annulment of treasury stocks, and exercise of employees' stock options, leading to a change in the number of outstanding shares and a consequent change in dividend yield, the chairman has been authorized to duly adjust cash payout rates.

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

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

The dividend distribution proposal to be submitted to the shareholders' meeting proposes cash dividends only and does not involve stock dividends. In addition, according to the Regulations Governing the Publication of Financial Forecasts of Public Companies, LITE-ON does not have to disclose the financial forecasts for 2023. Therefore, the effect on business performances, earnings per share and shareholder ROI does not apply.

4.1.8 Compensation of Directors and Employees

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

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

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

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

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

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

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

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

3. Remuneration approved by the board of directors

- (1) The remuneration for employees and directors of the company in 2022 was approved by the board of directors on February 21, 2023. The amount of employee cash remuneration was NT\$1,925,953,321, and the amount of director remuneration was NT\$196,699,127 The amount of remuneration of employees and directors approved by the board of directors had no difference from the figures estimated in the 2022 financial statements.
- (2) The amount of employee bonus to be paid in stocks out of the current company-level financial report in terms of the sum of net profit after tax and employee bonus: Not applicable.

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

- (1) The amount of employee remuneration was NT\$1,909,002,373 and the director remuneration was NT\$173,980,379 in 2021.
- (2) The amount of remuneration of employees and directors paid had no difference from the figures estimated in the 2021 financial statements.

4.1.9 Buyback of Common Stock: None

4.2 Bonds

4.2.1 Corporate Bonds: None

4.2.2 Convertible Bonds: None

4.2.3 Exchangeable Bonds: None

4.2.4 Shelf Registration for Issuing Bonds: None

4.2.5 Corporate Bonds with Warrants: None

4.3 Preferred Shares

4.3.1 Preferred Shares: None

4.3.2 Preferred Shares with Warrants: None

4.4 Global Depository Receipts: None

4.5 Employee Stock Options: None

4.6 New Restricted Employee Shares :

4.6.1 Issuance of New Restricted Employee Shares

As of February 28, 2023

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

<p>Restrictions on rights in the new restricted employee shares</p>	<ol style="list-style-type: none"> 1. Recipient shall have no right to sell, transfer (other than by laws of inheritance), pledge, mortgage, hypothecate, gift or otherwise dispose of the Shares prior to such Shares being fully vested. 2. Unvested Shares shall have the same rights to attend the Company's shareholders' meeting, submit proposals, or speak and vote at the meeting as those attached to other issued shares of the Company's common stock. However, the exercise of such rights shall be performed in accordance with the trust agreement. 3. Unvested Shares shall have the same rights to receive cash, stock dividends and distributions from capital reserve, as well as the same share subscription rights as those attached to other issued shares of the Company's common stock. However, with respect to unvested Shares, the Recipients shall have no right to withdraw the cash and stock dividends received on such Shares; such dividends shall be kept in trust in accordance with the trust agreement. 4. If any Shares vest on a date that falls within a period during which the Company is temporarily prohibited from altering its share register, including but not limited to, for reasons pertaining to Company's issuance of cash or stock dividend, conducting a rights offering, or convening shareholders' meeting pursuant to paragraph 3 of Article 165 of the Companies Act, the release of restrictions on such Shares shall be performed in accordance with the trust agreement and/or the applicable laws and regulations.
<p>Custody of the new restricted employee shares</p>	<ol style="list-style-type: none"> 1. For each Award granted under this Plan, the underlying Shares shall be deposited in a trust account immediately after such Award was granted. The Recipient shall have no right to request and shall not request, for any reason and in any way, that the trustee(s) release unvested Shares held in the trust account to such Recipient. 2. During the period that the Shares are deposited in the trust account, the Company and/or the person appointed by the Company shall, on behalf of the Recipients, have full authority to (the list is not exhaustive) negotiate, execute, amend, renew or terminate the trust agreement. The Company and/or such person shall also have full authority to (the list is not exhaustive) provide instructions regarding delivery, use or disposal of the trust property.
<p>Treatment of the new restricted shares for which the grantee fails to meet the vesting conditions after receiving or subscribing to the shares</p>	<ol style="list-style-type: none"> 1. If either (i) the Recipient has ceased their employment as of the Vesting Date, (ii) the Recipient has violated any provisions of the employment contract, work rules, non-competition, non-disclosure and/or any other agreement entered into with the Company/Affiliate, (iii) the individual and/or company-level performance requirements have not been met; or (iv) the Recipient has, in violation of subparagraph 1, paragraph 8 of this Article, demanded modification, revocation, termination, suspension or cancellation of the authorization granted to the Company as related to the trust/custody account, the Company shall have the power to repurchase for no consideration and cancel any Shares that have not vested pursuant to this Article. 2. The Company shall also repurchase for no consideration and cancel any unvested Shares in the event of voluntary or involuntary termination of the Recipient's employment.
<p>Number of new restricted employee shares that have been retired or bought back</p>	<p>528,000 shares</p>
<p>Number of new restricted shares that have vested</p>	<p>0 share</p>
<p>Number of unvested new restricted shares</p>	<p>11,688,000 shares</p>
<p>The ratio of the number of unvested new restricted shares to the total number of issued shares (%)</p>	<p>0.49%</p>
<p>The effect on shareholders' equity</p>	<p>Dilution of original shareholders' holding is limited</p>

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

As of February 28, 2023; Unit: shares and NT\$ thousand

	Title	Name	No. of New Restricted Shares (Note 1)	New Restricted Shares as a Percentage of Shares Issued (Note 2)	Released			Unreleased					
					No. of Shares	Issued Price (NT\$)	Amount (NT\$ thousands)	Released Restricted Shares as a Percentage of Shares Issued (Note 2)	No. of Shares	Strike Price (NT\$)	Amount (NT\$ thousands)	Unreleased Restricted Shares as a Percentage of Shares Issued (Note 2)	
	Chairman & Chief Sustainability Officer (CSO)	Tom Soong											
	President	Anson Chiu											
	SBG General Manger	Jerry Hsu											
	SBU General Manger	John Chang											
	SBU General Manger	Steven Liao											
	Vice President	Don Lin											
	CFO	Patricia Chou (Note 3)	9,388,000	0.40%	0	0	0	0.00%	8,948,800	0	0	0.38%	
	Accounting Manager/ Associate Vice President	Michelle Hsiao											
	Employee	Vicky Liang											
	Employee	Reina Hu											
	Employee	William Bradshaw											
	Employee	Richard Chiang											
	Employee	Sander Su											
	Employee	Bob Weng											
	Employee	Simon Ong											
	Employee	Daniel SE Wang											
Manager and employee													

	Title	Name	No. of New Restricted Shares (Note 1)	New Restricted Shares as a Percentage of Shares Issued (Note 2)	Released				Unreleased			
					No. of Shares	Issued Price (NT\$)	Amount (NT\$ thousands)	Released Restricted Shares as a Percentage of Shares Issued (Note 2)	No. of Shares	Strike Price (NT\$)	Amount (NT\$ thousands)	Unreleased Restricted Shares as a Percentage of Shares Issued (Note 2)
Manager and employee	Employee	Jason Gau	9,388,000	0.40%	0	0	0	0.00%	8,948,800	0	0.38%	
	Employee	David Liao										
	Employee	Adam Chen										
	Employee	Allen CY Liao										
	Employee	CC Mei										
	Employee	Henry Chen										
	Employee	Edward Carter										
	Employee	Riley Chuang										
	Employee	May Chiu										
	Employee	Lear Lee										
Employee	Alan Liu											
Employee	Arno Wu (Note 3)											

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

Note 2: The share issued is calculated based on the amended number of total shares issued approved by Ministry of Economic Affairs on December 07, 2022.

Note 3: As of February 28, 2023, the employee has resigned.

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

4.8 Financing Plans and Implementation: Not applicable

5. Operational Highlights

5.1 Business Activities

5.1.1 Business Scope

5.1.1.1 Business Activities and Revenue Breakdown

Department	Key Business Activities	Product	2022 Revenue Breakdown
Opto-electronics Department	Design, R&D, production, and sales of opto-semiconductor, automotive products and components.	LED opto-semiconductor packaging and LED lighting applications Auto electronic parts and components Auto camera modules EV chargers	20%
Cloud and AIoT Department	Design, R&D, production, and sales of datacenter, server, networking, AI, AIoT, smart devices and smart image solutions products.	Server power systems solutions Networking modules and components Smart image devices IoT devices	33%
Information Technology and Consumer Electronics Department	Design, R&D, production, and sales of applications for laptops, desktops, tablets, game consoles, consumer electronics and multifunction printers and scanners.	Power supply Consumer electronics products Multifunction printers and scanners Computer keyboards	47%

Note: Multifunction printers and scanners belongs to Image Department Business under Information Technology and Consumer Electronics Department. The Company disposed the Image Department Business to Guangzhou Luxvisions Innovation Technology Limited and Luxvisions Innovation Technology Limited at the end of fourth quarter in 2022.

5.1.1.2. New products under development

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

5.1.2 Industry Overview

1. Industry overview and outlook

Most of the company's products in 2022 can be divided into three categories, opto-electronic products, Cloud & AIoT products, and IT & consumer electronics (ITCE) products. Most opto-electronic products can be separated into opto-semiconductor products and automotive electronics products, while most Cloud and ITCE products are power supply. Hence, the industry overview is described as follows with respect to these product categories.

(1) Opto-electronics – Opto-semiconductor

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

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

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

Upstream - Components/Materials

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

Midstream - Packaging service providers

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

Downstream - Products and applications

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

(2) Opto-electronics – Automotive electronics

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

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

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

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

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

Upstream - Components/Materials

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

Midstream - Automakers and ADAS and charging system suppliers

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

Downstream - Products and applications

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

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

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

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

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

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

Upstream - Components/Materials

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

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

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

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

Midstream - SPS suppliers

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

Downstream - Products and applications

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

2. Product Trends

(1) Opto-electronics - LED

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

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

(2) Opto-electronics – Automotive electronics

The automobile industry has a well-established supply chain. After the global car chip shortage in 2021 and 2022, the automotive supply chain has been recovering and the outlook on its output in 2023 remains positive. Meanwhile, growing popularity of the Internet of Vehicle and driverless vehicles is triggering a trend to turn cars into smart cars or electric cars. Most of such transformation involves safety systems, including ADAS, driver monitoring system (DMS), adaptive driving beam headlamps and similar active safety systems as well as parking assistance and other passive safety systems. Both areas show promising potential. While traditional automakers embrace the transition to electronics, electric car makers are growing fast worldwide. The global sale of electric cars can be expected to reach 30 million cars and the penetration rate to reach 25% to 30% in 2025. As European nations and the US impose increasingly strict carbon emission requirements on automobiles and approach the complete ban of sale of fossil fuel vehicles, the electric car industry as a whole will continue to grow and in turn support growth of charging station operators and other related businesses.

(3) Cloud and ITCE products - power supply

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

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

center power management systems, and liquid cooling solutions to supplement hardware, software, and firmware in order to provide systematic power management for clients. LITEON has the advantages of a technology leader and expects to continue to grow with an increasing market demand.

3. Product competitors

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

5.1.3 Research and Development

5.1.3.1 Research and development expenses in the past two years

Unit: NT\$ thousands

Items/Year	2021	2022	2023(as of 2023/2/28)(Note)
Research and development expenses	6,113,185	7,440,789	1,220,643
As a % of total revenue	3.71%	4.29%	5.68%

(Note) The figures for 2023 are unaudited.

5.1.3.2 R&D Accomplishments in 2022

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

Power Conversion

- (1) Continue to develop LITEON's exclusive highly integrated ASIC IC (SR IC / PFC+PWM combo IC), reduce the number of parts used and product weight, and meet the goals of green design and ESG.
- (2) 165W PD3.1 adapter, using Hybrid-Flyback circuit, volume is 183cc, and can support PD3.1 output voltage requirement of 5V~28V, 165W/28V efficiency reaches 93.5%, and its Power density is 16.1W/in³.
- (3) Develop LITEON's own brand Wall-mount 65W PD3.0 adapter, with a volume of 70cc, using QR-Flyback circuit, which can support PD3.0, QC2.0 / 3.0 and PPS. It is suitable for PD 65W notebook computers and Mobile phone products. Its 65W/20V efficiency reaches 90%.
- (4) Design for 330W ultra low height(≤14mm) AIO power supply with high power density and high operating frequency. Adopt Active Bridge control to replace conventional bridge rectify diode to improve thermal and efficiency. For DC-DC converter, the high efficiency LLC topology is adopted. By deploy planar transformer and GaN device, the LLC working frequency is around 750kHz and then the component size is reduced in further. Overall PSU efficiency is 91.4%(low line, max load) and power density is 30 W/in³.
- (5) Successfully developed 2400W Titanium power supply for high-end workstation. Increase peak efficiency from 94% to 96%.
- (6) Based on exist 372W digital control power supply product, LITEON integrated the magnetic from two discrete part into one magnetic component. This integrated concept not only can keep the same design flexibility but also decreasing 11.8% component volume and having 26% height saving for exist production.
- (7) Develop high power Enterprise level 3200W Titanium (96%) server power.
- (8) Develop high power density, 66W/in³ Enterprise level Titanium (96%) server power.
- (9) Develop networking open frame 315W power supply.
- (10) Develop 5.5kW PSU for OCP ORV3 standard. Suitable for 21 inch rack and up to 97.5% efficiency. Support hot swap power module and provide power for 48v data center system.
- (11) Develop 60kW rack level liquid cooling system, suitable for next generation high power data center heat dissipation. Exhaust heat to outdoor and reduce noise in the data center.
- (12) Develop PMC(power monitoring control module) for OCP open rack project. Using open source OpenBMC platform to develop software, monitor and control power system including PSU and BBU in the data center.
- (13) A bi-directional inverter and bi-directional converter have been developed.
- (14) A prototype of small energy storage system and cloud-based energy management system have been developed and installed.
- (15) Smart Panel: a prototype of smart panel for home energy management has been developed. The smart panel is able to choose energy sources (grid, solar PV, battery storage, etc.) automatically and balance the home load based on priority.

- (16) Energy Management System (EMS): Prototype of cloud-based EMS with forecasting algorithms (solar PV, load, energy price) & battery energy storage system (ESS) optimized scheduling has been developed.
- (17) Charging Station Management System (CSMS): EV smart charging management system with AI-based optimization algorithms has been developed. The Cloud-based CSMS is OCPP 1.6 compatible, it helps charge point operator to visualize charging station status and minimize operation cost.

Optoelectronic Semiconductors Components and their Component Modules

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

- (1) For high-performance optocouplers, LITEON keep expand the portfolios of high-speed optocouplers; IPM, IGBT gate drivers and isolation amplifiers for the industrial inverter, photovoltaic inverter & servo motor; photo-relays that are smaller than traditional mechanical relays with higher reliability; and automotive optocouplers which used in on-board charger, battery management system, inverter control of electric vehicles. LITEON is the first automotive optocoupler manufacturer to get the AEC-Q102 certificate of LED automotive specification by the Automotive Electronics Council in the world.
- (2) The Mini LEDs with unique structure for special lighting pattern feature. At the same time, high reflectivity materials are developed for high performance and brightness miniaturization LEDs to satisfied thin backlight source brightness and uniformity solution.
- (3) Optoelectronic semiconductor component modules with an encapsulation process are compatible with the IR-reflow process, the function of colorful white light, IC controlling, self-illumination LED to meet customer's requirement by improving the efficiency of the mass production, saving energy, colorful program by design. The function of colorful white light has also developed a unique phosphor technology to customize the special light spectrum.
- (4) Developed high-efficiency & high-directional IR-LED products, with mechanical design in the Security Surveillance, Wearable Device, etc., and eventually upgrade the performance of end products dramatically. In the application of automotive, a high-efficiency infrared LEDs have also completed the AEC-Q102 certification.
- (5) Development completed for 3 in 1 and Standalone ALS sensor: By implementing DAF to reduce 15% of total size and reduce IC size to meet Mobile Phone and Wearable requirement.
- (6) Development completed for automotive AEC-Q ALS sensor with QFN lead-frame structure, this sensor will be OPS first sensor which provide ALS function for automotive in-cabin display.
- (7) Under Display Sensor: By advanced IC design and package technology to provide the functions of RGB sensing and Proximity, under OLED display at Mobile phone.
- (8) 3D sensing application: Successfully released new eye safety protection mechanism VCSEL for movable related end-product, also mass production new solution for domestic and commercial service robot.
- (9) Breakthrough for dToF VCSEL market, including short distance low power ranging sensing, and long distance industrial dToF application, customized VCSEL Packaging for customer and creating the best system performance.
- (10) LITEON take a technology breakthrough in UVC by launch a 130mW high power UVC LED G06 to enable air sterilization in air purifier or air conditioned. As the lasting operation in appliances, G06 is able to meet the 35,000hrs lifetime to replace Halogen lamp by its miniature size, high design flexibility and environmental as ESG expects. The UVC G06 is also a good solution for water purifier in both of home appliance and industrial. Beyond the technology, there is also UVC LED G35 which is certificated by AEC-Q102 for automotive air purify currently.
- (11) The head lamp is the most critical category among the Automotive lighting application. LITEON is successful to deliver a high power LED H3S applied to motorcycle head lamp of international brand. The H3S LED emits the

1120 lumens white light for driving safety and stylish design. Meanwhile, the head lamp LED for passenger car is under OEM customer approval to the new car model launched in next half of 2023. The Matrix LED for ADB head lamp is also under developing to prove LITEON determination in automotive application.

- (12) Optoelectronic light guide component modules are committed to the development of optical structures and light mixing modules. To meet the customer's requirement of uniformity and light efficiency, the developed technology integrates optical path design, microstructure design, material formulas, and process design to provide a high efficacy light guide device with good optical uniformity, that is suitable for status displays and dynamic ambiance lighting in various devices.

Lighting

- (1) Continuously strengthen and expand the competitiveness of our products in the US street lighting market and regional lighting. For luminaire products, we continue to develop new one-piece thin Flood Light and Cobra Type street lights to meet the requirements of the latest North American DLC LUNA V1.0 specification, which features the pursuit of lightweight and high efficiency and meets the market requirements for ESG trend. By optimizing the product's design, we can achieve energy saving and carbon reduction.
- (2) For LED outdoor human factors lighting products (corresponding to the patent layout), we integrated material and optical-related technologies, applied light guide technology to Colonial Post Top Lighting products, and completed PoC samples to find the best balance between the two opposing aspects of energy saving and high luminous efficiency and visual comfort.
- (3) In terms of LED signal light products, we continue strengthening the Canadian market demand to launch two new products to meet the CSA requirements a). IL6-P3 Canada 12" and 8" round lights and arrow lights, with low temperature (-35°C) impact-resistant design features, i.e., meet the special field requirements of Class IR 3 and also meet the U.S. ETL regulations and b). The 12" round pedestrian light is divided into two sets: a white/orange hand combination light to notify pedestrians whether to pass or not and a countdown timer light to display the number. The firmware design can match the different requirements of customers and venues, and simultaneously with the same group production of continuous and exhaust function of the shotgun head LED to make the light more convenient assembly and optical projection better accuracy.
- (4) In terms of the intelligent controllers, the development of a NB-IoT intelligent controller has been completed. It integrates LEOTEK's experience in street light maintenance and operation, introduces exclusive street light fault detection and power failure detection functions, and truly realizes the expected corresponding functions of smart street lights. Supplemented with the exclusive NB-IoT antenna design, the connection rate is more than 99%. It not only passed the reliability test, but also won unanimous praise from customers in the actual field application. It is expected that a foreign version of the smart controller will be completed in 2023. It will also introduce exclusive street light failure and power anomaly detection functions. In response to foreign power conditions, the controller's surge resistance will be increased to further reduce the probability of abnormalities.
- (5) In terms of the smart light poles, a smart light pole design with interactive functions, environmental information and monitoring functions has been completed, and it has been installed and tested in Taiwan. Since smart light poles will become an important carrier of smart lighting and smart transportation, it is expected that a new smart light pole will be designed in 2023, with safety, intelligence, and convenience as the main axis, as the carrier of corresponding functions, and in line with relevant domestic smart light pole specifications. Promoting the business of smart poles.
- (6) In terms of the traffic controllers, we have obtained the agency right of a foreign controller, which is suitable for technological law enforcement, adaptive traffic, and other derivative smart traffic functions. Due to the different standards for the use of traffic light controllers in Taiwan and abroad, we will develop domestic traffic light controller information standards and foreign controllers to bridge software and hardware functions. It is hoped that this traffic light controller can be introduced into the field of domestic intelligent traffic and traffic light control.

Human Input Solutions

Input devices refer to accessories such as desktop keyboards, keypads, keyboard modules for laptops and mice. In the desktop keyboard and mice category, LITEON had developed silence keyboard, silence mouse, lightweight mouse, folio keyboard, freewheel mouse, capacitance touch keyboard, Liquid-Crystal Display of touch keyboard, E-paper display for mouse and keyboard.

Enclosures

Focus on Enterprise & Cloud server enclosure, we continued the co-development with customers for Eagle Stream platform server models. At the same time for response to the market demand of cloud data centers, we increased the

proportion of high-density server chassis development. And aim at the trend of liquid-cooling rack thermal solution, gradually construct advanced liquid-cooling thermal management solutions, and continue to establish the high-end rack cabinet manufacturing line and process validation.

In order to be ahead of the server market's demand for new specification chassis, we will promote the development of chassis that follow the OCP DC-MHS open specification. Through modularization of parts and common design across models to achieve flexibility design, shortened development cycle, and reduced development costs these goals. And continue the production capacity and cost advantages on our HDD Carriers, will develop the new generation of SSD Carriers that compliances to the existing automatic production line and provide customers applied in their products.

Networking

(1) 5G:

LITEON Technology Corp. has been dedicated to wireless communication technology for many years. Based on our core competence: hardware and software integration capability, we commit to develop more open, interconnected/ integrated 5G products. The next generation of 5G O-RAN complied small cell, which covers from FlexFi All-in-one small cell, O-RU and LiteNetics O-RAN EMS management system.

In the meantime, considering FR2 mmWave will be the next wave of 5G, we have extended focus on developing the next generation of FR2 mmWave products with its wide bandwidth availability, we could fulfill the application with superior transmission speed with low latency requirements.

LITEON Technology Corp. continuously strengthen its core competence and increase industrial competitiveness to take the leading position in internet communication industry. Commercial launched product lines listed as following:

- A. All-in-one Small cell: Sub-6GHz
- B. O-RU: Sub-6GHz/mmWave
- C. O-RAN Element Management System: EMS, Non-RT RIC, Near-RT RIC.

(2) WiFi Access Point (AP)

LITEON enterprise Wi-Fi solution provides customers easier ways to build a high performance, stable and easy management WLAN environment. Flexible business model and product options can help customers easily approaching different business opportunities. With the research and development energy of the fifth-generation WiFi continuing to develop the sixth-generation WiFi (IEEE standard 802.11ax) access points. While the design team devotes to the development of the sixth-generation WiFi wireless AP, the progress of the upcoming seventh-generation WiFi standard is also being watched to strengthen the core design capabilities, market competitiveness and continued to establish a leading position. The sixth-generation WiFi wireless AP can help customers upgrade the transmission capacity of the original wireless APs, provide a better wireless data transmission experience, it can support the use of three operating frequency bands such as 2.4GHz, 5GHz and 6GHz. The following models has successfully completed development:

- A. Indoor dual-band WiFi6 access point
- B. Indoor tri-band WiFi6E access point
- C. Outdoor dual-band WiFi6 High Power access point

(3) Switch (Ethernet switch):

Energy-saving/environmental protection/Power over Ethernet (PoE)/high-bandwidth systems are the focus of LITEON's appeal for wired Ethernet switches. The power consumption of the system is decreasing and the system performance/throughput is improving.

The downstream of Switch:

- Power over Ethernet (PoE), LITEON's Switch +POE technology has reached the capability of supplying 71W to powered devices. The function of powered equipment can be greatly improved with the help of high power, and the development of its ability will not be limited at the same time due to power limitations. The development of the Internet of Things also promotes the development of IP surveillance cameras and smart lighting fixtures. Therefore, it is foreseeable that Switch + POE technology will occupy a place in the IoT era.
- Multi-Gigabit network, designed according to IEEE 802.3 standard. Multi-Gigabit networks allow consumers to achieve speeds exceeding 1Gbps over existing Cat5 and Cat6 network lines, allowing them to use bandwidths

of 2.5Gbps, 5Gbps and 10Gbps. When using advanced connection devices (computers, NAS and wireless base stations, 802.11ac (Wi-Fi5) and 802.11ax (Wi-Fi6)), the performance of connection devices will not be wasted.

The upstream of Switch:

10G/25G/100Gigabit Ethernet fiber (Fiber) is supported, which can be easily integrated and connected to data centers, servers and other systems.

Successfully developed the following products:

- A. 16 ~ 48 ports Layer3 PoE Ethernet switch
- B. 12 ~ 24 ports Layer3 Multi-Gigabit/PoE Ethernet switch ·Uplink, 25G/100Gigabit.

System Solutions

In recent years, due to the development of applications in the Metaverse, IoT, and AI, as well as the expansion of 5G edge computing facilities, there has been a significant increase in demand for servers in terms of both quantity and performance. The hardware equipment industries that make up the entry points to the Metaverse include data centers, 5G infrastructure, AR/VR/MR equipment, and servers, which enable related applications to be realized. As energy consumption has become a more pressing concern, data centers are actively seeking power system solutions that are energy-saving, carbon-reducing, and highly efficient. LITEON has entered the server industry with its high-performance server power supply system and energy-saving advantages, and has invested in the research and development of a high-end server platform model based on past design experience. Related products have now entered the pilot run phase.

In the future, given the rising trend of global demand for servers, we plan to develop server products of various ODM specifications and models, evaluate the development of servers that comply with OCP specifications for high-end data centers catering to cloud customers, and continue to invest in the research and development of various platform models to fulfill customer requirements in different application scenarios. We will also integrate LITEON's advantages in server power supplies, racks, and chassis design into server products to meet customer performance requirements and provide product integration.

Automotive Electronics

- (1) In the field of automotive lighting modules, we continued to cooperate with global leading headlamp manufacturers to embrace the mega trend of electrification and autonomous driving. We developed several intelligent signature lighting products which integrate headlights and grill-lights. In addition, innovative interior lighting products are developed to improve user experience. These new lighting products have already passed validation and delivered to European, American, and Japanese car makers. In order to enhance production quality and efficiency, we also developed a unique multi-channel testing system for production line. It is the first all-in-one system designed for automotive lighting products, utilizing parallel architecture to realize integration of software programming, LIN bus communication, functional testing, and optical testing in one system. This system has already approved by customer and started mass production.
- (2) Driver Monitoring System (DMS) is an important part of Advanced Driver Assistance Systems (ADAS). Due to the fact that various national regulations have successively included DMS as the standard equipment for new vehicle models, efforts have been made to develop DMS camera equipped with 940 to 950um IR LED light sources, miniaturized, high resolution, low power consumption, and meeting the ASIL (Automotive Safety Integrity Level) B level of ISO 26262 (Functional Safety Standard for Road Vehicles). The product is expected to be mass produced in 2025. At the same time, we are also developing a new miniaturization process for the surround view camera module to meet market demand.
- (3)
 - A. In the field of vehicle power supply, a 3kW hybrid and electric vehicle 800V DC converter platform has been developed, which is expected to be mass-produced in 2024 to meet future high-efficiency requirements, with an efficiency of 96%. Due to meeting the requirements of the automotive factory, the product complies with APQP, introduces ISO/SAE 21434(automotive cyber-security standard), and complies with ISO 26262 ASIL B level.
 - B. In addition, a 2-in-1 6.6kW/2.5kW 400V platform car charger with integrated DC converter has also been developed, which is expected to be mass-produced in 2024. System integration makes full use of mechanism space, greatly reduces product size, and effectively dissipates heat to increase power density. We began testing and adjusting the design on the actual vehicle at the client site.
 - C. The high-end EV market is moving towards 11kW charger requirement. It is important to have a 11kW (which

can be modular designed up to 22kW) combo platform in product roadmap. It can reduce verification time, and accelerate platform development. 11kW Bi-direction design started its POC in 2022. Target to mass production in 2026. At the same time, Bi-directional project had started its ISO 26262 documentation. A Uni-direction 11kW A Uni-direction 11kW charger (without APM combo) starts feasibility study. Target to mass production in 2026.

- (4) In the field of AC charging stations, we have developed a wall-mounted unit that is suitable for public areas and can be used by car manufacturers. This charging station is equipped with a 3.5-inch screen, RFID, 4G module, and a credit card reader for user convenience, allowing for payment by credit card for charging services. It can be connected to the internet and managed through the OCPP communication protocol background. ISO15118 enables digital communication protocol functions with electric vehicles and can be used in the future to feedback AC power to the home grid. Additionally, in case of power outages, the charging station is equipped with batteries to communicate with electric vehicles using ISO15118 and feedback alternating current to the grid.

In the field of DC charging stations, we have developed both wall-mounted and vertical systems that support CCS: 150Vdc to 950Vdc and CHAdeMO: 150Vdc to 500Vdc output, featuring constant current and constant power charging mechanisms. The DC charging system is developed with system integration and is compliant with relevant UL and CE regulations. It comes equipped with a 5-inch screen, POS machine, RFID, Wi-Fi, and 4G module communication interface.

Wireless Connectivity Module & System On Module

- (1) Wi-Fi HaLow™ wireless communication module: We provide Wi-Fi HaLow™ communication module that complies with Wi-Fi Alliance® IEEE802.11ah technology and comply with FCC/CE/JP certifications, allowing AIOT products can achieve interconnection over longer distances with lower power, making up for the lack of WIFI in transmission distance and mobility. We also provide 802.11ah Gateway Solution, helping customers to quickly adapted 802.11ah technology into products and Realization of 802.11ah low-power wide area network.
- (2) Wi-Fi 4/5/6 wireless communication modules: Provide various wireless communication module those are compliance with Wi-Fi Alliance® IEEE802.11ax/ac/a/b/n technology for different industry customers, providing standardized formfactor and customized services to help customers realize intelligent wireless networking functions in AIOT client devices.
- (3) System on module solutions which support AI voice feature, provide complete solutions for smart speaker application system. The SOM also embedded multiple wireless radio inside, more convenient for user's behavior and applications of wireless environments.

Edge Devices

- (1) In the IoT product category, wireless smart gateway has been developed for more application usages. The gateway combines various wireless technology and highly integrates all the protocols that makes all the local IoT devices connect to the cloud service seamlessly. It integrates backup battery feature. It is the bridge of the cloud to collect all kinds of IoT data and control IoT devices in different design. The IoT smart gateway is the key component in the smart home and smart office product line.
- (2) In the sensing category, our development continues and mass produced a variety of motion devices which are more competitive in the market, we also focus on simplifying the design to allow users to have a better installation experience and a better user experience. In addition, to enrich the diversity of IoT devices, we stepped into the field of image transmission with 8K resolution, established the design verification process, and was passing HDMI certification to provide more interactive scenarios for smart home usage scenarios.
- (3) The AI voice technology hardware platform which was integrated POE power up and max SPL 105dB features. Customers can develop their owned cloud for AI security speaker. We can provide complete solutions for product design and verification, helping customers to accelerate the pace to mass production and entering the market ahead of the schedule.

Camera Devices

- (1) Surveillance IP Camera: From professional surveillance to smart home camera, from indoor to outdoor environment, we provide surveillance IP camera total solutions which support functions of long-distance night-vision, various optical zoom, ultra-high resolution, waterproof, vandal-proof, high-quality and stable live streaming with continuous recording. We've also integrated the AI and Radar functions. Use AI to identify people, vehicle, and pets, to highly decrease the false alarm in a traditional manner. Use Radar to detect the distance of the objects to make the camera much smarter.
- (2) Wireless Doorbell Camera:

The doorbell uses high-capacity rechargeable batteries and wireless communication protocol. Users can install the doorbell quickly without lousy power cable and ethernet cable routing.

Very low power consumption design achieves long battery usage time and do not need to recharge frequently. The wireless connection is always on at low power consumption mode and users can remotely start the camera and 2-way audio anytime. The sensor in the doorbell detects human beings and starts camera before he or she is closing the doorbell. Infra-red photography mode is automatically turned on at night or low-light environment. Together with the back end, the system provides valuable features to users, such as detecting human, faces, events and recording, sending warning messages etc.

Camera Module

- (1) In ToF (Time of Flight) 3D sensor module, adopt advance algorithm to increase the accuracy of obstacle avoidance.
- (2) Infrared camera module of vein detection on smart retail system.

5.1.3.3 Future R&D Plans

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

5.1.4 Long-term and Short-term Development

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

1. Product prospects

Short term

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

Medium term

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

Long term

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

2. Market prospects

Short term

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

Medium term

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

Long term

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

5.2 Market and Sales Overview

5.2.1 Market Analysis

1. Main product distribution regions

Unit: NTD '000, %

Region/Year		2022	
		Sales	Percentage (%)
Domestic Sales		869,636	0.50
Exports	Americas	44,579,865	25.70
	Europe	18,750,748	10.81
	Asia	108,947,274	62.81
	Other	308,693	0.18
Total		173,456,216	100.00

2. Market shares

2. Market shares

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

3. Future market supply and demand and growth potential

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

Main product	Estimated market size in 2023	Estimated CAGR (%) in upcoming 3 to 5 years
Opto-electronics - LED	approx. US\$ 19.4 bn	~4%
Power supply	approx. US\$ 27.5 bn	~4%

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

As the pandemic eased in 2021, the world started to resume economic activity, which fueled the recovery of the LED demand. The Russia-Ukraine war and central banks continuing to tighten their monetary policies caused inflation to soar and consumer demand to weaken in 2022. Most of our opto-electronic products are classified as invisible applications and were less affected compared to the industry as a whole.

In terms of invisible products, the infrared sensor market continued to expand. Products such as eye tracking, 3D sensors, and biometrics and their applications in popular areas including AR/VR metaverse, automotive ADAS system, onboard sensors (driver monitoring system), and security system saw rapid growth in 2022.

For photocouplers, data from market research institutions showed that the market would grow by 13% from US\$2.0 billion in 2022 to US\$2.2 billion in 2025. In particular, growth in the high-end photocoupler market, supported by growth in industrial control, green energy, and electric car markets, could reach 25% from US\$800 million in 2022 to US\$1.1 billion in 2025.

For automotive LED, the global market penetration of LED headlights for passenger vehicles exceeded 60% and the penetration of LED for new energy vehicles reached 90% in 2021. The penetration of LED headlights is expected to maintain the upward trend. According to TrendForce, the penetration of ADB headlights was only 3% in 2022 but can rise to 13% in 2026 with increasing pixel density for automotive LED and improved individually controlled high-performance automotive LED modules.

(2) Supply and demand of power supply

According to a report published by the market research firm IDC, the global PC and tablet shipment will fall by 12% over the year to 460 million units in 2022 due to inflation and a slowing global economic growth. Given the

absence of any sign of recovery in the consumer market so far and the pandemic-driven increase in demand in the last two years, the global PC shipment in 2023 is still expected to fall by 6% over the year to 280 million units.

Despite the expected sudden drop in consumer demand, inventory adjustment, and deteriorating macroeconomic conditions in 2022, the PC shipment will stay above the pre-pandemic level. It is expected that business PC will enter the next cycle in 2024 and the PC market as a whole will maintain a compound annual growth rate (CAGR) of 1% for the next five years. Meanwhile, PC power supply units as a whole should be able to follow the PC market and maintain a slightly upward trend. Consumer electronics such as game consoles and AI smart home are also expected to show a similar trend and continue to drive the demand for power supply units in the market.

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

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

(1) Favorable factors

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

(2) Unfavorable factors and countermeasures

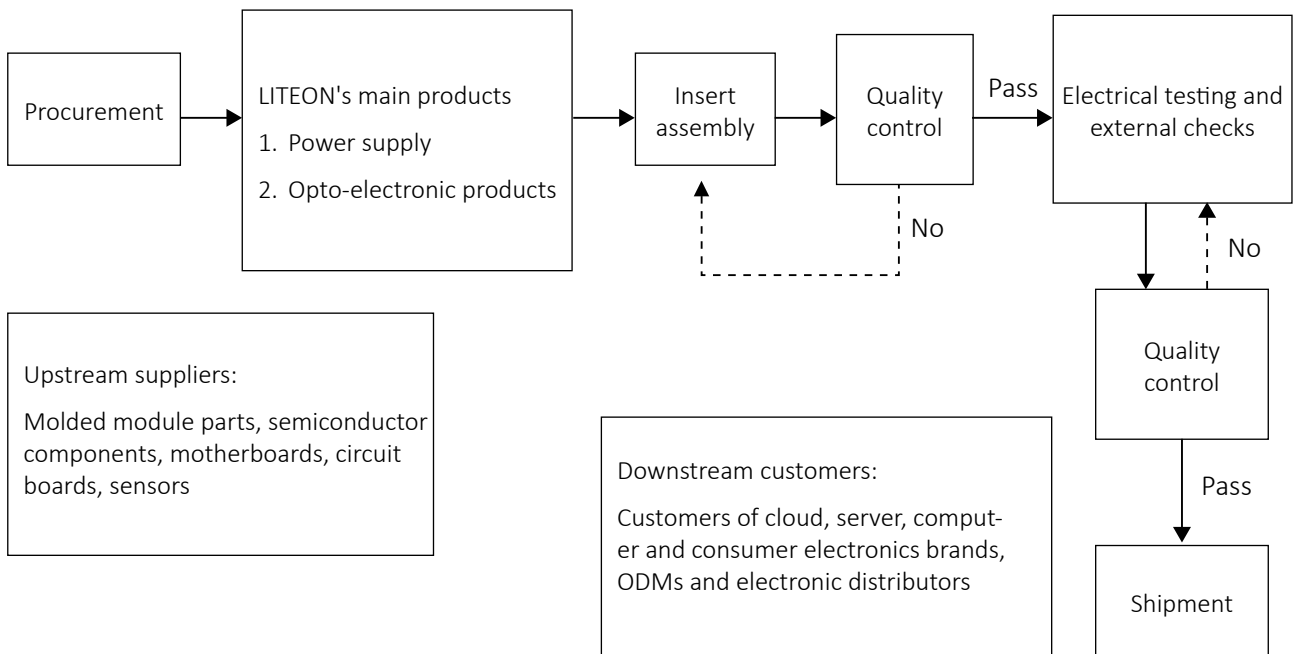
Unfavorable factor	Countermeasure
Impact of changes in global economic outlook and geopolitics	Find new customers, develop new products, increase technical capabilities, expand capacity out of China, and strengthen local production capability to counter changes in the global economic outlook and geopolitics.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

5.2.2 Production Procedures of Main Products

1. Important Applications of main products

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

2. Production process for main products



5.2.3 Supply Status of Main Materials

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

5.2.4 Major Suppliers and Customers

5.2.4.1 Major Suppliers

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

5.2.4.2 Major Customers

Unit: NT\$ thousands

Item	Company	2022			2021			
		Amount	% of Net Sales	Relation with Issuer	Company	Amount	% of Net Sales	Relation with Issuer
1	Client A	-	-	-	Client A	16,546,900	10.04	Third Party
2	Others	173,456,216	100.00	-	Others	148,281,047	89.96	-
	Net Sales	173,456,216	100.00	-	Net Sales	164,827,947	100.00	-

Note : None of the customers accounted for more than 10% of our net sales in 2022; one major customer accounted for more than 10% of our net sales in 2021.

5.2.5 Production in the Last Two Years

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

Output	Year	2022			2021		
		Capacity	Output	Amount	Capacity	Output	Amount
Major Products							
Opto-electronics		23,019,355	17,859,288	26,619,594	32,398,091	30,119,606	33,774,968
Information Technology and Consumer Electronics		517,848	355,335	77,700,005	654,371	509,357	94,744,150
Cloud and AIoT		91,402	51,682	38,447,835	88,896	70,419	37,309,245
Total		23,628,605	18,266,305	142,767,434	33,141,358	30,699,383	165,828,363

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

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

5.2.6 Shipments and Sales in the Last Two Years

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

Shipments and Sales	Year	2022				2021			
		Local		Export		Local		Export	
		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Major Products									
Opto-electronics		2,257	388,448	18,388,326	33,960,743	2,057	566,751	24,877,710	32,730,588
Information Technology and Consumer Electronics		1,015	255,846	717,662	81,857,337	332	457,103	1,318,730	79,480,856
Cloud and AIoT		1,790	225,342	124,830	56,768,500	4,132	882,365	191,905	50,710,284
Total		5,062	869,636	19,230,818	172,586,580	6,521	1,906,219	26,388,345	162,921,728

5.3 Human Resources

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

As of February 28, 2023

Year		2021	2022	2023 (as of Feb 28)
Number of employees	Managers/Professionals/Clerical	12,490	12,817	12,297
	Technician/Operator	27,529	19,413	18,652
	Total	40,019	32,230	30,949
Average Age		31.2	33.0	33.0
Average Years of Service		4.0	5.1	5.2
Education	Ph.D.	0.2%	0.3%	0.3%
	Masters	4.5%	6.1%	6.3%
	Bachelor's Degree	22.6%	27.9%	27.4%
	Senior High School	16.9%	17.8%	17.9%
	Below Senior High School	55.8%	47.9%	48.1%

Note: The above information does not include outsourcing labor.

5.4 Environmental Protection Expenditure

5.4.1 Loss due to environmental pollution in 2022 up to publication date in 2023:

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

5.4.2 Countermeasures:

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

5.5 Labor Relations

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

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

1. Employee benefits and implementation

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

- (1)LITEON launched its "employee stock ownership trust" in September 2021, and has invited employees to become LITEON shareholders; Taiwanese employees can choose to participate according to their personal intention. A fixed amount is allocated from the monthly salary of participants, and the Company will allocate a corresponding reward and deposit it into a special trust account. The trust allows employees the opportunity to share the operational results of the Company over the long term, accumulate wealth, and create a mutually beneficial partnership.
- (2)An employee remuneration system is in place for the company to share its success with its employees.
- (3)The Employee Welfare Committee has been established according to the law for the purpose of working to enhance employee benefits and emergency assistance programs.
- (4)The group insurance plan provides an additional layer of protection for employees.
- (5)Worker safety, environmental protection, and health and safety education are part of the on-the-job training.
- (6)Tokens of appreciation are given out on the Chinese New Year, Labor Day, the Dragon Boat Festival and the Mid-Autumn Festival in addition to individual birthday gifts.
- (7)Provide employees with travel subsidies and community subsidies every year to enrich the leisure life of employees and support for employees to form different social clubs are available to encourage a work-life balance.
- (8)Employees are provided with free various types of lunch, child care plan (implemented in 2023) and other benefits that exceed the statutory minimum. We are continuing to optimize our support for employees.
- (9)The Employee Assistance Programs offers counseling as well as management, legal, health care, and finance advice.
- (10)Lead employees to devote in the charity and volunteer activities, for example, " Forwarding Love Action- Old Shoes can Save Lives," were taken place to collect unwanted but wearable second-hand shoes from employees. Additionally, we invited the neighborhood community to join this activity together, to turn the idle shoes at home into love and give substantial help to those in need.
- (11)Health-, management-, or charity-themed lectures are given every year for employees to enrich their life and broaden their visions in leisure hours.

2. Employee education and training and implementation

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

Employees are LITEON's most important assets, and training is the key to ensuring growth of human capital. It has been stated as part of the Group's mission statement that "the purpose of training is to provide employees with the right management skills, professional knowledge and team work to help the organization thrive and maintain sustainable growth." As a result, learning and development receive the highest degree of emphasis at LITEON.

(2)LITEON Group's learning structure

LITEON's training and development programs are guided by the company's vision, strategy, and values. The corporate culture is embedded at the core of a full-developed level- and skill-specific learning structure.

The five aspects of LITEON's learning structure:

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



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

(3) Training implementation

- In 2022, LITEON Group delivered 876,636 hours of training. On average, each employee attended 27.2 hours.

RBA code of conduct course in 2022

Locations	Total of attendees	Percentage of total employee	Total training hours
Taiwan	4,675	89%	20,066
Mainland China	22,065	97%	221,093
Thailand	1,806	74%	11,876
Vietnam	462	94%	5,516
India	47	14%	111
Other overseas	799	64%	75,922
Total	29,854	93%	334,584

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

Anti-Corruption including material insider information, anti-trust and compliance courses in 2022

Locations	Total of attendees	Percentage of total employee	Total training hours
Taiwan	3,729	71%	10,073
Mainland China	22,065	97%	221,093
Thailand	119	5%	833
Vietnam	462	94%	5,516
India	7	4%	7
Other overseas	193	15%	776
Total	26,575	82%	238,298

- Accumulated training expenses in 2022 were NT\$ 77.8million which includes actual cost and opportunity cost (the payroll for attendees working hours).

3. Retirement and implementation

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

In Taiwan, pension schemes are governed either by the Labor Standards Act (the old scheme) or the Labor Pension Act (the new scheme) of the Republic of China. Employees who came on board on or before June 30, 2005, are entitled to carry forward their tenure of service from the old scheme to the new scheme. Under the old scheme, the company contributes 2% of employees' monthly salaries into a pension account held with the Central Trust of China.

This reserve has accumulated to NT\$ 960 million to date, and is fully funded to provide for employees' retirement needs. Under the new scheme, the company contributes 6% of employees' monthly salaries into their personal pension accounts; In addition to the monthly 6% contributions made by the employer, employees may also choose to contribute another 0%~6% of their salaries into their pension accounts.

4. Labor-management agreement status:

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

5. Protection of employee rights and implementation

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

6. Employee code of conduct

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

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

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

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

5.6 Cyber Security Management

Ensure the high availability, integrity, and confidentiality of corporate information systems and operations; enforce information security management and protective measures for networks and systems; provide the management with accurate and timely management information in order to improve the quality of decision-making as well as reduce operational and information security risks for the Company.

1. Information Security Risk Management Framework

An information security management system based on the ISO 27001 international information security standard has been introduced across the board by LITEON. A cross-department and cross-functional Information Security Committee chaired by the company chairperson and president was also established. A dedicated information security unit was set up with responsibility for the management of information security technologies, information security compliance, enforcing the Company's information security management system, identify internal/external topics in information security management as well as stakeholder requirements and expectations on information security for the Company, carry out information security protection tasks, responding to information security events, recovery after information security events, prevent information security events, and reduce the damage from information security events. The unit also reports regularly to the Information Security Committee on the latest developments in information security promotion at the Company, as well as the allocation of investments in information security resources.

2. Information Security Policy

The security and privacy of all stakeholders including internal employees, external customers (customers, suppliers, consultants and partners), shareholders and information assets associated with company operations are important to LITEON. To ensure the confidentiality, integrity, and legality of information assets as well as protect against accidental or malicious internal/external threats, ISO 27001 information security management system certification was obtained by LITEON in 2020 after taking the Company's business requirements into account. An information security audit team was also formed to confirm the effectiveness of information security management measures. To ensure that the collection, processing and use of personal information complies with the requirements of EU General Data Protection Regulation (GDPR), the Personal Information Protection Act in Taiwan, related regulations and the requirements of the competent authorities, a privacy protection management organization was set up in 2020 with the LITEON Data Protection Officer overseeing personal information protection activities at domestic or overseas business/functional units. A personal information protection policy and related management measures were formulated to serve as a guide for personal information protection. To enforce information security management in industrial control environments, LITEON strengthened the information security management mechanisms of industrial control equipment in production environments to bring them in line with international information security requirements for industrial control. ISA/IEC 62443 certification was subsequently obtained in 2022.

3. Detailed Plan for Information Security Management and Resources Invested

(1) Information Security Management and Audit Mechanism

To enforce our information security management mechanism and provide assurance of confidentiality, integrity, and availability of information assets, the PDCA cycle was established by LITEON in accordance with the ISO 27001 international standard for the establishment, implementation, maintenance, and improvement of the information security management mechanism. ISO 27001 information security management system certification was obtained in 2020 and an information security audit team was formed to verify the effectiveness of information security management measures. Based on the IEC62443 industrial control standard, an industrial control information security management and control system was established to introduce a systematic information security management and control mechanism.

(2) Information Security Technology Control and Deployment

A. The Security Operation Center (SOC) provides real-time monitoring and identification of information security events to strengthen response to information security events, and carries out vulnerability scans of the system to protect against hacker intrusions and theft of confidential corporate data. A complete information system safety net that encompasses data centers, network devices, network connectivity, and personal information devices (e.g. desktop PCs, notebook computers, tablets, and smart phones) has been established to ensure the proper protection of employees' personal data, confidential company data, and supplier data.

B. The IEC62443 industrial control standard served as the basis for the establishment of industrial control information security controls. System information security management mechanisms were introduced with enhanced security management for production IT equipment to protect against anomalies that impact on productivity, and reduce the risk of production interruptions due to external attacks on the production environment. These information security measures include user authentication and permissions management for industrial control devices, industrial control network partitioning and connection restrictions, virus and hacker protection measures for industrial control equipment (e.g. monitoring of network anomalies, anti-

virus flash drives, and online IPS protection), portable device control, and backup mechanism for critical equipment.

C. The Azure Information Protection (AIP) mechanism was introduced to ensure the protection of LITEON Data. Data access and protection for office work and Work from Home (WFH) reduced the risk of information being compromised while employees are working off-site. Cloud digital tools such as Microsoft Office365, encryption, identification, authorization principles, and remote secure access mechanisms help to protect the personal information of employees and confidential corporate correspondence.

(3) Information Security Education and Training

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

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

B. Information Security Education and Training:

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

b. Routine employee information security education and training is conducted annually. Every employee is expected to attend at least 1 hour of information security education and training each year. Different types of information security and privacy training courses are also organized for different roles and competencies. Topics covered include trade secrets and information security awareness training, GDPR privacy rights awareness training, and suppliers’ information security awareness training, GDPR privacy rights awareness training, and suppliers’ information security management and training. To enforce the most secure and rigorous information security assurance, information security awareness of our employees are enhanced and internalized into every operation through continuous training.

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

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

(4) International Certification

A. LITEON obtained ISO/IEC 27001 information security management system certification in 2020 and set up an information security audit team to verify the effectiveness of information security management measures.

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

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

There have been no financial compensation or damages due to major information-communication security events at LITEON in the most recent financial year and up to the date of publication for this Annual Report.

LITEON is committed to protecting the safety and privacy of business-related information assets for internal and external stakeholders. A strong emphasis is placed on protection against internal and external information security threats. We are continuing to follow the latest developments in information-communication regulations as well as intelligence on domestic/foreign information security threats so that we can adjust our information security management operations and monitoring as necessary. This will reduce the impact of information security threats on company operations, ensure accountability on information-communication security, and bring about the sustainable development of the Company.

5.7 Important Contracts

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

6. Financial Highlights and Analysis

6.1 Five-Year Financial Summary

6.1.1 Condensed Balance Sheet and Statement of Comprehensive Income

6.1.1.1 Condensed Balance Sheet (Consolidated)

Unit: NT\$ thousands

Item		Financial Summary for The Last Five Years (Note 1)				
		2018	2019	2020	2021	2022
Current assets		157,984,918	146,852,680	140,583,805	147,110,891	164,953,214
Property, Plant and Equipment		20,484,992	19,171,374	18,389,054	18,889,587	19,078,678
Intangible assets		5,914,084	5,947,819	4,840,696	3,675,676	3,692,521
Other assets		12,752,075	14,660,630	12,253,682	13,867,265	12,057,324
Total assets		197,136,069	186,632,503	176,067,237	183,543,419	199,781,737
Current liabilities	Before distribution	120,612,081	109,397,843	99,599,336	107,915,125	111,781,109
	After distribution	127,476,613	116,919,139	107,590,713	113,691,138	118,747,388 (Note 2)
Non-current liabilities		1,845,587	2,593,270	2,326,387	2,754,767	6,013,501
Total liabilities	Before distribution	122,457,668	111,991,113	101,925,723	110,669,892	117,794,610
	After distribution	129,322,200	119,512,409	109,917,100	116,445,905	124,760,889 (Note 2)
Equity attributable to owners of the parent company		71,323,756	72,459,775	73,589,675	72,341,068	81,356,005
Share Capital		23,508,670	23,508,670	23,508,670	23,508,670	23,630,830
Capital surplus	Before distribution	21,745,417	21,819,350	21,613,574	21,836,342	22,706,153
	After distribution	21,745,417	21,819,350	21,613,574	21,836,342	22,706,153
Retained earnings	Before distribution	30,545,001	33,120,165	35,547,654	36,753,852	41,731,318
	After distribution	23,680,469	25,598,869	27,556,277	30,977,839	34,765,039 (Note 2)
Other equity		(3,226,610)	(4,717,096)	(5,808,909)	(6,056,988)	(3,243,884)
Treasury shares		(1,248,722)	(1,271,314)	(1,271,314)	(3,700,808)	(3,468,412)
Non-controlling interests		3,354,645	2,181,615	551,839	532,459	631,122
Total equity	Before distribution	74,678,401	74,641,390	74,141,514	72,873,527	81,987,127
	After distribution	67,813,869	67,120,094	66,150,137	67,097,514	75,020,848 (Note 2)

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

Note 2: The amount approved by Board of Directors on February 21, 2023.

6.1.1.2 Condensed Statement of Comprehensive Income (Consolidated)

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

Item \ Year	Financial Summary for The Last Five Years (Note 1)				
	2018	2019	2020	2021	2022
Operating Revenue	207,109,088	177,954,166	157,133,623	164,827,947	173,456,216
Gross Profit	27,102,249	27,337,664	27,383,699	30,497,529	33,262,432
Operating Income	7,485,813	9,345,222	10,206,194	13,042,139	15,072,860
Non-operating Income and Expenses	3,298,308	3,018,616	2,395,727	4,590,108	2,772,929
Profit Before Income Tax	10,784,121	12,363,838	12,601,921	17,632,247	17,845,789
Net Profit	7,967,084	9,405,517	9,829,204	13,929,486	14,187,403
Other Comprehensive Income (Loss) for the period, Net of Income Tax	(348,578)	(1,432,532)	(1,386,601)	(376,443)	3,576,981
Total Comprehensive Income	7,618,506	7,972,985	8,442,603	13,553,043	17,764,384
Net Profit Attributable to Owners of the Parent Company	7,956,838	9,374,899	10,016,038	13,886,552	14,151,016
Net Income (Loss) Attributable to Non-controlling Interests	10,246	30,618	(186,834)	42,934	36,387
Total Comprehensive Income Attributable to Owners of the Parent Company	7,602,588	7,973,221	8,668,264	13,558,786	17,661,812
Total Comprehensive Income (Loss) Attributable to Non-controlling Interests	15,918	(236)	(225,661)	(5,743)	102,572
Earnings Per Share(Note 2)	3.42	4.03	4.31	6.01	6.19

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

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

6.1.1.3 Condensed Balance Sheet (Standalone)

Unit: NT\$ thousands

Item	Year	Financial Summary for The Last Five Years (Note 1)				
		2018	2019	2020	2021	2022
Current assets		58,140,030	49,081,132	44,377,741	45,818,310	49,264,429
Property, Plant and Equipment		7,640,678	7,885,540	8,240,165	8,986,767	9,794,480
Intangible assets		5,496,986	5,528,836	4,748,110	3,556,210	3,580,319
Other assets		78,236,087	83,518,030	86,092,633	95,826,487	106,099,216
Total assets		149,513,781	146,013,538	143,458,649	154,187,774	168,738,444
Current liabilities	Before distribution	76,696,521	71,902,318	68,217,947	79,773,874	82,053,295
	After distribution	83,561,053	79,423,614	76,209,324	85,549,887	89,019,574 (Note 2)
Non-current liabilities		1,493,504	1,651,445	1,651,027	2,072,832	5,329,144
Total liabilities	Before distribution	78,190,025	73,553,763	69,868,974	81,846,706	87,382,439
	After distribution	85,054,557	81,075,059	77,860,351	87,622,719	94,348,718 (Note 2)
Total equity		71,323,756	72,459,775	73,589,675	72,341,068	81,356,005
Share Capital		23,508,670	23,508,670	23,508,670	23,508,670	23,630,830
Capital surplus	Before distribution	21,745,417	21,819,350	21,613,574	21,836,342	22,706,153
	After distribution	21,745,417	21,819,350	21,613,574	21,836,342	22,706,153
Retained earnings	Before distribution	30,545,001	33,120,165	35,547,654	36,753,852	41,731,318
	After distribution	23,680,469	25,598,869	27,556,277	30,977,839	34,765,039 (Note 2)
Other equity		(3,226,610)	(4,717,096)	(5,808,909)	(6,056,988)	(3,243,884)
Treasury share		(1,248,722)	(1,271,314)	(1,271,314)	(3,700,808)	(3,468,412)
Total equity	Before distribution	71,323,756	72,459,775	73,589,675	72,341,068	81,356,005
	After distribution	64,459,224	64,938,479	65,598,298	66,565,055	74,389,726 (Note 2)

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

Note 2: The amount approved by Board of Directors on February 21, 2023.

6.1.1.4 Condensed Statement of Comprehensive Income (Standalone)

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

Item \ Year	Financial Summary for The Last Five Years (Note 1)				
	2018	2019	2020	2021	2022
Operating Revenue	137,169,390	120,871,430	99,553,624	106,254,835	115,569,314
Gross Profit	12,248,189	13,137,573	12,745,111	12,945,851	17,134,543
Operating Income	835,868	2,537,949	3,370,419	4,288,165	5,856,884
Non-operating Income and Expenses	7,793,329	8,021,488	8,002,637	11,867,942	8,528,975
Profit before Income Tax	8,629,197	10,559,437	11,373,056	16,156,107	14,385,859
Net Profit	7,956,838	9,374,899	10,016,038	13,886,552	14,151,016
Other Comprehensive Income (Loss) for the period, Net of Income Tax	(354,250)	(1,401,678)	(1,347,774)	(327,766)	3,510,796
Total Comprehensive Income	7,602,588	7,973,221	8,668,264	13,558,786	17,661,812
Earnings Per Share (Note 2)	3.42	4.03	4.31	6.01	6.19

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

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

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

6.1.3 Auditors' Opinions from 2018 to 2022

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

Year	CPA firm	Name of CPA	Audit Opinion
2018	Deloitte & Touche	Meng-Chieh Chiu, Cheng-Tsai Tsai	An Unqualified Opinion
2019	Deloitte & Touche	Cheng-Tsai Tsai, Meng-Chieh Chiu	An Unqualified Opinion
2020	Deloitte & Touche	Meng-Chieh Chiu, Cheng-Tsai Tsai	An Unqualified Opinion
2021	Deloitte & Touche	Meng-Chieh Chiu, Cheng-Tsai Tsai	An Unqualified Opinion
2022	Deloitte & Touche	Meng-Chieh Chiu, Shiuh-Ran Cheng	An Unqualified Opinion

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

6.2 Five-Year Financial Analysis

6.2.1 Consolidated Financial Analysis

Item		Financial Analysis for the Last Five Years (Note)				
		2018	2019	2020	2021	2022
Financial structure (%)	Debt Ratio	62.12	60.01	57.89	60.30	58.96
	Ratio of long-term capital to property, plant and equipment	373.56	402.86	415.83	400.37	461.25
Solvency (%)	Current ratio	130.99	134.24	141.15	136.32	147.57
	Quick ratio	103.38	111.51	114.86	104.59	120.84
	Interest earned ratio (times)	13.32	15.65	36.86	80.33	25.03
Operating performance	Trade receivable turnover (times)	4.17	4.19	4.18	4.18	4.25
	Average collection period	87.52	87.11	87.32	87.32	85.88
	Inventory turnover (times)	5.48	5.06	5.04	4.45	4.37
	Trade payable turnover (times)	3.27	3.07	2.95	3.00	3.06
	Average days in sales	66.60	72.13	72.42	82.02	83.52
	Property, plant and equipment turnover (times)	9.64	8.97	8.37	8.84	9.14
	Total assets turnover (times)	1.07	0.93	0.87	0.92	0.91
Profitability	Return on total assets (%)	4.48	5.24	5.57	7.84	7.71
	Return on stockholders' equity (%) (Note2)	11.22	13.04	13.72	19.03	18.41
	Pre-tax income to paid-in capital (%)	45.87	52.59	53.61	75.00	75.52
	Profit ratio (%)	3.85	5.29	6.26	8.45	8.18
	Earnings per share (NT\$) (Note3)	3.42	4.03	4.31	6.01	6.19
Cash flow	Cash flow ratio (%)	11.18	18.06	17.63	11.27	22.40
	Cash flow adequacy ratio (%)	103.32	121.73	119.48	93.06	111.82
	Cash reinvestment ratio (%)	6.11	11.88	9.33	-0.37	12.72
Leverage	Operating leverage	1.67	1.49	1.40	1.32	1.30
	Financial leverage	1.13	1.10	1.04	1.02	1.05

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

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

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

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

- (1) Decrease in Interest earned ratio: Due to the increase of borrowings and the rise of borrowing interest rates this year, the finance costs increased this year.
- (2) Increase in Cash flow ratio, Cash flow adequacy ratio and Cash reinvestment ratio: Due to the Increase in net cash inflow generated from operating activities

6.2.2 Stand-Alone Financial Analysis

Item		Year	Financial Analysis for the Last Five Years (Note 1)				
		2018	2019	2020	2021	2022	
Financial structure (%)	Debt Ratio	52.30	50.37	48.70	53.08	51.79	
	Ratio of long-term capital to property, plant and equipment	953.02	939.84	913.10	828.04	885.04	
Solvency	Current ratio (%)	75.81	68.26	65.05	57.44	60.04	
	Quick ratio (%)	62.39	57.99	55.79	47.68	51.57	
	Interest earned ratio (times)	20.14	23.86	58.45	171.93	26.54	
Operating performance	Trade receivables turnover (times)	3.48	3.47	3.30	3.47	3.71	
	Average collection period	104.88	105.18	110.60	105.18	98.38	
	Inventory turnover (times)	13.29	12.29	12.80	13.19	13.78	
	Trade payables turnover (times)	3.23	2.82	2.64	2.84	2.93	
	Average days in sales	27.46	29.69	28.51	27.67	26.48	
	Property, plant and equipment turnover (times)	19.19	15.57	12.35	12.34	12.31	
	Total assets turnover (times)	0.95	0.82	0.69	0.71	0.72	
Profitability	Return on total assets (%)	5.77	6.59	7.03	9.38	9.04	
	Return on stockholders' equity (%)	11.22	13.04	13.72	19.03	18.41	
	Pre-tax income to paid-in capital (%)	36.71	44.92	48.38	68.72	60.88	
	Profit ratio (%)	5.80	7.76	10.06	13.07	12.24	
	Earnings per share (NT\$) (Note 2)	3.42	4.03	4.31	6.01	6.19	
Cash flow	Cash flow ratio (%)	11.24	10.01	7.81	8.36	12.22	
	Cash flow adequacy ratio (%)	78.47	93.06	89.79	60.11	70.47	
	Cash reinvestment ratio (%)	2.37	0.45	-2.89	-7.87	0.88	
Leverage	Operating leverage	2.05	1.36	1.23	1.21	1.21	
	Financial leverage	2.17	1.22	1.06	1.02	1.11	

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

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

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

1. Decrease in Interest earned ratio: Due to the increase of borrowings and the rise of borrowing interest rates this year, the finance costs increased this year.
2. Increase in Cash flow ratio and Cash reinvestment ratio: Due to the Increase in net cash inflow generated from operating activities.

*Glossary

1. Financial Structure

(1) Debt Ratio = Total Liabilities / Total Assets

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

2. Solvency

(1) Current Ratio = Current Assets / Current Liabilities

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

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

3. Operating Performance

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

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

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

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

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

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

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

4. Profitability Analysis

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

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

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

(4) Net Margin = Net Income / Net Sales

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

5. Cash Flow

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

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

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

6. Leverage

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

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

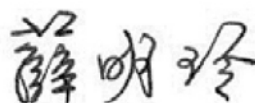
6.3 Audit Committee's Report for the Most Recent Year

AUDIT COMMITTEE REPORT

To: Shareholders' Annual General Meeting for Year 2023, Lite-On Technology Corporation

The Board of Directors has prepared and submitted to the undersigned, Audit Committee of Lite-On Technology Corporation the 2022 Business Report, Financial Reports(consolidated and standalone) and the proposal of distribution of earnings. The Financial Statements have been duly audited by Certified Public Accountants Meng-Chieh Chiu and Shih-Ran Cheng of Deloitte Touche Tohmatsu International Taiwan. The above Business Report, Financial Statements and the proposal of distribution of earnings have been examined and determined to be correct by the undersigned. This Report is duly submitted in accordance with Article 14-4 of Securities and Exchange Law and Article 219 of the Company Law.

The Audit Committee, Chairman:



Mr. Albert Hsueh
February 21 2023

6.4 Consolidated Financial Statements for the Years Ended December 31, 2022 and 2021, and Independent Auditors' Report

Please refer to the attachment on page 196-293 of this Annual Report.

6.5 Standalone Financial Statements for the Years Ended December 31, 2022 and 2021, and Independent Auditors' Report

Please refer to the attachment on page 294-380 of this Annual Report.

6.6 Financial Difficulties for the Company and its Affiliates

The Company should disclose the financial impact to the Company if the Company and its affiliated companies have incurred any financial or cash flow difficulties in 2022 and as of the date of this Annual Report: None.

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

7.1 Financial Status

Unit: NT\$ thousands

Item	Year	2021	2022	Difference	
				Amount	%
Current Assets		147,110,891	164,953,214	17,842,323	12
Property, Plant and Equipment		18,889,587	19,078,678	189,091	1
Intangible Assets		3,675,676	3,692,521	16,845	0
Total Assets		183,543,419	199,781,737	16,238,318	9
Current Liabilities		107,915,125	111,781,109	3,865,984	4
Non-current Liabilities		2,754,767	6,013,501	3,258,734	118
Total Liabilities		110,669,892	117,794,610	7,124,718	6
Share Capital		23,508,670	23,630,830	122,160	1
Capital Surplus		21,836,342	22,706,153	869,811	4
Retained Earnings		36,753,852	41,731,318	4,977,466	14
Total Equity		72,873,527	81,987,127	9,113,600	13

1. Effect of changes on the company's financial condition (deviation over 20% and difference amount over NT\$ 10 million) and related impact: The increase in Non-current Liabilities was mainly due to new long-term loan.

2. If the impact is significant, indicate future plan on financial position: Not applicable.

7.2 Financial Performance

7.2.1 Analysis of Financial Performance

Unit: NT\$ thousands, %

Item \ Year	2021	2022	Increased (Decreased)	Rate of Variance (%)
Operating Revenue	164,827,947	173,456,216	8,628,269	5
Cost of Goods Sold	134,330,418	140,193,784	5,863,366	4
Gross Profit	30,497,529	33,262,432	2,764,903	9
Operating Expenses	17,455,390	18,189,572	734,182	4
Operating Income	13,042,139	15,072,860	2,030,721	16
Non-operating Income	4,590,108	2,772,929	(1,817,179)	(40)
Profit Before Income Tax	17,632,247	17,845,789	213,542	1
Income Tax Expense	3,702,761	3,658,386	(44,375)	(1)
Net Profit for the Year	13,929,486	14,187,403	257,917	2

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

(1) The decrease in Non-operating income was mainly due to decrease in net gain on financial assets at fair value through profit or loss.

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

7.2.2 Sales Volume Forecast and Related Information

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

Main product	Estimated market size in 2023	Estimated CAGR (%) in upcoming 3 to 5 years
Opto-electronics- LED	approx. US\$ 19.4 bn	~4%
Power supply	approx. US\$ 27.5 bn	~4%

2. Competitive niches and long-term outlook

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

7.3 Cash Flow

7.3.1 Cash Flow Analysis for the Current Year

Unit: NT\$ thousands

Cash Balance 01/01/2022 (1)	Net Cash Flow from Operating Activities (2)	Cash Outflow (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Leverage of Cash Deficit	
				Investment Plans	Financing Plans
68,275,835	25,035,963	2,246,269	91,065,529	None	None

- (1) NT\$25,035,963 thousands net cash generated by operating activities: mainly from net income, depreciation expenses and changes in other receivables.
- (2) NT\$4,518,211 thousands net cash used for investing activities: primarily for net purchase of property, plant and equipment.
- (3) NT\$2,227,232 thousands net cash used in financing activities: primarily for cash dividend payment.
- (4) Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies: NT\$4,499,174 thousands.

7.3.2 Remedy for Cash Deficit and Liquidity Analysis

Item \ Year	2021	2022	Variance (%)
Cash Flow Ratio (%)	11.27	22.40	98.76
Cash Flow Adequacy Ratio (%)	93.06	111.82	20.16
Cash Reinvestment Ratio (%)	(0.37)	12.72	3,537.84

Analysis of financial ratio change:

- (1) Cash Flow Ratio raised: Mainly due to the increase in net cash generated by operating activities in 2022 compared to 2021.
- (2) Cash Reinvestment Ratio raised: Mainly due to the increase in net cash generated by operating activities in 2022 compared to 2021.

7.3.3 Cash Flow Analysis for the Coming Year

Unit: NT\$ thousands

Cash Balance 01/01/2023 (1)	Estimated Net Cash Flow from Operating Activities (2)	Estimated Cash Outflow (Inflow) (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
91,065,529	25,000,000	16,516,000	99,549,529	None	None

- (1) NT\$25,000,000 thousands Estimated Net Cash Inflow from Operating Activities: mainly from net income for the coming year.
- (2) NT\$6,119,000 thousands Estimated Net Cash Outflow from Investing Activities: primarily for purchase of property, plant and equipment.
- (3) NT\$10,397,000 thousands Estimated Net Cash Outflow from Financing Activities: primarily for cash dividend payment.
- (4) Remedial Actions for Cash deficit and Liquidity Shortfall: As a result of positive operating cash flows and cash on-hand, remedial actions are not required.

7.4 Major Capital Expenditure Items

7.4.1 Major Capital Expenditure Items and Source of Capital

Unit: NT\$ thousands

Project	Actual or Planned Source of Capital	Total Capital	Actual or Expected Capital Expenditure		
			2021	2022	2023
Production Equipment and Facilities	operating cash inflows	6,551,841	1,971,218	1,684,394	2,896,229
R&D Equipment	operating cash inflows	2,868,106	839,747	902,480	1,125,879
IT Equipment and Expansion	operating cash inflows	592,011	263,809	248,608	79,594
Building(Note)	operating cash inflows	5,640,153	670,559	1,218,455	3,751,139
Others	operating cash inflows	85,313	56,494	28,819	-
Total		15,737,424	3,801,827	4,082,756	7,852,841

Note : The plants under construction include the Zhonghe plant, Phase 2 plant in Kaohsiung Manufacturing Center, and the Kaohsiung R&D building, with budgets totaling NT\$12,203,380 thousand. As of 2023, NT\$3,150,780 thousand has been invested. The remaining NT\$9,052,600 thousand is expected to be invested from 2024 to 2026.

7.4.2 Expected Benefits: Not applicable

7.5 Long-term Investment Policy and Results

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

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

7.6 Analysis of Risk Management

7.6.1 Risk Management Framework

Finance:

1. Cash security and interest rate risk prevention

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

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

2. Exchange rate risk prevention

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

3. Property Safety, Product Liability and Risk Prevention Activities

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

4. Reduction of the credit risks and the default payments from customers

- (1) Perform regular credit checks on customers and identify characteristics of their lines of business in order to facilitate credit rating management.
- (2) Perform regular reviews of customer credit lines and payment terms in order to reduce exposures and optimize payment periods.
- (3) Implement annual credit reviews to examine customers' business activities and changes in risk conditions and arrange credit insurance if necessary.
- (4) Control shipments over credit lines and monitor the payment schedule of account receivables in order to secure the timely recover of account receivables and reduce the credit risk of customers.
- (5) Organize regular trainings on the credit risks and enhance the awareness of risk management cross all business units.

Operation Controlling:

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

Legal:

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

Auditor:

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

Corporate Investment:

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

Corporate Brand Value Development Division:

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

Investor Relations:

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

Human Resources:

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

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

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

LITEON takes a safe and steady approach to the cash management policy. Apart from a safe level of working capital, LITEON holds idle funds as term deposits in the bank. LITEON, as of December 31, 2022, has NT\$ 35.6 billion, or 18 % of the total assets, in bank loans. LITEON, given its commitment to improve its capital structure, boosts medium and long-term working capital, and reduces risks in interest rate changes, assesses regularly funds available in the market and interest rates offered by banks, and selects financing methods with caution. In addition to preferred interest rates, LITEON also undertakes financial derivative transactions for hedging purpose at appropriate times. Therefore, interest rate volatility is not expected to have much impact on LITEON's business risks.

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

A. Sources of exchange gains/losses:

LITEON's revenues, accounts payable, and accounts receivable arising from purchases and sales are predominantly denominated in US Dollars. Foreign currency denominated assets and liabilities offset each other, thereby significantly reducing the foreign exchange volatility risk and creating a natural hedge. Furthermore, LITEON trades derivatives only for the purpose of hedging. Gains and losses generated by foreign exchange rate changes are generally offset by gains and losses in the underlying assets. These hedges reduce the effect of foreign currency exchange rate movements on its assets and liabilities. Therefore, foreign exchange rate changes in the market do not have much impact on LITEON. Net exchange gain/loss and net gain on financial assets at fair value through profit or loss as a percentage of operating revenue and of operating profit as of December 31, 2022 are shown in the table below:

Unit: NT\$ thousand

Item\Year	2022
Net exchange gain/loss and Net gain on financial assets at fair value through profit or loss (A)	548,781
Operating revenue (B)	173,456,216
Percentage of operating revenue (A)/(B)	0.32%
Operating profit (C)	15,072,860
Percentage of operating profit (A)/(C)	3.64%

As shown in the table above, the net exchange gain/loss and net gain on financial assets at fair value through profit or loss were 0.32% and 3.64% of the operating revenue and the operating profit, respectively, in 2022. Neither is a large percentage.

B. Response measures to foreign exchange volatility:

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

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

Taiwan's annual CPI increased 2.95% in 2022. The general CPI excluding fruits, vegetables, and energy (core CPI) increased 2.72%. Since the middle of the 2022, international prices of raw materials such as crude oil and grains have softened and domestic prices of food such as vegetables and fruit have posted smaller gains. Looking ahead to 2023, global supply chain gridlocks would likely be resolved and markets expect crude oil and other raw material prices to trend lower than 2022. The CBC forecasts the CPI and core CPI annual growth rates to drop to 1.88% and 1.87%, respectively, in 2023. External forecasts by domestic and foreign institutions also project Taiwan's inflation rate to come down 2023.

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

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

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

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

(1) Total amount of financing and limit for advance

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

(2) Endorsements/ Guarantees Amount

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

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

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

When a subsidiary making loans to and endorsements/guarantees for others, the aggregate amount and the maximum

amount permitted to such a single company is subject to the subsidiaries' own regulation.

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

LITEON, as of December 31, 2022, no loss was occurred from making of endorsements/guarantees to 100% owned subsidiaries.

Making of endorsements/ guarantees to	Relationship	Actual Amount (NTD\$K)	Nature	Note
Lite-On Green Energy B.V.	100% owned subsidiaries	306,814	Contractual obligations	No loss occurred

7.6.3.5 Derivatives Transactions

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

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

R&D projects and progress

No.	Latest R&D project	Progress	Additional budget required (NT\$ '000)	Expected time of mass production	Key factors for project success
1	160W High Power density adapter (16.1w/in ³)	80%	2,000	2023	(1) Design of new topology implementation (2) Fsw 160KHz EMI design
2	PD 65W (49cc) High Power density adapter (21.5w/in ³)	80%	2,000	2023	(1) Design of new topology implementation (2) EMI design
3	PD 65W (80cc) Dual Port Type-C Output Adapter	85%	3,000	2023	(1) Flyback+ Dual DC output topology implementation (2) Cooling design
4	280W PD3.1 (48V) High Power density adapter (17.97w/in ³)	5%	12,000	2025	(1) 48V / Efficiency technical transfer on high power -(Active Bridge+ AHB+ GaN) (2) Cooling design
5	400W ultra slim and high power density(34W/in ³) AIO power supply design	30%	2,000	2024	(1) High frequency (>900kHz) LLC design and implement. (2) GaN device deploy and high frequency magnetics material study. (3) Planar transformer design optimization. (4) Cooling material study and ME structure optimization.
6	Full-digitalized 3KW workstation power supply	20%	5,000	2025	(1) 3KW PFC and FBLLC design to meet 96% efficiency (2) HW/FW design of FW based DSP PFC and FBLLC stage to replace conventional ASIC IC controller (3) EMI solution to meet CISPR 22 CLASS B in 3KW power supply
7	372W digital power supply with high frequency switching control	5%	10,000	2025	(1) The Compound Semiconductor GaN and high switching technology design combination (2) The influence of high frequency to magnetic, PCB placement and EMI verification (3) Air flow investigation and cooling method analysis
8	700W Titanium server PSU	80%	600	2023	(1) 2nd source verification result (2) EMC test result
9	High power density (96W/in ³) Titanium server PSU	20%	10,000	2024	(1) Thermal test result (2) EMC test result

No.	Latest R&D project	Progress	Additional budget required (NT\$ '000)	Expected time of mass production	Key factors for project success
10	5.5KW cold-plate Titanium PSU	5%	12,000	2025	(1) Potting/cold-plate design technology (2) Therma test result
11	Develop 5.5kW power supply for shelf application	40%	35,000	2024	(1) Peak efficiency over 97.5% (2) Award project (3) Cost meet target
12	60kW CDU(Cooling Distribution Unit) development	50%	50,000	2024	(1) Award project (2) Cost meet target
13	Home Energy Storage System and Home Energy Management System	30%	120,000	2024	(1) Grid-connected regulations and verification of electricity in various countries (2) Robust and reliable design (3) Understand customers' requirement
14	High Power Conditioning System	5%	200,000	2025	(1) Robust and reliable design (2) Grid-connected regulations and verification of electricity in various countries (3) Design of new semiconductor power switching
15	Cloud-based Energy Management System (EMS) for commercial & industry applications	40%	20,000	2024	(1) Understand customers' requirement (2) Cyber security and user-friendly platform
16	Microgrid Controller	5%	120,000	2025	(1) Operate microgrid at various modes (grid-connected, off-grid) (2) Coordinate distributed energy resources within microgrid (3) Guarantee microgrid stability, reliability, and power quality
17	Smart Panel System	20%	72,000	2025	(1) Flexible design to meet different customers' requirement (2) Coordinate energy resources for home usage (3) Accurate, robust, and reliable branch/main meters
18	Silence keyboard	70%	2,000	2023	(1) Product promotion (2) Cost competitiveness
19	Silence mouse	80%	2,000	2023	Cost competitiveness
20	Lightweight mouse	40%	2,000	2024	Cost competitiveness
21	Folio keyboard	60%	4,000	2024	(1) Product promotion (2) Production Process Yield Issues (3) Cost competitiveness

No.	Latest R&D project	Progress	Additional budget required (NT\$ '000)	Expected time of mass production	Key factors for project success
22	Freewheel mouse	90%	2,000	2024	(1) Product promotion (2) Cost competitiveness
23	Capacitance touch keyboard	30%	2,000	2024	(1) Product promotion (2) Cost competitiveness
24	Liquid-Crystal Display of touch keyboard	50%	1,500	2023	(1) Product promotion (2) Cost competitiveness
25	E-paper display mouse	50%	1,500	2023	(1) Product promotion (2) Cost competitiveness
26	E-paper display keyboard	40%	3,000	2024	(1) Product promotion (2) Cost competitiveness
27	ORV3 liquid cooling rack solution development	40%	6,000	2023	PUE power efficiency, production capacity & flexibility, and cost competitiveness
28	OCP DC-MHS form factor server chassis	30%	3,500	2023	Modularization & common design, design modification flexibility, and cost competitiveness
29	E1/E3 standard SSD carrier development	50%	500	2023	Fully automatic production capability, maximum compatibility, and cost competitiveness
30	2U Server Platform with Dual CPU System	80%	30,000	2023	The product's positioning and promotion in the market are on target, and the design cost of the product meets the development lead-time and design competitiveness
31	WiFi7 Wireless Module	5%	10,000	2023	(1) Compact Module Design (2) Excellent RF Performance (3) Certification Compliance (4) Manufacturing Automation
32	AIOT Gateway	70%	6,000	2023	(1) Hardware & Software Communication System Integration (2) Cost Effective Design (3) Effective Thermal Solution (4) Smart Home Protocol Certification (5) Manufacturing Automation

No.	Latest R&D project	Progress	Additional budget required (NT\$ '000)	Expected time of mass production	Key factors for project success
33	8K Smart Box	70%	6,000	2023	(1) Hardware & Software Communication System Integration (2) Cost Effective Design (3) Effective Thermal Solution (4) Customer Satisfied Image Quality Delivery (5) Certification Compliance
34	AI Camera System On Module	2%	12,000	2023	(1) Compact Module Design (2) Excellent RF Performance (3) Cost Effective Design (4) Certification Compliance (5) Manufacturing Automation (6) AI Platform Knowhow & System Level Support Ability
35	AI Vision Enhancement	20%	15,000	2024	(1) Computing Power Required Of AI Model (2) Efficiency Of AI Model (3) Performance Of AI Vision Enhancement (4) Accuracy Of Recognition By AI
36	Smart IP Camera	20%	30,000	2023	(1) Customer Satisfied Image Quality (2) Cost Effective design (3) Solid & Stable Waterproof Design (4) Effective Thermal Solution (5) AI Platform Knowhow & System Level Support Ability
37	Smart Wireless Doorbell Camera	15%	12,000	2023	(1) Customer Satisfied Image Quality (2) Cost Effective Design (3) High Efficiency Power Management with Long Battery Life Design (4) Solid & Stable Waterproof Design (5) Effective Thermal Solution
38	Floodlight IP Camera	10%	20,000	2023	(1) Customer Satisfied Image Quality (2) Cost Effective Design (3) High Efficiency Lighting Design (4) Solid & Stable Waterproof Design (5) Effective Thermal Solution
39	Access Control Panel	10%	30,000	2023	(1) Communication System Hardware & Software Integration (2) Cost Effective Design (3) Touch panel and acoustic solution integration (4) Surveillance Protocol Certification (5) Manufacturing Automation
40	ToF (Time of Flight) 3D sensor module	10%	5,000	2023	(1) Noise Reduction for Test Distance (2) Detection Distance Increase (3) Speed Up Calibration Speed

No.	Latest R&D project	Progress	Additional budget required (NT\$ '000)	Expected time of mass production	Key factors for project success
41	High Resolution ADB Headlight Module	20%	15,000	2024	(1) Light source evaluation and verification (2) Intelligent light pattern control technology (3) Vehicle network communication technology (4) Thermal technology
42	1-Megapixel driver monitoring camera module	30%	4,000	2024	(1) Optical lens design (2) Precisely component allocation and assembly (3) High performance cooling structure design (4) IR illumination design
43	3kW APM applied in 800V platform hybrid & electric vehicle	70%	20,000	2024	(1) Reliability Verification (2) EMC Verification
44	6.6kW OBC and 2.5kW APM integrated power module applied in 400V platform EV	70%	15,000	2024	(1) Manufacturing cost competitiveness (2) Reliability Verification (3) EMC Verification
45	Implementation of the development process for the systematized function safety and cyber security of vehicle power supply software and firmware	40%	4,000	2023	(1) ISO 26262 Certification (2) ASPICE development process (3) Continuous integration system (4) Automotive cybersecurity ISO/SAE 21434 Certification
46	Development of vehicle power supply digital control	70%	6,000	2023	(1) Power Conversion Analysis/ Simulation (2) Digital power control algorithm
47	vehicle power supply automatic test system development	70%	4,000	2023	(1) auto test system platform (2) System Integration
48	Simulation and analysis of liquid cooling and heat flow of mechanical structure of vehicle power system	60%	30,000	2023	(1) On-board mechanical structure stability (2) High efficiency liquid cooling structure design (3) Cost competitiveness
49	11kW Bi-direction OBC and APM integrated power module applied in 400V platform EV	25%	20,000	2026	(1) Reliability verification (2) EMC verification
50	11kW Uni-direction OBC, 400V	10%	20,000	2026	(1) Cost competitiveness (2) High Power Density

No.	Latest R&D project	Progress	Additional budget required (NT\$ '000)	Expected time of mass production	Key factors for project success
51	48A AC Charger Gen.2	40%	10,000	2024	(1) PTCRB certification (2) Design & Management of cloud data base (3) Cost competitiveness
52	80A AC Charger Gen.3	40%	12,000	2024	(1) PTCRB certification (2) Design & Management of cloud data base (3) Cost competitiveness
53	AC Charger Gen.3 for EU	20%	15,000	2024	(1) IEC 61851-1 certification (2) Design & Management of cloud data base
54	40A travel charging pile with convertible plug for US	30%	15,000	2024	(1) Structural design capabilities of the organization (2) Cost competitiveness
55	30KW wide-range DC charging power module Gen.2	85%	14,000	2023	(1) High power density design (2) Optimization of heat dissipation structure. (3) Optimized structural design of magnetic components (4) Cost competitiveness
56	180KW DC Charger Station.	60%	16,000	2023	(1) System cooling design and optimized (2) Cost competitiveness
57	480KW DC Charger Station.	15%	40,000	2024	(1) System cooling design and optimized (2) Cost competitiveness
58	11KW high power wireless charger for EV application.	50%	12,000	2024	(1) Coil optimization and circuit simulation verification (2) Countermeasures for detection of foreign objects and living objects. (3) Compliance with vehicle regulations and safety certification (4) Cost competitiveness
59	10KW bidirectional charging station.	25%	11,000	2024	(1) The formulation of bi-directional control strategy (2) Familiarity with bi-directional charging regulations (3) Topology and heat dissipation design
60	High-Performance optocouplers and digital isolators for EV and green energy	30%	255,270	2023	R&D of IC design, packing process, materials, and design for high voltage operation conditions
61	Miniaturization package & module	60%	30,000	2023	Mass transfer with high precision and repair technology, highly reliable sources of chip supply
62	SMT type light guide component	70%	3,000	2023	High-temperature resistant material, adhesion of heterogeneous material

No.	Latest R&D project	Progress	Additional budget required (NT\$ '000)	Expected time of mass production	Key factors for project success
63	Insert housing	30%	5,000	2023	High-temperature resistant material, adhesion of heterogeneous material, mechanical structure design
64	Mini SMT CBI	70%	3,000	2024	Breakthrough the existing assembly concept, improve process efficiency and stable quality. Level 1/2/3
65	RGB/RGBW + IC Lamp	15%	6,000	2023	Integrate drive IC inside, and application in advance decorative lights and special display market
66	Self-luminous Lamp	15%	6,500	2024	Energy saving and carbon reduction Lamp and application in innovation decorative lights and Traffic sign market
67	All in One SMD Lamp	5%	18,500	2023	According to customers' requirement, it can support flexible view angle design with multi dome lens. SMT package is suitable for signage and VMS application
68	RGB+Flicker Sensor	40%	8,000	2023	IC/design for high sensitivity RGB and FIFO feature
69	Temperature Sensor	60%	10,000	2023	IC design for long distance and high accuracy
70	Automotive VCSEL	60%	10,000	2023	Robust packaging design, Interdisciplinary collaboration platform
71	Consumer/Industrial LiDAR	30%	15,000	2024	High performance and high power VCSEL, Thermal management, High frequency packaging technology
72	High efficiency UVC LED	30%	8,000	2024	High efficiency package design, New generation chip technology
73	UVA Air Sterilization Module	90%	6,000	2023	Highly reliable UVA package, Photocatalyst technology, Thermal design
74	Automotive headlight LED	50%	10,500	2023	High reliability package design, New generation chip technology
75	Automotive Matrix LED for ADB	20%	20,000	2024	Pitch design and process capability Chip efficiency COA design
76	Automotive Intelligent RGB+IC LED	40%	10,000	2023	Robust IC innovation for automotive application, integrated LED testing technology
77	High performance infrared light source with multiple functions	30%	21,000	2023	Development of key process and high-efficiency packaging structure

No.	Latest R&D project	Progress	Additional budget required (NT\$ '000)	Expected time of mass production	Key factors for project success
78	Utility Flood Light	30%	9,500	2023	(1) Slim size (2) Synergy extends to different lighting fields (3) User interface design
79	Nest Generation Green Cobra Street Light	10%	9,500	2023	(1) Brand new product appearance (2) Material application and process improvement (3) Self-brand promotion
80	Post Top Comfort Guide luminaire	50%	2,000	2023	(1) Material/mechanism design/mold Design (2) Component placement and assembly (3) Design cost meets target
81	Taiwan bridge roadway light	20%	1,000	2023	(1) High Efficacy and visual comfort (2) User friendly (3) Self-brand promotion
82	Next Generation HP IL Traffic Signal Lighting (ETL+CAS+CNS)	2%	6,000	2024	(1) Challenge of slim design (2) Detect design technical thresholds (3) Design cost on target
83	12" IL Pedestrian Light	50%	3,000	2023	(1) Challenge of slim design (2) IL design (3) Design cost on target
84	Two-color temperature human centric streetlight	20%	7,000	2023	(1) Dual POWER design (2) Dimming design (3) Multiple optical design
85	Fault Detection Traffic Lights	20%	1,000	2024	(1) RF performance (2) Fault detection design (3) Brightness detection
86	Embedded Smart Power	10%	7,000	2024	(1) Low cost (2) Thermal design (3) EMC design
87	New Type Smart Street Light Controller	10%	6,000	2024	(1) Stable RF quality (2) Fault detection design (3) Low damage rate
88	New Smart City CMS	10%	5,000	2024	(1) Easy to install to different cloud platform (2) Friendly UX/UI (3) Mobile APP
89	5G O-RAN Small Cell	50%	160,000	2023	(1) Mechanism design and thermal verification (2) Software and hardware integration (3) Performance tuning and verification
90	5G Small Cell EMS (Element Management System)	40%	10,000	2023	(1) System integration development and verification (2) Comply with relevant international security regulation (3) xAPP development
91	Indoor dual frequency WiFi6 wireless base station	50%	20,000	2023	(1) Software and hardware integration (2) Performance tuning and verification

No.	Latest R&D project	Progress	Additional budget required (NT\$ '000)	Expected time of mass production	Key factors for project success
92	Outdoor Tri-band WiFi6E wireless base station	50%	40,000	2023	Determination and certification of relevant international standards for 6G frequency band
93	Enterprise Switch	40%	25,000	2023	Development and verification of software and hardware integration
94	High-End Enterprise Switch	80%	6,000	2023	(1) Development and verification of software and hardware integration (2) Chipset mass production schedule

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

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

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

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

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

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

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

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

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

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

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

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

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

The Company has passed the Kaohsiung Phase 2 Plant Budget. It will become Taiwan's production base for cloud computing, advanced power management system, EV charging pylons, and 5G network communication products in the future. In the Company's factory in Dallas, US, we will expand production capacity to provide local manufacturing for data center power management systems and EV charging pylons in North America and the advantages of being close to supply to customers. We are expanding the factory to provide the production capacity required by market growth.

During the construction of the plant, we may face rising material costs and labor shortages. In response to these risks, we have adopted a total price contracting method and pre-payment mechanisms to lock in the price. The contractor shall bear the risks of any material price increases. We have also adopted a modular design to minimize labor shortage risks. The components of the plant are semi-finished beforehand and then assembled on site. Machinery is also used for hoisting and construction to reduce the need for on-site labor. Furthermore, we have selected a large-scale and excellent contractor to increase risk-bearing capabilities and ensure personnel dispatching.

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

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

In 2022, none of the customers accounted for over 10% of the sales of the Company, and none of the supplier accounted for over 10% of the purchases. There is no potential concentration risk in procurement or sales.

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

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

7.6.13 Litigation or Non-litigation Matters

1. Nitride Semiconductors Co., Ltd. has sued LITE-ON Technology Corporation and its affiliates, LITE-ON Technology USA, Inc., LITE-ON, Inc., and LITE-ON Trading USA, Inc. (collectively as "LITEON") and claimed that certain products manufactured and supplied by LITEON have infringed its patent rights and demanded royalty for such infringement. The electronic chips used in the products at issue were supplied by a vendor of LITEON Group; and the vendor has retained an external lawyer to handle the litigation. It has been evaluated that the litigation mentioned above has no material impact on the operation and financial performance of the LITEON Group.
2. Sensor Electronic Technology, Inc. has sued LITE-ON Technology Corporation and its affiliates, LITE-ON Technology USA, Inc., LITE-ON, Inc., and LITE-ON Trading USA, Inc. (collectively as "LITEON") and claimed that certain products manufactured and supplied by LITEON have infringed its patent rights and demanded royalty for such infringement. The electronic chips used in the products at issue were supplied by a vendor of LITEON Group; and the vendor has retained an external lawyer to handle the litigation. It has been evaluated that the litigation mentioned above has no material impact on the operation and financial performance of the LITEON Group.
LITE-ON Technology Corporation and Genesis Photonics Inc. have also retained an external lawyer to file a counterclaim against Sensor Electronic Technology, Inc. on September 17, 2021 for protecting LITEON Group's intellectual property rights.
3. Nitek, Inc. has sued LITE-ON Technology Corporation and its affiliates, LITE-ON Technology USA, Inc., LITE-ON, Inc. and LITE-ON Trading USA, Inc. (collectively as LITEON) and claimed that certain products manufactured and supplied by LITEON have infringed its patent rights and demanded royalty for such infringement. The electronic chips used in the products at issue supplied by a vendor of LITEON Group; and the vendor has retained an external lawyer to handle the litigation. It has been evaluated that the litigation mentioned above has no material impact on the operation and financial performance of the LITEON Group.

7.6.14 Other Major Risks:

Emerging Risks

As the impact of global technological development, political and economic changes, and extreme climates has gradually increased, LITEON has incorporated the identification and management of long-term emerging risks into its corporate risk management framework, and emerging risks are clearly defined, reviewed by the risk management subcommittee and reported to the Board of directors. In 2022, based on environmental, social, economic, technological, geopolitical and other aspects, as well as the occurrence probability and impact degree of risk items, the assessment identified key emerging risk items including (1) Comprehensive information security risk management (2) Low-carbon competitiveness in products.

Risk Category	Risk Item	Operational Threats	Relief Measure
Technology Risk	Comprehensive information security risk management	LITEON has continued to engage in digital transformation in recent years to strengthen our business efficiency and capabilities. Higher levels of digitization also increase the company's exposure to information security problems such as hacker attacks, phishing, and data leaks. A cross-department and cross-functional Information Security Committee chaired by the company chairperson had previously been established by LITEON in 2018. ISO 27001 and IEC 62443 were also progressively introduced since 2020 and 2021 to upgrade our information security defenses. Nevertheless, these standards emphasized the protection of information assets so were somewhat lacking in how to manage and strengthen the information security awareness of LITEON employees. Information security is therefore likely to become a vulnerability in LITEON risk management and one of the emerging risks that we now face.	The Enterprise Risk Management (ERM) system based on ISO 31000 was introduced by LITEON in 2021 to effectively establish comprehensive information security management awareness and culture at LITEON. We became the first electronics manufacturer in Taiwan to introduce the NISTIR 8286 standard in 2022. NISTIR 8286 is a standard developed by the U.S. National Institute of Standards and Technology that integrates ERM and Cybersecurity. In addition to being compatible with ISO 27001 and IEC 62443 standards, the Cyber Security Framework (CSF) tool in NISTIR 8286 can help LITEON establish a baseline for information security maturity. The ERM tool can also be used at the same time to effectively identify, analyze and assess risk topics relating to network security for improvement. The goal is to realize comprehensive information security risk management at LITEON by increasing information security maturity.
Economic Risk	Low-carbon competitiveness in products	The pursuit of net zero and passing of related legislation by countries around the world means that businesses are now making the timing of net zero and when they will reach 100% green electricity as their first ESG goal. In practice, the path to net zero meant that most businesses are now being required to use green electricity. While most of LITEON's organizational carbon emissions are coming from in electricity usage, LITEON is not a heavy electricity consumer so the use of green electricity will not have a significant operational impact on LITEON. Conversely, LITEON has very diverse product combinations so needs a mixed range of raw materials. Finite resources as well as global part shortages due to factors beyond human control means that competition for materials is now a trending corporate sport, making a progressive reduction in product carbon footprint difficult to achieve at the same time. On the other hand, the inability to effectively reduce product carbon emissions means that competing for customer orders in the future or the transfer of increases in customer carbon tariffs to LITEON will all impact on LITEON operations and represent a potential risk.	LITEON is now partnering with suppliers to engage in carbon reduction on the organizational and product materials side. Common carbon reduction targets will be set in the hopes of reducing the carbon footprint of LITEON products and pave the way for establishing a green, low-carbon supply chain. At the same time, product raw materials are currently difficult to obtain so additional resource extraction also have a negative effect on carbon reduction. LITEON is therefore planning to work with the supply chain on waste recycling and reuse. We hope to use the circular economy model based on industrial symbiosis and turning trash into treasure to co-create a win-win outcome for LITEON and suppliers.

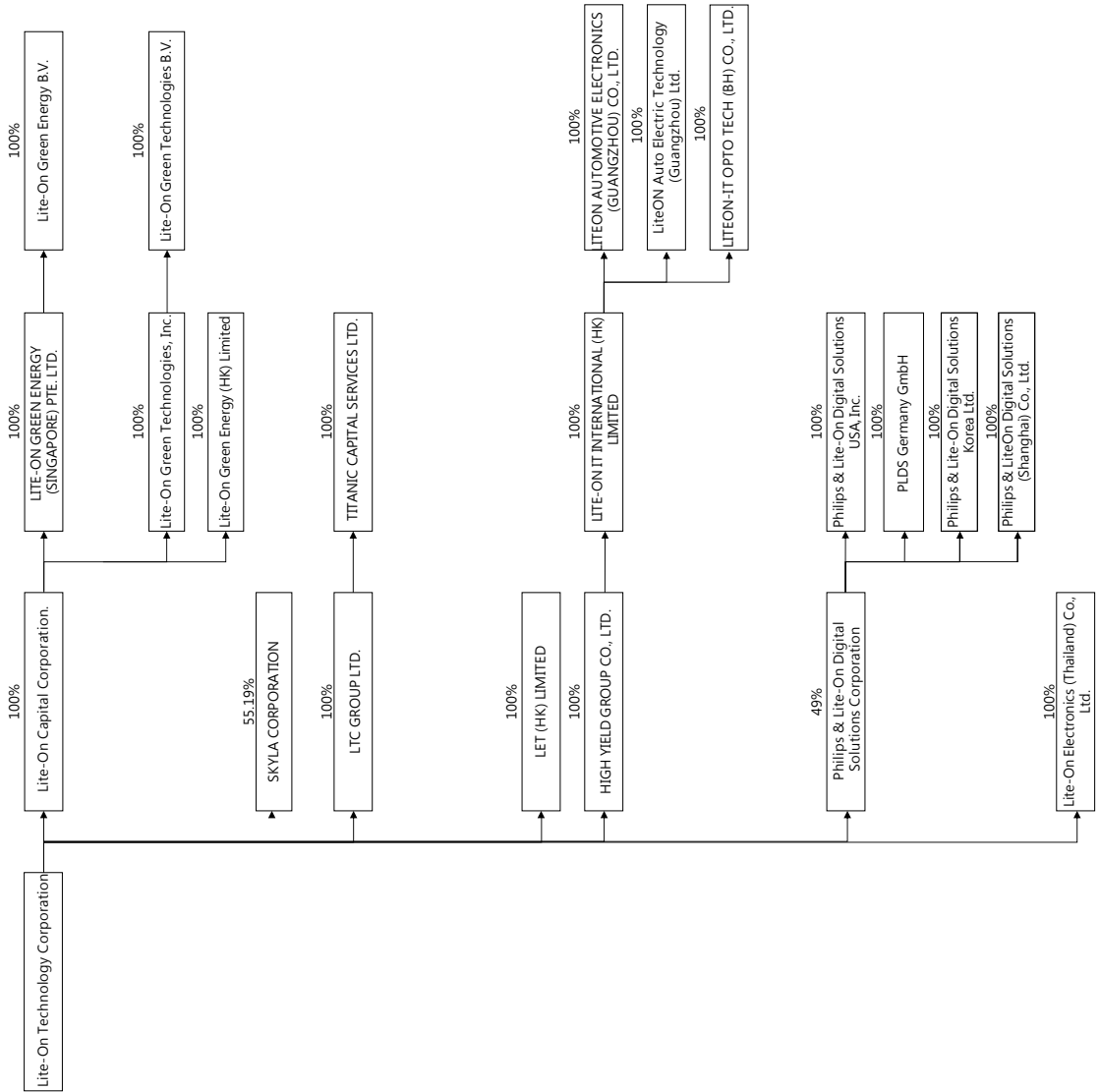
7.7 Other Important Issues: None

8. Special Disclosure

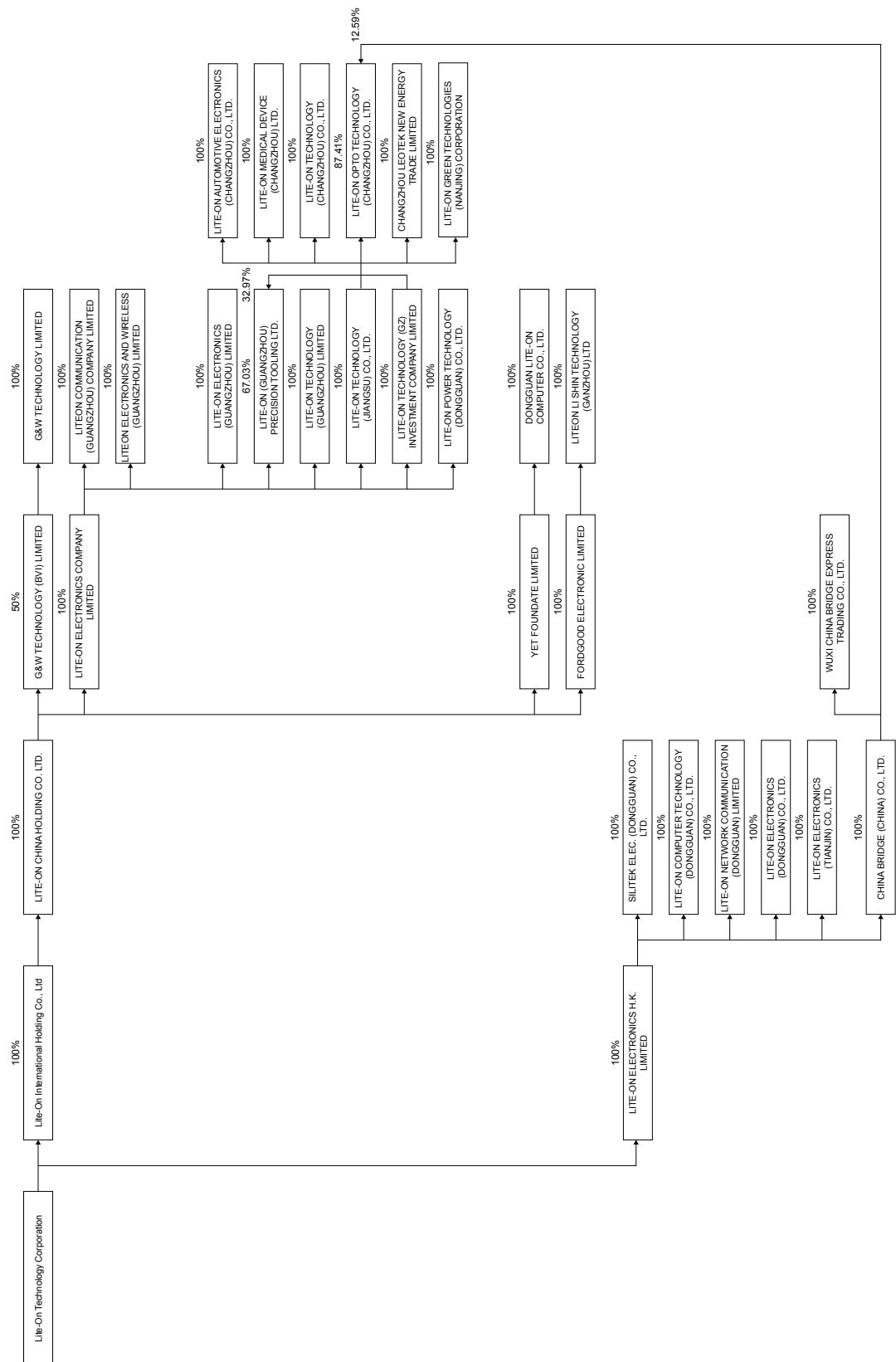
8.1 Summary of Affiliated Companies

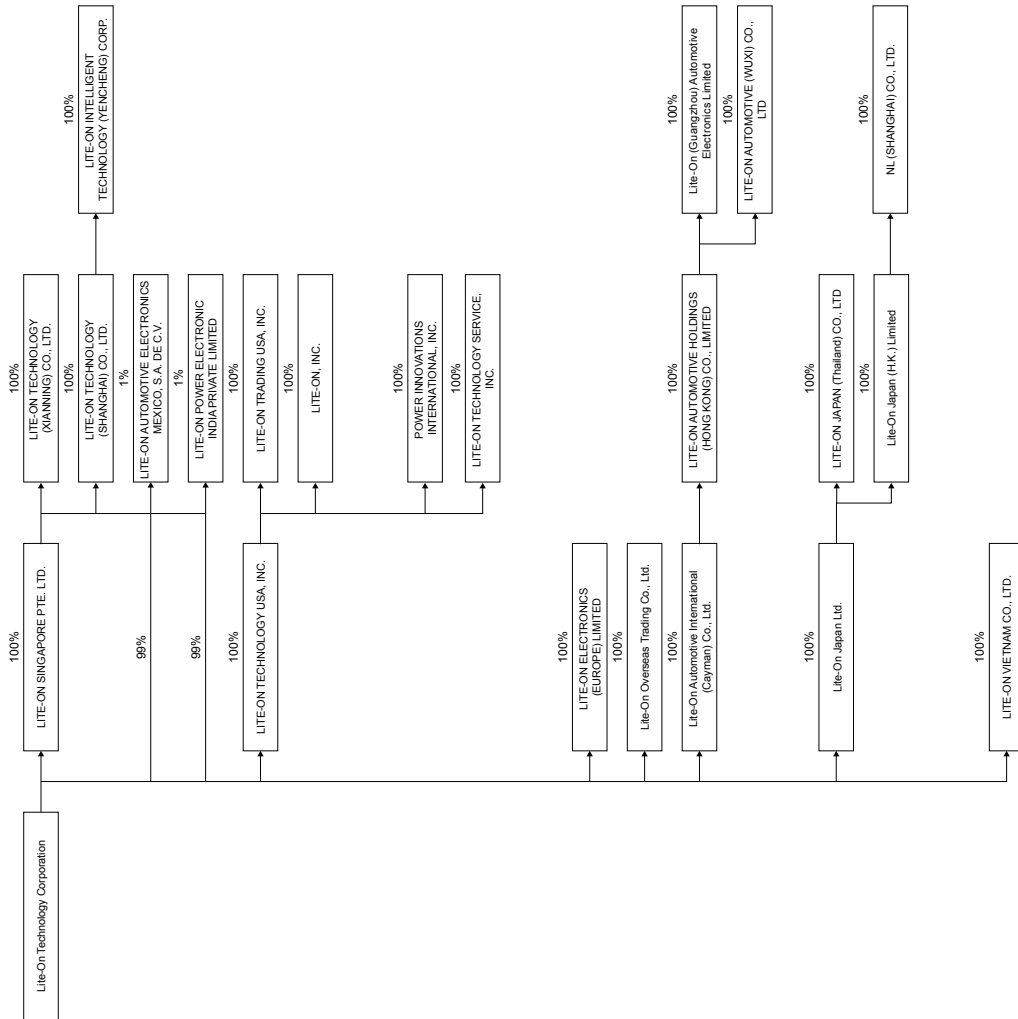
8.1.1 LITEON Subsidiaries Chart

December 31, 2022

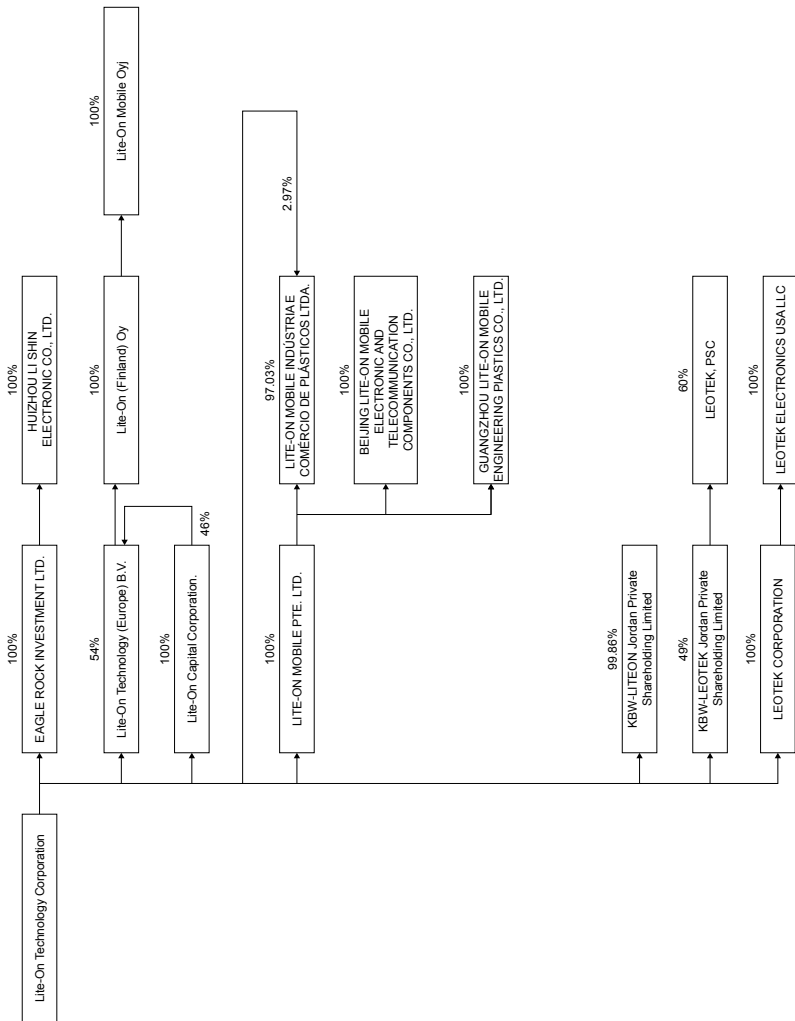


Special Disclosure





Special Disclosure



8.1.2 Affiliated Companies

As of 12/31/2022; Unit: NT\$ thousands

Company	Date of Incorporation	Location	Paid-in Capital	Major Business Activities
LITE-ON TECHNOLOGY CORPORATION	1989/3	Taipei, Taiwan	23,630,830	Research and development design, manufacturing and sales of key modules and system solutions for opto-electronics, cloud computing power management systems, automotive electronics and EV chargers, energy management, LED packaging for lighting applications, AIoT and networking applications, information technology and consumer electronics
Skyla Corporation	2017/11	Taipei, Taiwan	327,444	Manufacture and sale of medical equipment
LEOTEK CORPORATION	2021/4	Taipei, Taiwan	600,000	Wholesale, import, export and installation of street lights, signal lights, scenery lights and new-type electronic components
Philips & Lite-On Digital Solutions Corporation	2003/4	Taipei, Taiwan	350,000	Sale of optical disc drives
Lite-On Capital Corporation	1996/11	Taipei, Taiwan	1,707,068	Investment activities
Lite-On Green Technologies, Inc.	2008/9	Taipei, Taiwan	670,000	Manufacture and wholesale of electronic components and energy technology services
LITE-ON ELECTRONICS (TIANJIN) CO., LTD.	1995/9	Tianjin, China	2,260,865	ODM services
LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	2008/12	Guangdong Province, China	1,546,765	Manufacture and sale of IT products
LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	2009/10	Jiangsu Province, China	2,601,760	Development and manufacture of new-type electronic components and provision of technology consulting services, maintenance equipment and after-sales services
LITEON COMMUNICATION (GUANGZHOU) COMPANY LIMITED	2008/12	Guangdong Province, China	(Note 1)	Manufacture and sale of mobile terminal equipment
LITEON LI SHIN TECHNOLOGY (GANZHOU) LTD	2008/3	Jiangxi Province, China	357,366	Manufacture and sale of electronic components
Lite-On Automotive Electronics (CZ) Co.	2018/1	Jiangsu Province, China	988,664	Manufacture, sale and processing of electronic products
LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	2009/7	Jiangsu Province, China	4,365,376	Development, manufacture, sale and installation of power supplies and transformers and provision of technology consulting services, maintenance equipment and after-sales services

Company	Date of Incorporation	Location	Paid-in Capital	Major Business Activities
LITE-ON MEDICAL DEVICE (CHANGZHOU) LTD.	2014/10	Jiangsu Province, China	135,389	Manufacture and sale of medical equipment
LITE-ON TECHNOLOGY (XIANNING) CO., LTD.	2010/6	Hubei Province, China	190,250	Manufacture and sale of electronic components
LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	2014/10	Shanghai, China	1,933,402	Manufacture and sale of energy-saving equipment
LITE-ON INTELLIGENT TECHNOLOGY (YENCHENG) CORP.	2015/11	Jiangsu Province, China	85,843	Wholesale, import, export and installation of street lights, signal lights, scenery lights and new-type electronic components
WUXI CHINA BRIDGE EXPRESS TRADING CO., LTD.	2008/12	Jiangsu Province, China	160,153	Assembly and sale of power supplies, printers, display devices and scanners
CHINA BRIDGE (CHINA) CO., LTD.	2008/12	Jiangsu Province, China	1,051,961	Investment activities, consulting services and acting as a sales agent
LITE-ON TECHNOLOGY (JIANGSU) CO., LTD.	2009/9	Jiangsu Province, China	4,853,341	Investment activities, consulting services and acting as a sales agent
DONGGUAN LITE-ON COMPUTER CO., LTD.	2010/5	Guangdong Province, China	55,988	Manufacture and sale of computer hosts and components, keyboards, scanners, printers and mice
LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	2008/12	Guangdong Province, China	1,199,253	Manufacture of electronic components
SILITEK ELEC. (DONGGUAN) CO., LTD.	1999/6	Guangdong Province, China	738,854 (Note 2)	Manufacture and sale of keyboards
LITE-ON POWER TECHNOLOGY (DONGGUAN) CO., LTD.	2011/12	Guangdong Province, China	453,681	Development, manufacture and sale of electronic components, power supplies and provision of technology consulting services
LITE-ON COMPUTER TECHNOLOGY (DONGGUAN) CO., LTD.	1996/3	Guangdong Province, China	(Note 2)	Manufacture and sale of display device
LITE-ON ELECTRONICS H.K. LIMITED	1986/1	Hong Kong	7,027,699	Sale of LED optical products
LITE-ON ELECTRONICS COMPANY LIMITED	1996/8	Hong Kong	12,129,435	Investment activities
YET FOUNDATE LIMITED	1992/2	Hong Kong	323,536	Manufacture of plastic and computer peripheral products
CHANGZHOU LEOTEK NEW ENERGY TRADE LIMITED	2015/8	Jiangsu Province, China	27,330	Wholesale, import, export and installation of street lights, signal lights, scenery lights and new-type electronic components
LITE-ON (GUANGZHOU) PRECISION TOOLING LTD.	2012/1	Guangdong Province, China	(Note 1)	Manufacture and sale of modules
HUIZHOU LI SHIN ELECTRONIC CO., LTD.	1997/11	Guangdong Province, China	466,880	Manufacture of computer peripheral products
FORDGOOD ELECTRONIC LIMITED	1990/5	Hong Kong	393,960	Import and export and real estate business
LITE-ON TECHNOLOGY (GUANGZHOU) LIMITED	2008/12	Guangdong Province, China	(Note 1)	Manufacture and sale of computer case

Company	Date of Incorporation	Location	Paid-in Capital	Major Business Activities
LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	2000/8	Guangdong Province, China	4,532,769 (Note 1)	Manufacture and sale of printers and scanners
LITE-ON TECHNOLOGY (GZ) INVESTMENT COMPANY LIMITED	2009/12	Guangdong Province, China	2,198,821	Investment activities
LITE-ON IT INTERNATIONAL (HK) LIMITED	2007/10	Hong Kong	3,140,608	Sale of optical disc drives
LITEON ELECTRONICS AND WIRELESS (GUANGZHOU) LIMITED	2008/12	Guangdong Province, China	(Note 1)	Manufacture and sale of mobile terminal equipment
LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD.	2000/8	Guangdong Province, China	1,553,322	Manufacture of automotive parts and components
LiteON Auto Electric Technology (Guangzhou) Ltd.	2000/5	Guangdong Province, China	68,313	Manufacture and sale of optical disc drives
LITEON-IT OPTO TECH (BH) CO., LTD.	2008/6	Guangxi Zhuang Autonomous Region, China	1,661,272	Manufacture and sale of optical disc drives
LET (HK) LIMITED	1999/1	Hong Kong	244,124	Sale of optical disc drives
Philips & LiteOn Digital Solutions (Shanghai) Co., Ltd.	2007/4	Shanghai, China	33,635	Sale of optical disc drives
TITANIC CAPITAL SERVICES LTD.	1999/5	British Virgin Islands	729,187	Investment activities
LITE-ON GREEN TECHNOLOGIES (NANJING) CORPORATION	2010/5	Jiangsu Province, China	22,629	Solar energy engineering
Lite-on Green Energy (HK) Limited	2010/4	Hong Kong	95,077	Investment activities
Lite-On Electronics (Thailand) Co., Ltd.	1988/4	Pathumthani, Thailand	538,315	Manufacture and sale of LED optical products
LITE-ON VIETNAM CO., LTD.	2013/10	Haiphong City, Vietnam	1,594,840	Electronic contract manufacturing
KBW-LEOTEK Jordan Private Shareholding Limited	2016/10	Amman, Jordan	4,332	Investment activities
Leotek, PSC	2017/7	Amman, Jordan	2,166	Production, manufacture energy-saving lights
KBW-LITEON Jordan Private Shareholding Limited	2016/10	Amman, Jordan	1,565,126	Production and manufacture of energy-saving lights and project construction and maintenance
LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED	2017/4	Delhi, India	376,199	Manufacture and sale of phone chargers and power supplies
LITE-ON SINGAPORE PTE. LTD.	1996/1	Singapore	909,366	Manufacture and supply of computer peripheral products
Philips & Lite-On Digital Solutions Korea Ltd.	2007/2	Seoul, Korea	2,165	Sale of optical disc drives
LITE-ON GREEN ENERGY (SINGAPORE) PTE. LTD.	2010/4	Singapore	112,869	Investment activities
LITE-ON, INC.	1987/11	California, USA	92,010	Sales data processing business of optoelectronic products and power supplies

Company	Date of Incorporation	Location	Paid-in Capital	Major Business Activities
POWER INNOVATIONS INTERNATIONAL, INC.	1997/9	Utah, USA	179,354	Development, design and manufacture of power controls and energy management
LITE-ON TRADING USA, INC.	2003/4	California, USA	966,105	Sale of optical products
LITE-ON TECHNOLOGY SERVICE, INC.	2015/6	California, USA	31	After-sales services of optical products
LITE-ON TECHNOLOGY USA, INC.	2003/3	Delaware, USA	1,649,920	Investment activities
Lite-On International Holding Co., Ltd.	2003/3	British Virgin Islands	11,155,461	Investment activities
LEOTEK ELECTRONICS USA LLC	1997/3	California, USA	217,757	Sale of LED products
LITE-ON AUTOMOTIVE ELECTRONICS MEXICO, S.A. DE C.V.	2014/11	Zapopan, Mexico	237,736	Production, manufacture, sale, import and export of photovoltaic devices, key electronic components, telecommunications equipment, information technology equipment, semiconductor applications, general lighting, automotive electronics, renewable energy products and systems and maintenance of automotive industry
Philips & Lite-On Digital Solutions USA, Inc.	2006/6	Delaware, USA	31	Sale of optical disc drives
LTC GROUP LTD.	1998/10	British Virgin Islands	1,009,529	Investment activities
LITE-ON ELECTRONICS (EUROPE) LIMITED	1998/12	Northumberland, England	11,081	Manufacture and sale of power supplies
PLDS Germany GmbH	2006/6	Wetzlar, Germany	244,816	Development and sale of modules of automotive recorders
Lite-On Technology (Europe) B.V.	1998/5	Breda, Netherlands	2,155,030	Market research and after-sales services
Lite-On (Finland) Oy	2007/8	Helsinki, Finland	82	Manufacture and sale of mobile phone modules and design of assembly lines
Lite-On Green Technologies B.V.	2010/1	Utrecht, Netherlands	2,226	Solar energy engineering
Lite-On Green Energy B.V.	2010/9	Breda, Netherlands	20,884	Investment activities
EAGLE ROCK INVESTMENT LTD.	1997/7	British Virgin Islands	307	Import and export and investment activities
G&W TECHNOLOGY (BVI) LIMITED	1996/3	British Virgin Islands	239,226	Real estate management
G&W TECHNOLOGY LIMITED	1992/6	Hong Kong	1,979	Leasing business
HIGH YIELD GROUP CO., LTD.	2000/1	British Virgin Islands	2,092,859	Holding company
Lite-On Overseas Trading Co., Ltd.	1999/5	British Virgin Islands	157,735	Investment activities
LITE-ON CHINA HOLDING CO. LTD.	2000/10	British Virgin Islands	13,106,565	Investment activities

Company	Date of Incorporation	Location	Paid-in Capital	Major Business Activities
Lite-On Mobile Oyj	1996/10	Helsinki, Finland	2,611	Manufacture and sale of mobile phone modules and design of assembly lines
LITE-ON AUTOMOTIVE (WUXI) CO., LTD	2002/3	Jiangsu Province, China	182,863	Manufacture, sale and processing of electronic products
Lite-On (Guangzhou) Automotive Electronics Limited	2006/7	Guangdong Province, China	206,076	Manufacture, sale and processing of electronic products
Lite-On Automotive International (Cayman) Co., Ltd.	2006/1	Cayman Islands	367,037	Investment activities
LITE-ON AUTOMOTIVE HOLDINGS (HONG KONG) CO., LIMITED	2007/11	Hong Kong	398,288	Investment activities
LITE-ON MOBILE INDÚSTRIA E COMÉRCIO DE PLÁSTICOS LTDA.	2002/1	Manaus, Brazil	1,272,582	Manufacture and sale of mobile phone modules and design of assembly lines
GUANGZHOU LITE-ON MOBILE ENGINEERING PLASTICS CO., LTD.	1999/5	Guangdong Province, China	700,277	Manufacture and sale of mobile phone modules and design of assembly lines
BEIJING LITE-ON MOBILE ELECTRONIC AND TELECOMMUNICATION COMPONENTS CO., LTD.	2003/1	Beijing, China	578,619	Manufacture and sale of mobile phone modules and design of assembly lines
LITE-ON MOBILE PTE. LTD.	2000/2	Singapore	4,530,548	Manufacture and sale of mobile phone modules and design of assembly lines
Lite-On Japan Ltd.	1985/8	Tokyo, Japan	150,410	Sale of LED optical products and power supplies
Lite-On Japan (H.K.) Limited	2000/4	Hong Kong	19,782	Import and export of electronic components
NL (SHANGHAI) CO., LTD.	2005/8	Shanghai, China	10,731	Import and export of electronic components
LITE-ON JAPAN (Thailand) CO., LTD	2006/1	Bangkok, Thailand	17,796	Import and export of electronic components

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

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

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

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

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

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

8.1.4 Overall Industries Covered by the Business of Affiliates

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

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

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

December 31, 2022

Company Name	Title	Name or Representative	Shareholding	
			Shares	Percentage of Ownership
Lite-On Technology Corporation	Chairman	Tom Soong	15,120,287	0.64%
	Director	Raymond Soong	79,302,560	3.36%
	Director	Ta-Sung Investment Co., Ltd. Representative: Keh-Shew Lu	47,088,399	1.99%
	Director	Ta-Sung Investment Co., Ltd. Representative: Anson Chiu		
	Independent Director	Albert Hsueh	0	0.00%
	Independent Director	Mike Yang	0	0.00%
	Independent Director	Harvey Chang	0	0.00%
	Independent Director	MK Lu	200,000	0.01%
	General Manager	Anson Chiu	1,000,000	0.04%
Skyla Corporation	Chairman	Danny Liao	4,130,000	12.61%
	Director	Lite-On Technology Corporation Representative: Tom Soong	18,070,000	55.19%
	Director	Lite-On Technology Corporation Representative: Raymond Soong	18,070,000	55.19%
	Supervisor	Anson Chiu	0	0.00%
LEOTEK CORPORATION	Chairman	Lite-On Technology Corporation Representative: Anson Chiu	60,000,000	100.00%
Philips & Lite-On Digital Solutions Corporation	Chairman	Lite-On Technology Corporation Representative: Cornelis Saris	17,150,000	49.00%
	Director	Lite-On Technology Corporation Representative: Anson Chiu		
	Director	Lite-On Technology Corporation Representative: Richard Chiang		
	Director	Koninklijke Philips N.V. Representative: JOHNNES VAN WIJNGAARDEN	17,850,000	51.00%
	Director	Koninklijke Philips N.V. Representative: K. J. ELEVELD		
	Director	Koninklijke Philips N.V. Representative: JOOST JOHANNES JOSEPH BEKKERS		
	Supervisor	Michelle Hsiao	0	0.00%
	Supervisor	Yun Zhao	0	0.00%
Lite-On Capital Corporation	Chairman	Lite-On Technology Corporation Representative: Tom Soong	170,706,763	100.00%
	Director	Lite-On Technology Corporation Representative: Anson Chiu		
Lite-On Green Technologies, Inc.	Chairman	Lite-On Capital Corporation Representative: Tom Soong	67,000,000	100.00%
	Director	Lite-On Capital Corporation Representative: Anson Chiu		

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

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

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

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

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

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

Company Name	Title	Name or Representative	Shareholding	
			Shares	Percentage of Ownership
LITEON AUTO ELECTRIC TECHNOLOGY (GUANGZHOU) LTD.	Chairman	Tom Soong	NA	NA
	Director	Raymond Soong	NA	NA
	Director	Anson Chiu	NA	NA
	Supervisor	Godspeed Chou	NA	NA
	General Manager	Allen Liao	NA	NA
LITEON-IT OPTO TECH (BH) CO., LTD.	Chairman	Tom Soong	NA	NA
	Director	Raymond Soong	NA	NA
	Director/ General Manager	Anson Chiu	NA	NA
	Supervisor	Godspeed Chou	NA	NA
LET (HK) LIMITED	Director	Tom Soong	0	0.00%
	Director	Anson Chiu	0	0.00%
Philips & LiteOn Digital Solutions (Shanghai) Co., Ltd.	Chairman	Richard Chiang	NA	NA
	Director	Sumika Chou	NA	NA
	Director	Fannie Lee	NA	NA
	Supervisor	Godspeed Chou	NA	NA
TITANIC CAPITAL SERVICES LTD. 冠泰	Director	Tom Soong	0	0.00%
	Director	Anson Chiu	0	0.00%
LITE-ON GREEN TECHNOLOGIES (NANJING) CORPORATION	Chairman	Tom Soong	NA	NA
	Director/ General Manager	Anson Chiu	NA	NA
	Director	Dean Cheng	NA	NA
	Supervisor	Godspeed Chou	NA	NA
Lite-On Green Energy (HK) Limited	Director	Tom Soong	0	0.00%
	Director	Anson Chiu	0	0.00%

Company Name	Title	Name or Representative	Shareholding	
			Shares	Percentage of Ownership
Lite-On Electronics (Thailand) Co., Ltd.	Director	Tom Soong	0	0.00%
	Director	Anson Chiu	0	0.00%
	Director	WJ Lin	0	0.00%
LITE-ON VIETNAM CO., LTD.	Director	Tom Soong	NA	NA
	Director	Anson Chiu	NA	NA
	Director	Don Lin	NA	NA
	Supervisor	Michelle Hsiao	NA	NA
KBW-LEOTEK Jordan Private Shareholding Limited	Chairman	HIS ROYAL HIGHNESS PRINCE KHALID BIN WALID AL SAUD	0	0.00%
	Vice Chairman	Torrent Chin	0	0.00%
	Director	Anson Chiu	0	0.00%
	Director	Dean Cheng	0	0.00%
	Director	PC Chen	0	0.00%
LEOTEK, PSC	Chairman	HIS ROYAL HIGHNESS PRINCE KHALID BIN WALID AL SAUD	0	0.00%
	Vice Chairman	Torrent Chin	0	0.00%
	Director	MOHAMMED MAHMOUD RWEDAN	0	0.00%
	Director	AHMED MOUSA ATEIAT	0	0.00%
	Director	Anson Chiu	0	0.00%
KBW-LITEON Jordan Private Shareholding Limited	Chairman	HIS ROYAL HIGHNESS PRINCE KHALID BIN WALID AL SAUD	0	0.00%
	Vice Chairman	Torrent Chin	0	0.00%
	Director	Anson Chiu	0	0.00%
	Director	Dean Cheng	0	0.00%
	Director	PC Chen	0	0.00%

Company Name	Title	Name or Representative	Shareholding	
			Shares	Percentage of Ownership
LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED	Director	Tom Soong	0	0.00%
	Director	Anson Chiu	0	0.00%
	Director	Mark Wu	0	0.00%
LITE-ON SINGAPORE PTE. LTD.	Director	Tom Soong	0	0.00%
	Director	Anson Chiu	0	0.00%
	Director	Fu-Hai Huang	0	0.00%
	Director	LIM SIN HENG	0	0.00%
Philips & Lite-On Digital Solutions Korea Ltd.	Director	Richard Chiang	0	0.00%
	Director	Gillian Chu	0	0.00%
LITE-ON GREEN ENERGY (SINGAPORE) PTE. LTD.	Director	Tom Soong	0	0.00%
	Director	Anson Chiu	0	0.00%
	Director	WEE CHOO PENG	0	0.00%
LITE-ON, INC.	Director	Tom Soong	0	0.00%
	Director	Anson Chiu	0	0.00%
	Director	EDWARD CARTER	0	0.00%
POWER INNOVATIONS INTERNATIONAL, INC.	Director	Anson Chiu	0	0.00%
	Director/ General Manager	EDWARD CARTER	0	0.00%
	Director	Richard Chiang	0	0.00%
LITE-ON TRADING USA, INC.	Director	Tom Soong	0	0.00%
	Director	Anson Chiu	0	0.00%
	Director/ General Manager	EDWARD CARTER	0	0.00%
LITE-ON TECHNOLOGY SERVICE, INC.	Director	Tom Soong	0	0.00%
	Director/ General Manager	EDWARD CARTER	0	0.00%
	Director	Anson Chiu	0	0.00%

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

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

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

Company Name	Title	Name or Representative	Shareholding	
			Shares	Percentage of Ownership
GUANGZHOU LITE-ON MOBILE ENGINEERING PLASTICS CO., LTD.	Chairman	Tom Soong	NA	NA
	Director	Raymond Soong	NA	NA
	Director	Anson Chiu	NA	NA
	Supervisor	Godspeed Chou	NA	NA
	General Manager	Anson Chiu	NA	NA
BEIJING LITE-ON MOBILE ELECTRONIC AND TELECOMMUNICATION COMPONENTS CO., LTD.	Chairman	Tom Soong	NA	NA
	Director	Raymond Soong	NA	NA
	Director	Anson Chiu	NA	NA
	Supervisor	Godspeed Chou	NA	NA
	General Manager	Anson Chiu	NA	NA
LITE-ON MOBILE PTE. LTD.	Director	Tom Soong	0	0.00%
	Director	Anson Chiu	0	0.00%
	Director	Fu-Hai Huang	0	0.00%
	Director	LIM SIN HENG	0	0.00%
Lite-On Japan Ltd.	Chairman	Tom Soong	0	0.00%
	Director	Anson Chiu	0	0.00%
	Director	Steven Liao	0	0.00%
	Supervisor	Michelle Hsiao	0	0.00%
Lite-On Japan (H.K.) Limited	Director	Steven Liao	0	0.00%
	Director	Eisuke Endo	0	0.00%
NL (SHANGHAI) CO., LTD.	Chairman	Gen Tsuboi	NA	NA
	Director	Steven Liao	NA	NA
	Director	Eisuke Endo	NA	NA
	Supervisor	Godspeed Chou	NA	NA

Company Name	Title	Name or Representative	Shareholding	
			Shares	Percentage of Ownership
LITE-ON JAPAN (Thailand) CO., LTD	Director	Steven Liao	0	0.00%
	Director	WJ Lin	0	0.00%
	Director	Eisuke Endo	0	0.00%

8.1.6 Operational Highlights of LITEON Subsidiaries

Unit: NT\$ thousands, except EPS (NT\$)

Company Name	Capital Stock	Assets	Liabilities	Net Worth	Net Revenues	Income (Loss) from Operation	Net Income (Loss)	Basic Earning (Loss) Per Share
LITE-ON TECHNOLOGY CORPORATION	23,630,830	168,738,444	87,382,439	81,356,005	115,569,314	5,856,884	14,151,016	6.19
SKYLA CORPORATION	327,444	545,793	119,951	425,842	416,776	(1,012)	13,069	0.41
LEOTEK ROADWAY AND TRAFFIC INTELLIGENCE CORPORATION	600,000	1,242,986	578,979	664,007	525,713	(885)	54,076	1.30
Philips & Lite-On Digital Solutions Corporation	350,000	2,982,786	2,427,631	555,155	6,429,031	59,635	36,600	1.05
Lite-On Capital Corporation	1,707,068	2,110,473	6,334	2,104,139	122,622	120,968	120,968	0.71
Lite-On Green Technologies, Inc.	670,000	301,302	66,267	235,035	-	(2,679)	1,398	0.02
LITE-ON ELECTRONICS (TIANJIN) CO., LTD.	2,260,865	2,661,562	268,501	2,393,061	1,604,710	161,876	316,113	NA
LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	1,546,765	5,278,416	3,028,881	2,249,535	13,247,546	311,281	371,297	NA
LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	2,601,760	5,136,209	1,869,070	3,267,139	5,470,442	94,532	177,767	NA
LITEON LI SHIN TECHNOLOGY (GANZHOU) LTD	357,366	829,914	236,856	593,058	672,632	15,311	65,248	NA
Lite-On Automotive Electronics (CZ) Co.	988,664	1,053,620	57,645	995,975	176,736	(3,388)	33,702	NA
LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	4,365,376	15,506,611	10,776,040	4,730,571	24,864,602	708,043	859,964	NA
LITE-ON MEDICAL DEVICE (CHANGZHOU) LTD.	135,389	96,589	4,535	92,054	24,179	(18,717)	(17,807)	NA
LITE-ON TECHNOLOGY (XIANNING) CO., LTD.	190,250	631,437	196,222	435,215	693,187	16,505	39,873	NA
LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	1,933,402	6,197,838	3,183,235	3,014,603	7,378,892	295,067	300,086	NA
LITE-ON INTELLIGENT TECHNOLOGY (YENCHENG) CORP.	85,843	206,024	132,540	73,484	730	(8,507)	(5,331)	NA
WUXI CHINA BRIDGE EXPRESS TRADING CO., LTD.	160,153	272,429	32,014	240,415	333,589	352	18,985	NA
CHINA BRIDGE (CHINA) CO., LTD.	1,051,961	1,204,617	2,823	1,201,794	-	(403)	76,574	NA
LITE-ON TECHNOLOGY (JIANGSU) CO., LTD.	4,853,341	9,429,985	19,352	9,410,633	-	(1,016)	1,085,314	NA
DONGGUAN LITE-ON COMPUTER CO., LTD.	55,988	62,556	2,166	60,390	-	1,619	3,998	NA
LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	1,199,253	5,592,567	2,646,171	2,946,396	14,431,611	204,694	188,800	NA
SILITEK ELEC. (DONGGUAN) CO., LTD.	738,854	6,160,002	1,577,085	4,582,917	10,590,615	352,989	623,045	NA
LITE-ON POWER TECHNOLOGY (DONGGUAN) CO., LTD.	453,681	1,187,982	486,433	701,549	1,842,210	300,133	335,396	NA
LITE-ON ELECTRONICS H.K. LIMITED	7,027,699	21,716,898	571,831	21,145,067	2,552,829	55,146	1,013,212	56.71
LITE-ON ELECTRONICS COMPANY LIMITED	12,129,435	20,500,538	2,473,548	18,026,990	-	(518)	1,876,254	0.61
YET FOUNDATE LIMITED	323,536	580,582	1,124	579,458	-	(3,644)	30,498	0.45
CHANGZHOU LEOTEK NEW ENERGY TRADE LIMITED	27,330	54,156	113,977	(59,821)	4,808	(3,713)	(3,889)	NA
HUIZHOU LI SHIN ELECTRONIC CO., LTD.	466,880	1,363,680	604,045	759,635	2,348,088	43,328	130,630	NA

Company Name	Capital Stock	Assets	Liabilities	Net Worth	Net Revenues	Income (Loss) from Operation	Net Income (Loss)	Basic Earning (Loss) Per Share
FORDGOOD ELECTRONIC LIMITED	393,960	617,399	70	617,329	-	(1,610)	63,928	0.64
LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	4,532,769	15,898,448	8,379,845	7,518,603	22,432,698	529,544	1,065,287	NA
LITE-ON TECHNOLOGY (GZ) INVESTMENT COMPANY LIMITED	2,198,821	643,574	2,487	641,087	-	(39)	49,820	NA
LITE-ON IT INTERNATIONAL (HK) LIMITED	3,140,608	5,191,316	1,291,943	3,899,373	-	(144)	(80,835)	(0.79)
LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD.	1,553,322	2,359,036	745,238	1,613,798	587,542	(160,204)	(90,338)	NA
LiteON Auto Electric Technology (Guangzhou) Ltd.	68,313	151,503	10,564	140,939	167,954	2,948	56,736	NA
LITEON-IT OPTO TECH (BH) CO., LTD.	1,661,272	4,023,906	1,883,914	2,139,992	4,628,476	100,121	195,890	NA
LET (HK) LIMITED	244,124	43,364	1,097	42,267	-	(175)	(35,707)	(0.58)
Philips & LiteOn Digital Solutions (Shanghai) Co., Ltd.	33,635	404,578	7,842	396,736	22,813	(34,585)	(26,562)	NA
TITANIC CAPITAL SERVICES LTD.	729,187	618,001	19,845	598,156	-	(600)	13,726	1.59
LITE-ON GREEN TECHNOLOGIES (NANJING) CORPORATION	22,629	8,829	17,316	(8,487)	-	(934)	(1,367)	NA
Lite-on Green Energy (HK) Limited	95,077	6,455	250	6,205	-	(52)	(52)	(0.02)
Lite-On Electronics (Thailand) Co., Ltd.	538,315	3,518,345	1,245,926	2,272,419	4,814,957	203,729	167,629	27.71
LITE-ON VIETNAM CO., LTD.	1,594,840	2,826,045	902,290	1,923,755	2,268,904	7,912	6,252	NA
KBW-LEOTEK Jordan Private Shareholding Limited	4,332	3,023	1,731	1,292	-	(31)	364	3.64
LEOTEK, PSC	2,166	14,856	10,114	4,742	8,966	897	692	13.84
KBW-LITEON Jordan Private Shareholding Limited	1,565,126	868,260	388,579	479,681	-	(22,500)	(30,321)	(0.84)
LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED	376,199	749,515	476,537	272,978	1,677,833	60,416	(51,834)	(0.50)
LITE-ON SINGAPORE PTE. LTD.	909,366	52,621,098	23,853,821	28,767,277	74,079,625	3,827,159	4,127,913	79.73
Philips & Lite-On Digital Solutions Korea Ltd.	2,165	33,433	1,540	31,893	2,631	332	371	20.79
LITE-ON GREEN ENERGY (SINGAPORE) PTE. LTD.	112,869	104,309	389	103,920	-	(485)	4,391	1.27
LITE-ON, INC.	92,010	548,454	258,822	289,632	1,339,180	23,926	24,288	8.10
POWER INNOVATIONS INTERNATIONAL, INC.	179,354	189,153	49,940	139,213	179,263	(48,416)	(42,844)	(3.32)
LITE-ON TRADING USA, INC.	966,105	7,494,921	6,188,406	1,306,515	13,690,613	64,070	45,569	144.66
LITE-ON TECHNOLOGY SERVICE, INC.	31	66,722	6,164	60,558	33,818	1,598	1,411	1,411.21
LITE-ON TECHNOLOGY USA, INC.	1,649,920	2,256,920	2,198	2,254,722	-	(5,906)	49,061	104.33
Lite-On International Holding Co., Ltd.	11,155,461	24,964,796	36	24,964,760	-	(132)	1,972,683	5.42
Leotek Electronics USA LLC.	217,757	798,156	490,204	307,952	1,381,391	34,761	25,309	NA

Company Name	Capital Stock	Assets	Liabilities	Net Worth	Net Revenues	Income (Loss) from Operation	Net Income (Loss)	Basic Earning (Loss) Per Share
LITE-ON AUTOMOTIVE ELECTRONICS MEXICO, S.A. DE C.V.	237,736	529,097	116,064	413,033	535,650	117,194	69,632	233.82
Philips & Lite-On Digital Solutions USA Inc.	31	1,000,386	723,146	277,240	4,966,571	8,018	6,479	6,478.55
LTC GROUP LTD.	1,009,529	1,852,579	10,221	1,842,358	-	(153)	(1,142,040)	(34.70)
LITE-ON ELECTRONICS (EUROPE) LIMITED	11,081	80,634	5,855	74,779	61,798	5,735	4,630	15.43
PLDS Germany GmbH	244,816	1,147,787	112,723	1,035,064	37,071	(30,527)	93,627	NA
Lite-On Technology (Europe) B.V.	2,155,030	514,344	5,330	509,014	25,122	1,632	113,296	184.89
Lite-On (Finland) Oy	82	384,720	-	384,720	-	259	107,189	42,875.49
Lite-On Green Technologies B.V.	2,226	51,018	815	50,203	-	2,442	2,450	0.36
Lite-On Green Energy B.V.	20,884	19,879	447	19,432	-	(273)	(269)	(0.03)
EAGLE ROCK INVESTMENT LTD.	307	1,462,773	41	1,462,732	-	(105)	61,978	6,197.80
G&W TECHNOLOGY (BVI) LIMITED	239,226	311,486	8,911	302,575	-	(3,600)	3,164	0.41
G&W TECHNOLOGY LIMITED	1,979	152,933	88,963	63,970	36,275	21,150	17,244	34.49
HIGH YIELD GROUP CO., LTD.	2,092,859	6,135,315	111	6,135,204	-	(192)	(77,617)	(1.14)
Lite-On Overseas Trading Co., Ltd.	157,735	40,410,427	38,916,950	1,493,477	-	1,628	(306,705)	(59.64)
LITE-ON CHINA HOLDING CO. LTD.	13,106,565	21,932,001	2,513,405	19,418,596	-	(320)	1,970,983	4.61
Lite-On Mobile Oyj	2,611	375,729	810	374,919	-	(1,658)	106,919	2.02
LITE-ON AUTOMOTIVE (WUXI) CO., LTD	182,863	234,514	2,942	231,572	4,303	8,035	25,935	NA
Lite-On (Guangzhou) Automotive Electronics Limited	206,076	4,195,627	2,408,746	1,786,881	5,940,250	334,128	265,694	NA
Lite-On Automotive International (Cayman) Co., Ltd.	367,037	2,720,772	-	2,720,772	-	(218)	197,989	16.54
LITE-ON AUTOMOTIVE HOLDINGS (HONG KONG) CO., LIMITED	398,288	2,416,655	396,162	2,020,493	-	32	204,811	2.02
LITE-ON MOBILE INDUSTRIA E COMERCIO DE PLASTICOS LTDA.	1,272,582	1,226,155	73,878	1,152,277	952,831	147,242	192,830	0.88
GUANGZHOU LITE-ON MOBILE EGNINEERING PIASTICS CO., LTD.	700,277	1,110,721	20,890	1,089,831	-	(92)	41,146	NA
BEIJING LITE-ON MOBILE ELECTRONIC AND TELECOMMUNICATION COMPONENTS CO., LTD.	578,619	295,495	94,796	200,699	-	(54,899)	(59,032)	NA
LITE-ON MOBILE PTE. LTD.	4,530,548	2,648,873	69,057	2,579,816	-	(1,222)	(54,323)	(0.25)
Lite-On Japan Ltd.	150,410	1,180,938	785,085	395,853	2,420,345	(11,831)	(22,414)	(1.80)
Lite-On Japan (H.K.) Limited	19,782	331,414	87	331,327	-	(347)	71,740	1,434.80
NL (SHANGHAI) CO., LTD.	10,731	16,680	141	16,539	-	(1,045)	4,896	156.46
Lite-On Japan (Thailand) Co., Ltd.	17,796	239,197	80,387	158,810	489,147	13,205	8,280	41.40

Note: Foreign exchange rates for balance sheet amounts are valuation exchange rates of 2022/12/31.
Foreign exchange rates for income statement amounts are average exchange rates of 2022.

8.2 Private Placement of Company Shares: None

8.3 LITEON Shares Held / Sold by Subsidiaries

Unit: NT\$ Shares/ units; %

Name of Subsidiary	Stock Capital Collected	Fund Source	Shareholding Ratio of the Company	Date of Acquisition or Disposition	Shares and Amount Acquired	Shares and Amount of Disposed	Investment Gain (Loss)	Shareholdings and Amount in Most Recent Year	Mortgage	Endorsement Amount Made for the Subsidiary	Amount Loaned to the Subsidiary
Lite-On Capital Corporation.	1,707,068 thousands	None	100	105/09/27	75,066 shares	-	-	15,115,869 shares 1,033,925 thousands	None	None	None
LITE-ON ELECTRONICS COMPANY LIMITED	12,129,435 thousands	-	100	111/09/08	-	370 shares 25,307	-	-	None	None	None
				111/09/13	-	285,000 shares 19,614,000	-				
				111/09/14	-	400,000 shares 27,008,800	-				
				111/09/15	-	860,000 shares 58,624,500	-				
				111/09/16	-	740,000 shares 50,649,000	-				
				111/09/19	-	165,000 shares 11,254,500	-				
TITANIC CAPITAL SERVICES LTD.	729,187 thousands	None	100	105/09/27	34,776 shares	-	-	7,004,221 shares 479,089 thousands	None	None	None
YET FOUNDATE LIMITED	323,536 thousands	-	100	111/09/05	-	346,000 shares 23,419,700	-	-	None	None	None
				111/09/06	-	400,000 shares 27,080,000	-				
				111/09/07	-	295,000 shares 19,863,000	-				
				111/09/08	-	600,040 shares 40,868,935	-				
				111/09/12	-	359,000 shares 24,556,300	-				
				111/09/13	-	271,000 shares 18,687,200	-				

8.4 Other Supplementary Information: None

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

Appendix A. Consolidated Financial Statements

LITE-ON TECHNOLOGY CORPORATION and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2022 and 2021 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, 2022 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standards No. 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

LITE-ON TECHNOLOGY CORPORATION

By



TOM SOONG
Chairman

February 21, 2023

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
LITE-ON TECHNOLOGY CORPORATION

Opinion

We have audited the accompanying consolidated financial statements of LITE-ON TECHNOLOGY CORPORATION (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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, 2022. 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.

Key audit matter identified in the audit of the Group's consolidated financial statements for the year ended December 31, 2022 is as follows:

Allowance for Impairment Loss of Trade Receivables

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

Refer to Note 4 to the consolidated financial statements for the summary of significant accounting policies. Refer to Note 11 to the consolidated financial statements for the carrying amount of trade receivables and impairment loss of trade receivables. In response to management's estimates mentioned above, we assessed the reasonableness and the calculation accuracy of 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, 2022 and 2021 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, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Meng-Chieh, Chiu Shiu-Ran, Cheng

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 21, 2023

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, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 91,065,529	46	\$ 68,275,835	37
Financial assets at fair value through profit or loss (Note 7)	2,799,938	1	775,988	-
Financial assets at amortized cost (Note 9)	-	-	3,209	-
Contract assets	484,791	-	654,423	-
Notes receivable, net (Note 11)	609,573	-	458,316	-
Trade receivables, net (Note 11)	38,127,682	19	41,245,921	22
Trade receivables from related parties (Note 31)	-	-	12,139	-
Other receivables (Note 11)	1,562,769	1	817,564	-
Other receivables from related parties (Note 31)	17,710	-	3,265	-
Inventories, net (Note 12)	27,747,465	14	32,299,343	18
Other current assets (Note 19)	2,537,757	1	2,564,888	1
Total current assets	164,953,214	83	147,110,891	80
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss (Note 7)	1,462,668	1	2,090,852	1
Financial assets at fair value through other comprehensive income (Note 8)	1,985,324	1	2,013,586	1
Financial assets at amortized cost (Note 9)	465,790	-	289,411	-
Investments accounted for using the equity method (Note 14)	1,888,176	1	1,847,579	1
Property, plant and equipment, net (Notes 15 and 31)	19,078,678	10	18,889,587	10
Right-of-use assets, net (Note 16)	1,648,994	1	1,717,650	1
Investment properties, net (Note 17)	1,236,643	1	1,246,465	1
Intangible assets, net (Note 18)	3,692,521	2	3,675,676	2
Deferred tax assets (Note 26)	2,804,527	1	4,244,276	2
Refundable deposits	350,419	-	278,995	-
Net defined benefit assets (Note 22)	107,332	-	37,932	-
Other non-current assets (Note 19)	107,451	-	100,519	-
Total non-current assets	34,828,523	17	36,432,528	20
TOTAL	\$ 199,781,737	100	\$ 183,543,419	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 20)	\$ 32,628,984	16	\$ 28,385,043	15
Financial liabilities at fair value through profit or loss (Note 7)	253,441	-	373,960	-
Contract liabilities	79,782	-	98	-
Notes payable	59	-	44	-
Trade payables	44,883,340	22	46,659,415	25
Trade payables to related parties (Note 31)	15,842	-	38,342	-
Other payables	22,630,490	11	20,683,867	11
Other payables to related parties (Note 31)	19,378	-	1,705	-
Current tax liabilities	5,609,887	3	7,263,027	4
Provisions (Note 21)	1,125,550	1	1,152,812	1
Lease liabilities (Note 16)	359,221	-	400,877	-
Advances received	4,175,135	2	2,955,935	2
Total current liabilities	111,781,109	56	107,915,125	59
NON-CURRENT LIABILITIES				
Long-term borrowings	3,000,000	2	-	-
Deferred tax liabilities (Note 26)	2,212,812	1	1,878,663	1
Lease liabilities (Note 16)	691,734	-	743,516	-
Guarantee deposits	108,955	-	132,588	-
Total non-current liabilities	6,013,501	3	2,754,767	2
Total liabilities	117,794,610	59	110,669,892	60
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital				
Ordinary shares	23,630,830	12	23,508,670	13
Capital surplus	22,706,153	11	21,836,342	12
Retained earnings				
Legal reserve	16,780,649	8	15,613,679	9
Special reserve	3,214,551	2	5,940,218	3
Unappropriated earnings	21,736,118	11	15,199,955	8
Total retained earnings	41,731,318	21	36,753,852	20
Other equity				
Exchange differences on translating foreign operations	(2,315,737)	(1)	(5,820,080)	(3)
Unrealized loss of financial assets at fair value through other comprehensive income	(304,465)	-	(236,908)	-
Unearned employee compensation	(623,682)	-	-	-
Total other equity	(3,243,884)	(2)	(6,056,988)	(3)
Treasury shares	(3,468,412)	(2)	(3,700,808)	(2)
Total equity attributable to owners of the Company	81,356,005	41	72,341,068	39
NON-CONTROLLING INTERESTS	631,122	-	532,459	-
Total equity	81,987,127	41	72,873,527	40
TOTAL	\$ 199,781,737	100	\$ 183,543,419	100

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

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales (Notes 24 and 31)	\$ 177,083,524	102	\$ 168,643,418	102
Less: Sales allowance	3,274,121	2	3,111,747	2
Sales returns	353,187	-	703,724	-
Total operating revenue	<u>173,456,216</u>	<u>100</u>	<u>164,827,947</u>	<u>100</u>
COST OF GOODS SOLD (Notes 12, 25 and 31)	<u>(140,193,784)</u>	<u>(81)</u>	<u>(134,330,418)</u>	<u>(81)</u>
GROSS PROFIT	<u>33,262,432</u>	<u>19</u>	<u>30,497,529</u>	<u>19</u>
OPERATING EXPENSES (Notes 16, 25 and 31)				
Selling and marketing expenses	(6,138,249)	(4)	(5,001,775)	(3)
General and administrative expenses	(4,575,685)	(3)	(4,484,541)	(3)
Research and development expenses	(7,440,789)	(4)	(6,113,185)	(4)
Expected credit loss (Notes 11 and 24)	<u>(34,849)</u>	<u>-</u>	<u>(1,855,889)</u>	<u>(1)</u>
Total operating expenses	<u>(18,189,572)</u>	<u>(10)</u>	<u>(17,455,390)</u>	<u>(11)</u>
OPERATING INCOME	<u>15,072,860</u>	<u>9</u>	<u>13,042,139</u>	<u>8</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit (loss) of associates accounted for using the equity method	(6,109)	-	74,382	-
Interest income	1,221,626	1	729,485	-
Dividend income	6,985	-	5,153	-
Other income (Note 31)	1,698,918	1	831,432	1
Net gain (loss) on disposal of investments (Note 15)	(6,489)	-	58,191	-
Net gain (loss) on foreign currency exchange	(1,895,211)	(1)	377,483	-
Net gain on financial assets at fair value through profit or loss	2,443,992	1	4,034,938	2
Net gain on financial assets at fair value through profit or loss - structured products	357,132	-	310,306	-
Finance costs (Note 25)	(742,744)	-	(222,260)	-
Other expenses	(318,954)	-	(293,524)	-
Net gain (loss) on disposal of property, plant and equipment	15,871	-	(126,480)	-
Net loss on disposal of intangible assets	(84)	-	-	-
Impairment loss (Notes 15 and 18)	<u>(2,004)</u>	<u>-</u>	<u>(1,188,998)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>2,772,929</u>	<u>2</u>	<u>4,590,108</u>	<u>3</u>

(Continued)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
PROFIT BEFORE INCOME TAX	\$ 17,845,789	10	\$ 17,632,247	11
INCOME TAX EXPENSE (Note 26)	<u>(3,658,386)</u>	<u>(2)</u>	<u>(3,702,761)</u>	<u>(2)</u>
NET PROFIT FOR THE YEAR	<u>14,187,403</u>	<u>8</u>	<u>13,929,486</u>	<u>8</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 23 and 26)				
Items not reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	108,835	-	19,738	-
Unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income	(67,434)	-	8,467	-
Share of other comprehensive gain of associates accounted for using the equity method	989	-	952	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(23,458)</u>	<u>-</u>	<u>(3,015)</u>	<u>-</u>
	<u>18,932</u>	<u>-</u>	<u>26,142</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	4,338,757	3	(421,397)	-
Share of other comprehensive income (loss) of associates accounted for using the equity method	68,988	-	(19,948)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>(849,696)</u>	<u>-</u>	<u>38,760</u>	<u>-</u>
	<u>3,558,049</u>	<u>2</u>	<u>(402,585)</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>3,576,981</u>	<u>2</u>	<u>(376,443)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 17,764,384</u>	<u>10</u>	<u>\$ 13,553,043</u>	<u>8</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 14,151,016	8	\$ 13,886,552	8
Non-controlling interests	<u>36,387</u>	<u>-</u>	<u>42,934</u>	<u>-</u>
	<u>\$ 14,187,403</u>	<u>8</u>	<u>\$ 13,929,486</u>	<u>8</u>

(Continued)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
TOTAL COMPREHENSIVE INCOME (LOSS)				
ATTRIBUTABLE TO:				
Owners of the Company	\$ 17,661,812	10	\$ 13,558,786	8
Non-controlling interests	<u>102,572</u>	<u>-</u>	<u>(5,743)</u>	<u>-</u>
	<u>\$ 17,764,384</u>	<u>10</u>	<u>\$ 13,553,043</u>	<u>8</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 27)				
From continuing operations				
Basic	<u>\$6.19</u>		<u>\$6.01</u>	
Diluted	<u>\$6.10</u>		<u>\$5.92</u>	

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

(Concluded)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company													
	Issue of Share Capital (Note 23) Shares (in Thousands)	Amount	Capital Surplus (Note 25)	Legal Reserve	Special Reserve	Retained Earnings (Note 23) Unappropriated Earnings	Total	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) of Designated Fair Value Through Other Comprehensive Income	Unearned Employees' Compensation	Total	Treasury Shares (Note 25)	Non-controlling Interests (Note 25)	Total Equity
BALANCE AT JANUARY 1, 2021	2,350,867	\$ 23,508,670	\$ 21,613,574	\$ 13,789,553	\$ 4,732,075	\$ 17,026,026	\$ 35,547,654	\$ (5,563,051)	\$ (245,858)	\$ -	\$ (5,808,909)	\$ (1,271,314)	\$ 351,839	\$ 74,141,514
Appropriation of earnings	-	-	-	1,824,126	-	(1,824,126)	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	1,208,143	-	(1,208,143)	-	-	-	-	-	-	-	(12,692,187)
Special reserve	-	-	-	-	-	(2,692,187)	(2,692,187)	-	-	-	-	-	-	(13,637)
Cash dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	69,958
Changes in non-controlling interests	-	-	-	-	-	-	-	69,958	-	-	69,958	-	-	25,850
Disposal of investments accounted for using the equity method	-	-	-	-	-	-	-	25,850	-	-	25,850	-	-	(2,222)
Difference between subsidiaries' disposal of consideration and carrying amount	-	-	-	-	-	-	-	-	-	-	-	-	-	89,055
Changes in percentage of ownership interests in subsidiaries	-	-	(829)	-	-	(1,393)	(1,393)	-	-	-	-	-	-	131,647
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	9,1950	-	-	(2,895)	(2,895)	-	-	-	-	-	-	13,147
Changes in capital surplus from cash dividends of the Company paid to subsidiaries	-	-	131,647	-	-	-	-	-	-	-	-	-	-	(2,429,494)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(600)	(600)	-	400	-	400	-	-	13,929,486
Buy-back of ordinary shares	-	-	-	-	-	-	-	-	-	-	-	(2,429,494)	-	42,934
Net profit for the year ended December 31, 2021	-	-	-	-	-	-	-	-	-	-	-	-	-	(48,677)
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	-	-	-	8,550	-	8,550	-	-	13,553,043
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	-	-	-	-	(235,908)	-	(235,908)	(3,700,888)	532,459	72,873,527
BALANCE AT DECEMBER 31, 2021	2,350,867	23,508,670	21,836,342	15,613,679	5,940,218	13,993,023	36,533,852	(5,820,080)	8,550	-	(6,056,988)	(3,700,888)	(3,909)	72,873,527
Appropriation of earnings	-	-	-	1,166,970	-	(1,166,970)	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	275,667	-	(275,667)	-	-	-	-	-	-	-	(9,241,620)
Special reserve	-	-	-	-	-	(9,241,620)	(9,241,620)	-	-	-	-	-	-	(3,909)
Cash dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	6,490
Changes in non-controlling interests	-	-	-	-	-	-	-	6,490	-	-	6,490	-	-	30,549
Disposal of investments accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-	-	120,925
Difference between consideration and carrying amount of subsidiaries disposed of (Notes 14 and 30)	-	-	30,549	-	-	-	-	-	-	-	-	-	-	320,411
Share-based payment transaction	12,216	122,160	622,447	-	-	-	622,447	-	(62,082)	-	(62,082)	232,396	-	37,793
Disposal of Treasury stocks	-	-	88,015	-	-	-	-	-	-	-	-	-	-	(28,824)
Changes in percentage of ownership interests in subsidiaries	-	-	50,223	-	-	(12,430)	(12,430)	-	-	-	-	-	-	10,843
Rearranging	-	-	(28,824)	-	-	-	-	-	-	-	-	-	-	97,517
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	10,843	-	-	-	-	-	-	-	-	-	-	41
Changes in capital surplus from cash dividends of Company paid to subsidiaries	-	-	97,517	-	-	-	-	-	-	-	-	-	-	14,187,403
Other changes in equity	-	-	41	-	-	-	-	-	-	-	-	-	-	3,526,981
Net profit (loss) 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	-	-	-	-	-	-	-	-	(67,552)	-	(67,552)	-	-	3,526,981
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	-	-	(67,552)	-	(67,552)	-	-	17,764,384
BALANCE AT DECEMBER 31, 2022	2,363,083	\$ 23,630,830	\$ 22,706,153	\$ 16,780,649	\$ 3,214,551	\$ 14,231,516	\$ 41,231,418	\$ (7,315,237)	\$ (104,463)	\$ (693,682)	\$ (13,243,584)	\$ (1,468,417)	\$ 651,122	\$ 81,987,127

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, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 17,845,789	\$ 17,632,247
Adjustments for:		
Depreciation expenses	4,360,303	3,953,907
Amortization expenses	154,063	183,647
Expected credit loss	34,849	1,855,889
Net gain on fair value changes of financial assets as at fair value through profit or loss	(2,801,124)	(4,345,244)
Finance costs	742,744	222,260
Interest income	(1,221,626)	(729,485)
Dividend income	(6,985)	(5,153)
Share of profit of associates accounted for using the equity method	6,109	(74,382)
Net loss (gain) on disposal of property, plant and equipment	(15,871)	126,480
Net loss on disposal of intangible assets	84	-
Net (gain) loss on disposal of investments	6,489	(58,191)
Impairment loss recognized on non-financial assets	697,279	1,538,924
Net unrealized (gain) loss on foreign currency exchange	(13,265)	178,436
Net loss on disposal of subsidiaries	-	26,375
Recognition of provisions	135,787	177,927
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	889,237	1,631,425
Contract assets	452,798	450,533
Notes receivable	(143,808)	(35,171)
Trade receivables	4,528,999	(5,794,611)
Trade receivables from related parties	12,139	26,221
Other receivables	(627,508)	867,964
Other receivables from related parties	(14,445)	4,095
Inventories	5,403,868	(8,166,988)
Other current assets	104,159	(386,128)
Notes payable	15	(12,836)
Trade payables	(4,666,792)	4,486,824
Trade payables to related parties	(22,500)	(256,659)
Other payables	2,015,541	190,018
Other payables to related parties	17,673	783
Contract liabilities	79,684	-
Provisions	(173,364)	(203,794)
Advance receipts	1,137,060	296,305
Net defined benefit assets	39,435	(31,613)
Cash generated from operations	28,956,816	13,750,005
Interest received	1,117,330	756,838
Dividends received	6,985	5,153
Interest paid	(573,894)	(223,406)
Income tax paid	(4,471,274)	(2,128,950)
Net cash generated from operating activities	<u>25,035,963</u>	<u>12,159,640</u>

(Continued)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of financial assets at fair value through other comprehensive income	\$ (195,347)	\$ (417,475)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	26,211
Purchases of financial assets at amortized cost	(234,732)	(65,620)
Proceeds from disposal of financial assets at amortized costs	65,632	197,492
Purchases of financial assets at fair value through profit or loss	(33,897,475)	-
Proceeds from disposal of financial assets at fair value through profit or loss	34,143,161	-
Proceeds from disposal of investments accounted for using the equity method	-	1,020,042
Net cash inflow on disposal of subsidiaries	-	(134)
Acquisition of property, plant and equipment	(4,249,324)	(3,738,147)
Proceeds from disposal of property, plant and equipment	41,685	20,473
Increase in refundable deposits	(61,713)	-
Decrease in refundable deposits	-	5,251
Acquisition of intangible assets	(165,176)	(179,053)
Proceeds from disposal of intangible assets	3,209	55
Dividend from associates	31,865	-
Decrease in other non-current assets	4	27,574
Net cash used in investing activities	<u>(4,518,211)</u>	<u>(3,103,331)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	4,038,922	3,552,823
Proceeds from long-term borrowings	3,000,000	-
Proceeds from guarantee deposits received	-	39,965
Decrease in guarantee deposits received	(32,053)	-
Repayments of the principal portion of lease liabilities	(444,974)	(351,906)
Cash dividends paid	(9,144,103)	(12,560,540)
Payments for buy-back of ordinary shares	-	(2,429,494)
Disposal of treasury shares	320,411	-
Proceeds from disposal of partial interests in subsidiaries without a loss of control	54,840	-
Changes in non-controlling interests	<u>(20,275)</u>	<u>(29,613)</u>
Net cash used in financing activities	<u>(2,227,232)</u>	<u>(11,778,765)</u>

(Continued)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>\$ 4,499,174</u>	<u>\$ (509,745)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	22,789,694	(3,232,201)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>68,275,835</u>	<u>71,508,036</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 91,065,529</u>	<u>\$ 68,275,835</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, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on February 21, 2023.

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

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

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the Group’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

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

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occurred on or after January 1, 2022.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
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
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
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

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

Note 2: 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.

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 IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and, net defined benefit 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.

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

g. Inventories

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

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.

j. Investment properties

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

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

Depreciation is recognized using the straight-line method.

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

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 asset, investment property, intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset, investment property 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 30.

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. 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 30.

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.

3) Current and deferred taxes

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Critical Accounting Judgements

Business model assessment for financial assets

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

Key Sources of Estimation Uncertainty

a. Estimated impairment of financial assets and contract assets

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

b. Write-down of inventories

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

c. Impairment of goodwill

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	2021
Cash on hand	\$ 1,750	\$ 2,099
Checking accounts	1,075,010	890,550
Demand deposits	33,243,220	40,950,572
Time deposits	<u>56,745,549</u>	<u>26,432,614</u>
	<u>\$ 91,065,529</u>	<u>\$ 68,275,835</u>

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

	December 31	
	2022	2021
Demand deposits	0%-4.12%	0%-3.3%
Time deposits	0.4%-14.06%	0.25%-2.95%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2022	2021
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets		
Forward exchange contracts	\$ 2,393,303	\$ 481,114
Currency swaps	<u>406,635</u>	<u>294,874</u>
	<u>\$ 2,799,938</u>	<u>\$ 775,988</u>

(Continued)

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Financial assets at FVTPL - non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Foreign listed shares	\$ 556,171	\$ 1,842,491
Mutual funds	597,647	231,143
Domestic listed shares	10,045	17,218
Hybrid financial assets		
Foreign convertible preferred shares	<u>298,805</u>	<u>-</u>
	<u>\$ 1,462,668</u>	<u>\$ 2,090,852</u>
<u>Financial liabilities at FVTPL - current</u>		
Financial liabilities held for trading		
Derivative financial instruments (not under hedge accounting)		
Forward exchange contracts	\$ 248,584	\$ 367,130
Currency swaps	<u>4,857</u>	<u>6,830</u>
	<u>\$ 253,441</u>	<u>\$ 373,960</u>
		(Concluded)

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

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 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
			(Continued)

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2021</u>			
The Company			
Forward exchange contracts	USD/NTD	2022.01.07- 2022.12.27	USD1,756,000/NTD47,668,097
Currency swaps	USD/NTD	2022.01.18- 2022.07.11	USD940,000/NTD26,202,240
Lite-On Overseas Trading Co., Ltd.			
Forward exchange contracts	USD/CNY	2022.01.18- 2022.09.06	USD253,500/CNY1,651,921
Forward exchange contracts	USD/INR	2022.01.07- 2022.05.12	USD28,000/INR2,123,604
Forward exchange contracts	USD/MXN	2022.01.06	USD6,000/MXN128,040
Forward exchange contracts	USD/THB	2022.01.10	USD5,000/THB169,400
Forward exchange contracts	USD/BRL	2022.01.27	USD3,000/BRL17,193
Forward exchange contracts	EUR/USD	2022.01.06	EUR2,500/USD2,835
Forward exchange contracts	USD/JPY	2022.01.24	USD2,449/JPY281,000
Forward exchange contracts	USD/CAD	2022.01.05	USD1,953/CAD2,500
Currency swaps	USD/CNY	2022.01.28- 2022.07.21	USD103,000/CNY671,381
LITE-ON SINGAPORE PTE. LTD.			
Forward exchange contracts	USD/INR	2022.03.07	USD2,000/INR149,000
Philip & Lite-On Digital Solutions Corporation			
Currency swaps	USD/NTD	2022.01.12	USD20,000/NTD559,320 (Concluded)

The Group entered into derivative contracts in 2022 and 2021 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>2022</u>	<u>2021</u>
<u>Non-current</u>		
Domestic investments		
Listed shares and emerging market shares	\$ 309,030	\$ 186,601
Listed Taiwan Innovation Board shares	421,780	-
Unlisted shares	<u>23,435</u>	<u>14,809</u>
	<u>754,245</u>	<u>201,410</u>
Foreign investments		
Unlisted shares	<u>1,231,079</u>	<u>1,812,176</u>
	<u>\$ 1,985,324</u>	<u>\$ 2,013,586</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>2022</u>	<u>2021</u>
Pledged deposits	<u>\$ 465,790</u>	<u>\$ 292,620</u>
Current	\$ -	\$ 3,209
Non-current	<u>465,790</u>	<u>289,411</u>
	<u>\$ 465,790</u>	<u>\$ 292,620</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 32 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>2022</u>	<u>2021</u>
<u>At amortized cost</u>		
Gross carrying amount	\$ 465,790	\$ 292,620
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
Net carrying amount	<u>\$ 465,790</u>	<u>\$ 292,620</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, NET

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Notes receivable</u>		
Notes receivable - operating	<u>\$ 609,573</u>	<u>\$ 458,316</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 38,908,084	\$ 41,695,723
Allowance for impairment loss	<u>(780,402)</u>	<u>(449,802)</u>
	<u>\$ 38,127,682</u>	<u>\$ 41,245,921</u>

a. Notes receivable

The aging of notes receivable was as follows:

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Not past due	<u>\$ 609,573</u>	<u>\$ 458,316</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, 2022

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

December 31, 2021

	Not Past Due	Past Due Within 60 Days	Past Due 61 to 210 Days	Past Due 211 to 240 Days	Past Due Over 241 Days	Total
Expected credit loss rate	0%-1%	0.1%-20%	40%-95%	50%-100%	100%	
Gross carrying amount	\$ 41,026,111	\$ 284,188	\$ 144,564	\$ 44,397	\$ 196,463	\$ 41,695,723
Loss allowance	(25,897)	(45,984)	(137,061)	(44,397)	(196,463)	(449,802)
Amortized cost	<u>\$ 41,000,214</u>	<u>\$ 238,204</u>	<u>\$ 7,503</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,245,921</u>

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

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 449,802	\$ 190,153
Expected credit loss	35,959	294,552
Amounts written off	(3,800)	(31,007)
Transfers to loss allowance from contract assets	252,887	-
Foreign exchange translation	<u>45,554</u>	<u>(3,896)</u>
Balance at December 31	<u>\$ 780,402</u>	<u>\$ 449,802</u>

c. Other receivables

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

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

The Group considered the credit risk of partial other receivables in 2021 had increased significantly since the initial recognition and, therefore, recognized the lifetime expected credit impairment loss of \$583,701 thousand.

12. INVENTORIES, NET

	December 31	
	2022	2021
Finished goods	\$ 15,790,041	\$ 17,062,798
Raw materials	9,510,424	12,623,878
Work in progress	2,366,517	2,399,679
Inventory in transit	79,418	212,988
Merchandise	<u>1,065</u>	<u>-</u>
	<u>\$ 27,747,465</u>	<u>\$ 32,299,343</u>

The costs of inventories recognized as cost of goods sold for the years ended December 31, 2022 and 2021 were \$140,193,784 thousand and \$134,330,418 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the year ended December 31, 2022 and 2021 included an increase in cost of goods sold amounting to \$695,275 thousand and \$349,926 thousand, respectively, due to inventory write-downs to its net realizable value.

13. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Main Business	% of Ownership		Remark
			2022	2021	
The Company	Lite-On Integrated Service Inc.	Information outsourcing and system integration	-	100.00	7)
	Lite-On Capital Corporation	Investment activities	100.00	100.00	-
	SKYLA CORPORATION	Manufacture and sale of medical equipment	55.19	62.60	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	54.00	54.00	-
	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	-
	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	99.86	-
	KBW-LEOTEK Jordan Private Shareholding Limited	Investment activities	49.00	49.00	-
	LEOTEK CORPORATION (formerly: LEOTEK ROADWAY AND TRAFFIC)	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	-	3)
	LEOTEK CORPORATION	Sale of LED products	100.00	-	4)
	Lite-On Capital Corporation	Manufacture and wholesale of electronic components and energy technology services	100.00	100.00	-
	Lite-on Green Energy (HK) Limited	Investment activities	100.00	100.00	-
	Lite-On Technology (Europe) B.V.	Market research and after-sales services	46.00	46.00	-
	LITE-ON GREEN ENERGY (SINGAPORE) PTE. LTD.	Investment activities	100.00	100.00	-
	Lite-On Green Technologies, Inc.	Solar energy engineering	100.00	100.00	-
	LITE-ON GREEN ENERGY (SINGAPORE) PTE. LTD.	Investment activities	100.00	100.00	-
	LITE-ON ELECTRONICS H.K. LIMITED	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	5)
	CHINA BRIDGE (CHINA) 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	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	-	
LITE-ON (GUANGZHOU) INFORTECH CO., LTD.	Information outsourcing	-	100.00	6)	
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	-	

(Continued)

Investor	Investee	Main Business	% of Ownership		Remark
			December 31		
			2022	2021	
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	-
	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	-
	LEOTEK ELECTRONICS USA LLC.	Sale of LED products	-	100.00	4)
	POWER INNOVATIONS INTERNATIONAL, INC.	Development, design and manufacture of power controls and energy management	100.00	95.25	8)
	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	100.00	-
LITE-ON CHINA HOLDING CO., LTD.	LITE-ON ELECTRONICS COMPANY LIMITED	Investment activities	100.00	100.00	-
	YET FOUNDATE LIMITED	Manufacture of plastic and computer peripheral products	100.00	100.00	-
	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	-
	LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD.	Manufacture and sale of optical disc drives	100.00	100.00	-
	Lite-On Auto Electric Technology (Guangzhou) Ltd.	Manufacture and sale of optical disc drives	100.00	100.00	-
	LITEON-IT OPTO TECH (BH) CO., LTD.	Manufacture and sale of optical disc drives	100.00	100.00	-
Philips & Lite-On Digital Solutions Corporation	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	100.00	-
	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	100.00	-
	Lite-On (Guangzhou) Automotive Electronics Limited	Manufacture, sale and processing of electronic products	100.00	100.00	-
Lite-On Japan Ltd.	Lite-On Japan (H.K.) Limited	Import and export of electronic components	100.00	100.00	-
	Lite-On Japan (Korea) Co., Ltd.	Import and export of electronic components	-	100.00	9)
	LITE-ON JAPAN (Thailand) CO., LTD.	Import and export of electronic components	100.00	100.00	-
Lite-On Japan (H.K.) Limited	NL (SHANGHAI) CO., LTD.	Import and export of electronic components	100.00	100.00	-
Lite-On Mobile Oyj	LITE-ON MOBILE INDÚSTRIA E COMÉRCIO DE PLÁSTICOS LTDA.	Manufacture and sale of mobile phone modules and design of assembly lines	-	2.97	3)

(Continued)

Investor	Investee	Main Business	% of Ownership December 31		Remark
			2022	2021	
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	100.00	-
	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	60.00	-

(Concluded)

Remark:

- 1) The Group sold part of the shares in January 2022. SKYLA CORPORATION issued new shares by transferring employees' compensation to capital.
 - 2) Merged with LITE-ON ELECTRONICS (GUANGZHOU) LIMITED in 2013 and was under the procedures of statutory merger.
 - 3) In August 2022, the Group reorganized and transferred 2.97% of the shares held by Lite-On MOBILE PTE. LTD. to the Company.
 - 4) In July 2022, the Group reorganized and transferred the shares held by LITE-ON TECHNOLOGY USA, INC. to Leotek Corporation.
 - 5) Merged with SILITEK ELEC. (GUANGZHOU) CO., LTD. in November 2020 and was under the procedures of statutory merger.
 - 6) Merged with LITE-ON ELECTRONICS (GUANGZHOU) LIMITED in October 2021 and completed the deregistration process in July 2022.
 - 7) Obtained the dissolution and liquidation approval document in December 2022.
 - 8) Cancelled minority shares in July 2022.
 - 9) Liquidated in July 2022.
- b. Subsidiaries excluded from consolidated financial statements: None.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates

	December 31	
	2022	2021
Associates that are not individually material	<u>\$ 1,888,176</u>	<u>\$ 1,847,579</u>

Aggregate Information of Associates That Are Not Individually Material

For the Year Ended December 31
2022 **2021**

The Group's share of:

Profit (loss) for the year	\$ (6,109)	\$ 74,382
Other comprehensive income (loss) for the year	<u>67,947</u>	<u>(33,304)</u>
Total comprehensive income for the year	<u>\$ 61,838</u>	<u>\$ 41,078</u>

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

	December 31	
Name of Associate	2022	2021
Silitech Technology Corporation	<u>\$ 387,520</u>	<u>\$422,642</u>

15. PROPERTY, PLANT AND EQUIPMENT, NET

	Freehold Land	Buildings	Machinery Equipment	Tooling Equipment	Transportation Equipment	Office Equipment	Other Equipment	Total
Cost								
January 1, 2022	\$ 2,809,918	\$ 19,546,951	\$ 25,863,863	\$ 1,392,282	\$ 34,802	\$ 2,069,654	\$ 4,765,970	\$ 56,483,440
Additions	-	236,227	1,651,359	96,441	4,345	108,128	1,620,978	3,717,478
Disposals	-	(154,750)	(1,154,677)	(61,964)	(8,420)	(95,080)	(179,492)	(1,654,383)
Reclassification	-	187,479	776,796	13,603	2,272	29,385	(1,015,975)	(6,440)
Effect of foreign currency exchange differences	<u>3,852</u>	<u>351,178</u>	<u>621,303</u>	<u>13,533</u>	<u>1,194</u>	<u>56,706</u>	<u>124,955</u>	<u>1,172,721</u>
December 31, 2022	<u>\$ 2,813,770</u>	<u>\$ 20,167,085</u>	<u>\$ 27,758,644</u>	<u>\$ 1,453,895</u>	<u>\$ 34,193</u>	<u>\$ 2,168,793</u>	<u>\$ 5,316,436</u>	<u>\$ 59,712,816</u>
Accumulated depreciation								
January 1, 2022	\$ -	\$ 10,230,712	\$ 20,894,077	\$ 1,267,984	\$ 27,919	\$ 1,739,836	\$ 2,877,441	\$ 37,037,969
Additions	-	889,393	2,425,887	86,394	4,490	184,348	275,967	3,866,479
Disposals	-	(151,891)	(1,079,169)	(61,742)	(6,298)	(89,231)	(167,039)	(1,555,370)
Reclassification	-	-	53	-	40	(53)	(40)	-
Effect of foreign currency exchange differences	<u>-</u>	<u>193,193</u>	<u>473,033</u>	<u>11,921</u>	<u>901</u>	<u>40,644</u>	<u>63,934</u>	<u>783,626</u>
December 31, 2022	<u>\$ -</u>	<u>\$ 11,161,407</u>	<u>\$ 22,713,881</u>	<u>\$ 1,304,557</u>	<u>\$ 27,052</u>	<u>\$ 1,875,544</u>	<u>\$ 3,050,263</u>	<u>\$ 40,132,704</u>
Accumulated impairment								
January 1, 2022	\$ -	\$ 12,956	\$ 445,347	\$ 5,690	\$ 44	\$ 2,528	\$ 89,319	\$ 555,884
Additions	-	-	1,810	-	-	-	194	2,004
Disposals	-	(1,396)	(65,688)	(222)	-	(18)	(5,875)	(73,199)
Effect of foreign currency exchange differences	<u>-</u>	<u>220</u>	<u>9,539</u>	<u>83</u>	<u>1</u>	<u>38</u>	<u>6,864</u>	<u>16,745</u>
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>
Cost								
January 1, 2021	\$ 2,721,273	\$ 19,287,345	\$ 24,006,797	\$ 1,688,265	\$ 29,810	\$ 2,056,018	\$ 5,391,106	\$ 55,180,614
Additions	95,815	194,289	2,274,774	77,723	6,229	173,985	1,488,151	4,310,966
Disposals	(3,713)	(591,279)	(732,295)	(383,996)	(1,621)	(162,385)	(1,051,398)	(2,926,687)
Reclassification	-	616,258	375,657	9,157	791	5,786	(1,055,997)	(48,348)
Effect of foreign currency exchange differences	<u>(3,457)</u>	<u>40,338</u>	<u>(61,070)</u>	<u>1,133</u>	<u>(407)</u>	<u>(3,750)</u>	<u>(5,892)</u>	<u>(33,105)</u>
December 31, 2021	<u>\$ 2,809,918</u>	<u>\$ 19,546,951</u>	<u>\$ 25,863,863</u>	<u>\$ 1,392,282</u>	<u>\$ 34,802</u>	<u>\$ 2,069,654</u>	<u>\$ 4,765,970</u>	<u>\$ 56,483,440</u>
Accumulated depreciation								
January 1, 2021	\$ -	\$ 9,832,573	\$ 19,368,209	\$ 1,568,892	\$ 26,472	\$ 1,733,206	\$ 3,684,081	\$ 36,213,433
Additions	-	790,722	2,306,003	81,766	2,264	176,327	225,038	3,582,120
Disposals	-	(431,615)	(714,498)	(383,498)	(1,240)	(168,071)	(1,048,854)	(2,747,776)
Reclassification	-	19,049	(21,261)	-	791	114	3,426	2,119
Effect of foreign currency exchange differences	<u>-</u>	<u>19,983</u>	<u>(44,376)</u>	<u>824</u>	<u>(368)</u>	<u>(1,740)</u>	<u>13,750</u>	<u>(11,927)</u>
December 31, 2021	<u>\$ -</u>	<u>\$ 10,230,712</u>	<u>\$ 20,894,077</u>	<u>\$ 1,267,984</u>	<u>\$ 27,919</u>	<u>\$ 1,739,836</u>	<u>\$ 2,877,441</u>	<u>\$ 37,037,969</u>
Accumulated impairment								
January 1, 2021	\$ -	\$ 14,837	\$ 462,392	\$ 6,139	\$ 44	\$ 2,582	\$ 92,133	\$ 578,127
Additions	-	3,392	4,863	-	-	-	-	8,255
Disposals	-	(5,449)	(25,929)	(498)	-	(77)	(5)	(31,958)
Effect of foreign currency exchange differences	<u>-</u>	<u>176</u>	<u>4,021</u>	<u>49</u>	<u>-</u>	<u>23</u>	<u>(2,809)</u>	<u>1,460</u>
December 31, 2021	<u>\$ -</u>	<u>\$ 12,956</u>	<u>\$ 445,347</u>	<u>\$ 5,690</u>	<u>\$ 44</u>	<u>\$ 2,528</u>	<u>\$ 89,319</u>	<u>\$ 555,884</u>
December 31, 2021, net	<u>\$ 2,809,918</u>	<u>\$ 9,303,283</u>	<u>\$ 4,524,439</u>	<u>\$ 118,608</u>	<u>\$ 6,839</u>	<u>\$ 327,290</u>	<u>\$ 1,799,210</u>	<u>\$ 18,889,587</u>

Due to the decline in the Group's partial product sales in the markets, the estimated future cash flows generated by some machinery and other equipment used in the production decreased. The Group carried out a review of the recoverable amount and determined that the recoverable amount was lower than the carrying amount. Consequently, the Group recognized impairment loss of \$2,004 thousand and \$8,255 thousand for the years ended December 31, 2022 and 2021, respectively. The impairment losses was recognized in impairment loss of the consolidated statements of comprehensive income. The Group determined the recoverable amount on the basis of their fair value less costs of disposal. The fair value of the recoverable amount was categorized as a Level 1 measurement.

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

Buildings	3-55 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

	December 31	
	2022	2021
<u>Carrying amount</u>		
Land (including right to use land)	\$ 774,262	\$ 763,968
Buildings	791,650	846,723
Machinery	63,511	83,298
Transportation equipment	12,692	18,918
Other equipment	<u>6,879</u>	<u>4,743</u>
	<u>\$ 1,648,994</u>	<u>\$ 1,717,650</u>
	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	<u>\$ 341,232</u>	<u>\$ 696,744</u>
Depreciation charge for right-of-use assets		
Land (including right to use land)	\$ 30,491	\$ 28,962
Buildings	391,225	267,880
Machinery	28,891	26,916
Transportation equipment	8,098	10,887
Other equipment	<u>4,529</u>	<u>2,395</u>
	<u>\$ 463,234</u>	<u>\$ 337,040</u>

No impairment assessment was performed for the year ended December 31, 2022 and 2021 as there was no indication of impairment.

b. Lease liabilities

	December 31	
	2022	2021
<u>Carrying amounts</u>		
Current	<u>\$ 359,221</u>	<u>\$ 400,877</u>
Non-current	<u>\$ 691,734</u>	<u>\$ 743,516</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2022	2021
Land (including right to use land)	1.00%-4.30%	1.79%-4.30%
Buildings	1.00%-9.20%	0.70%-9.20%
Machinery	1.10%-3.54%	1.10%-3.54%
Transportation equipment	1.00%-4.08%	0.70%-4.08%
Other equipment	1.00%-3.35%	2.65%-3.35%

c. Material leasing activities and terms

The Group leases HONHUI i-Tower in the third quarter of 2021 for the use of provisional office for Zhonghe plant during urban renewal with lease term of 3 years. The Group does not have purchase options to acquire the lease asset at the end of the lease term.

d. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases	<u>\$ 121,879</u>	<u>\$ 279,246</u>
Expenses relating to low-value asset leases	<u>\$ 208,150</u>	<u>\$ 211,660</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 154,723</u>	<u>\$ 147,819</u>
Total cash outflow for leases	<u>\$ 954,958</u>	<u>\$ 1,018,276</u>

17. INVESTMENT PROPERTIES, NET

	Completed Investment Properties
<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
<u>Accumulated depreciation</u>	
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>
<u>Cost</u>	
Balance at January 1, 2021	\$ 1,397,288
Additions	-
Transfers from property, plant and equipment	20,646
Effects of foreign currency exchange differences	<u>12,172</u>
Balance at December 31, 2021	<u>\$ 1,430,106</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2021	\$ 147,243
Depreciation expenses	34,747
Transfers from property, plant and equipment	1,541
Effects of foreign currency exchange differences	<u>110</u>
Balance at December 31, 2021	<u>\$ 183,641</u>
Carrying amounts at December 31, 2021	<u>\$ 1,246,465</u> (Concluded)

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

Buildings 15-50 years

The management of the Company used the valuation model that market participants would use in determining the fair value, and the fair value was measured using Level 3 inputs. The valuation was arrived at by reference to market evidence of transaction prices for similar properties. The fair value as appraised was as follows:

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Fair value	<u>\$ 1,387,427</u>	<u>\$ 1,434,949</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, 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>
<u>Cost</u>							
January 1, 2021	\$ 15,040,431	\$ 51,393	\$ 2,695,878	\$ 163,819	\$ 1,444,839	\$ 1,349,428	\$ 20,745,788
Additions	-	19,010	-	-	148,982	11,061	179,053
Disposals	-	-	-	-	(38,625)	(46,819)	(85,444)
Reclassification	-	-	-	-	21,312	(593)	20,719
Effect of foreign currency exchange differences	-	(4)	-	-	(599)	355	(248)
December 31, 2021	<u>\$ 15,040,431</u>	<u>\$ 70,399</u>	<u>\$ 2,695,878</u>	<u>\$ 163,819</u>	<u>\$ 1,575,909</u>	<u>\$ 1,313,432</u>	<u>\$ 20,859,868</u>
<u>Accumulated amortization</u>							
January 1, 2021	\$ 77,234	\$ 51,103	\$ 2,695,878	\$ 163,819	\$ 1,210,959	\$ 1,337,707	\$ 5,536,700
Additions	-	2,122	-	-	176,020	5,505	183,647
Disposals	-	-	-	-	(38,562)	(46,819)	(85,381)
Reclassification	-	-	-	-	1,268	(1,268)	-
Effect of foreign currency exchange differences	-	-	-	-	(401)	488	87
December 31, 2021	<u>\$ 77,234</u>	<u>\$ 53,225</u>	<u>\$ 2,695,878</u>	<u>\$ 163,819</u>	<u>\$ 1,349,284</u>	<u>\$ 1,295,613</u>	<u>\$ 5,635,053</u>
<u>Accumulated impairment</u>							
January 1, 2021	\$ 10,357,321	\$ -	\$ -	\$ -	\$ 11,071	\$ -	\$ 10,368,392
Additions	1,180,743	-	-	-	-	-	1,180,743
Disposals	-	-	-	-	(8)	-	(8)
Effect of foreign currency exchange differences	-	-	-	-	12	-	12
December 31, 2021	<u>\$ 11,538,064</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,075</u>	<u>\$ -</u>	<u>\$ 11,549,139</u>
December 31, 2021, net	<u>\$ 3,425,133</u>	<u>\$ 17,174</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 215,550</u>	<u>\$ 17,819</u>	<u>\$ 3,675,676</u>

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

Patents	3-6 years
Patents use rights	12 years
Client relationships	4 years
Software	1-6 years
Other intangible assets	1-14 years

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

	December 31	
	2022	2021
The Company	\$ 3,369,590	\$ 3,369,590
Others	<u>55,543</u>	<u>55,543</u>
	<u>\$ 3,425,133</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 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 street light and lighting electronics industry in the first quarter 2021 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 \$220,170 thousand, and the discount rate used to assess the value in use was 12.57%. The Group observed the current status and future development direction of the global optical disc drive industry in the fourth quarter of 2021, and assessed that there was an indication of impairment. Therefore, the Group conducted an impairment test for goodwill. According to the assessment, the Group recognized an impairment loss of \$960,573 thousand, and the discount rate used to assess the value in use was 12.57%. The impairment losses were recognized in impairment loss on 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 11.82% and 12.50% as of December 31, 2022 and 2021, respectively and reflected specific risks relating to the relevant cash-generating units.

19. OTHER ASSETS

	December 31	
	2022	2021
Prepayments	\$ 2,038,811	\$ 1,847,603
Offsets against business tax payable	277,253	495,343
Prepayments for leases	86,880	92,173
Others	<u>242,264</u>	<u>230,288</u>
	<u>\$ 2,645,208</u>	<u>\$ 2,665,407</u>
Current	\$ 2,537,757	\$ 2,564,888
Non-current	<u>107,451</u>	<u>100,519</u>
	<u>\$ 2,645,208</u>	<u>\$ 2,665,407</u>

20. BORROWINGS

a. Short-term borrowings

	<u>December 31</u>	
	2022	2021
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>\$ 32,628,984</u>	<u>\$ 28,385,043</u>

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

	<u>December 31</u>	
	2022	2021
Short-term borrowings	1.2%-5.4%	0.27%-0.82%

b. Long-term borrowings

	<u>December 31</u>	
	2022	2021
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>\$ 3,000,000</u>	<u>\$ _____</u>

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

	<u>December 31</u>	
	2022	2021
Line of credit borrowings	1.49%	-

21. PROVISIONS

	<u>December 31</u>	
	2022	2021
<u>Current</u>		
Warranties	<u>\$ 1,125,550</u>	<u>\$ 1,152,812</u>
Balance at January 1	\$ 1,152,812	\$ 1,179,147
Recognition of provisions	135,787	177,927
Usage	(173,364)	(203,794)
Effect of foreign currency exchange differences	<u>10,315</u>	<u>(468)</u>
Balance at December 31	<u>\$ 1,125,550</u>	<u>\$ 1,152,812</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:

	December 31	
	2022	2021
Present value of defined benefit obligation	\$ 863,450	\$ 918,000
Fair value of plan assets	<u>(970,782)</u>	<u>(955,932)</u>
Net defined benefit assets	<u>\$ (107,332)</u>	<u>\$ (37,932)</u>

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2021	<u>\$ 990,785</u>	<u>\$ (997,104)</u>	<u>\$ (6,319)</u>
Service cost	1,739	-	1,739
Net interest expense (income)	<u>2,432</u>	<u>(2,460)</u>	<u>(28)</u>
Recognized in loss (profit)	<u>4,171</u>	<u>(2,460)</u>	<u>1,711</u>
Remeasurement			
Return on plan assets	-	(15,966)	(15,966)
Actuarial loss - changes in demographic assumptions	16,783	-	16,783
Actuarial loss - changes in financial assumptions	(17,728)	-	(17,728)
Actuarial loss - experience adjustments	<u>(2,827)</u>	<u>-</u>	<u>(2,827)</u>
Recognized in other comprehensive income	<u>(3,772)</u>	<u>(15,966)</u>	<u>(19,738)</u>
Contributions from the employer	-	(13,586)	(13,586)
Benefits paid	<u>(73,184)</u>	<u>73,184</u>	<u>-</u>
Balance at December 31, 2021	<u>\$ 918,000</u>	<u>\$ (955,932)</u>	<u>\$ (37,932)</u>
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>

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:

	<u>December 31</u>	
	2022	2021
Discount rate(s)	1.15%-3.6%	0.50%-0.63%
Expected rate(s) of salary increase	2.00%-3.25%	3.00%-3.25%

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

	<u>December 31</u>	
	2022	2021
Discount rate(s)		
0.25% increase	<u>\$ (15,591)</u>	<u>\$ (17,297)</u>
0.25% decrease	<u>\$ 16,081</u>	<u>\$ 17,820</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 13,961</u>	<u>\$ 16,857</u>
0.25% decrease	<u>\$ (13,654)</u>	<u>\$ (16,461)</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.

	<u>December 31</u>	
	2022	2021
The expected contributions to the plan for the next year	<u>\$ 12,771</u>	<u>\$ 13,230</u>
The average duration of the defined benefit obligation	1.3-18 years	7.63-14.5 years

23. EQUITY

- a. Share capital

Ordinary shares

	<u>December 31</u>	
	2022	2021
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>2,363,083</u>	<u>2,350,867</u>
Amount of shares issued	<u>\$ 23,630,830</u>	<u>\$ 23,508,670</u>

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

Of the 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 date. The Company's Chairman determined that November 15, 2022 to be the record date of the issuance of new shares and the actual number of shares issued is 12,216 thousand. Refer to Note 28 for the information on RSAs.

b. Capital surplus

	December 31	
	2022	2021
From business combinations	\$ 10,015,194	\$ 10,015,194
Conversion of bonds	7,462,138	7,462,138
Issuance of ordinary shares	3,442,029	3,471,812
Treasury share transactions	944,076	758,544
Changes in equity of associates	102,793	91,950
Changes in ownership interests in subsidiaries	86,927	36,704
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	30,549	-
Employee restricted shares	<u>622,447</u>	<u>-</u>
	<u>\$ 22,706,153</u>	<u>\$ 21,836,342</u>

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

The capital surplus arising from change in ownership interests of subsidiaries, changes in equities of associates 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 the surplus earnings or off-set losses at the close of each quarter in accordance with the Company Act. While distributing surplus earning, the Company shall estimate and reserve the taxes and duty to be paid, the losses to be covered, the legal reserve to be set aside, and the special surplus reserve to be raised or revolved. Where such legal reserve amounts reach to the total paid-in capital, this provision shall not apply. If the Company distribute surplus earning in the form of cash, it shall be approved by a meeting of the board of directors; if such surplus earning is distributed in the form of new shares to be issued, it shall be approved by shareholders meetings according to the regulations.

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(d) on compensation of employees and remuneration of directors.

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

After the Company considers financial, business, and operational factors, if there are no retained earnings to be appropriated or if the earnings to be appropriated are significantly lower than the prior year's actual appropriation of the earnings, then part of or all of the Company's 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 earnings for 2020 was as follows:

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

The above for cash dividends had been resolved by the Company's board of directors on February 25, 2021; the other proposed appropriations had been resolved by the shareholders in their meetings on August 26, 2021.

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

	Fourth Quarter of 2022	Second Quarter of 2022
Board of directors in its meeting	February 21, 2023	July 28, 2022
Legal reserve	<u>\$ 815,530</u>	<u>\$ 606,379</u>
Special reserve	<u>\$ (594,349)</u>	<u>\$ (2,842,437)</u>
Cash dividends	<u>\$ 6,966,279</u>	<u>\$ 3,465,608</u>
Cash dividends per share (NT\$)	\$ 3.0	\$ 1.5

The above 2022 appropriation for cash dividends had been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on May 17, 2023.

	Fourth Quarter of 2021	Second Quarter of 2021
Board of directors in its meeting	February 24, 2022	July 29, 2021
Legal reserve	<u>\$ 560,591</u>	<u>\$ 829,247</u>
Special reserve	<u>\$ 116,770</u>	<u>\$ 117,525</u>
Cash dividends	<u>\$ 5,776,013</u>	<u>\$ 4,700,810</u>
Cash dividends per share (NT\$)	\$ 2.5	\$ 2.0

The above 2021 appropriations for cash dividends had been resolved by the Company's board of directors; the other proposed appropriations had been resolved by the shareholders in their meeting on May 20, 2022.

d. Other equity items

Movements in other equity items were as follows:

	For the Year Ended, 2022			
	Foreign Currency Translation Reserve	Unrealized Loss from Financial Assets at FVTOCI	Unearned Employees' Compensation	Total
Balance at January 1	\$ (5,820,080)	\$ (236,908)	\$ -	\$ (6,056,988)
Exchange differences on translation of foreign operations	4,278,561	-	-	4,278,561
Unrealized loss on equity instruments designated as at FVTOCI	-	(67,434)	-	(67,434)
Share of subsidiaries and associates accounted for using the equity method	68,988	(123)	-	68,865
Disposal of share of associates accounted for using the equity method	6,490	-	-	6,490

(Continued)

	For the Year Ended, 2022			
	Foreign Currency Translation Reserve	Unrealized Loss from Financial Assets at FVTOCI	Unearned Employees' Compensation	Total
Grant of employee restricted stocks of current period	\$ -	\$ -	\$ (744,607)	\$ (744,607)
Recognition of share-based payment expense	-	-	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> (Concluded)

	For the Year Ended December 31, 2021		
	Foreign Currency Translation Reserve	Unrealized Gain (Loss) from Financial Assets at FVTOCI	Total
Balance at January 1	\$ (5,563,051)	\$ (245,858)	\$ (5,808,909)
Exchange differences on translation of the financial statements of foreign operations	(371,649)	-	(371,649)
Unrealized gain on equity instruments designated as at FVTOCI	-	8,467	8,467
Share of associates accounted for using the equity method	(19,948)	83	(19,865)
Disposal of subsidiaries	25,850	-	25,850
Disposal of share of associates accounted for using the equity method	69,958	-	69,958
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	-	400	400
Income tax benefit	<u>38,760</u>	<u>-</u>	<u>38,760</u>
Balance at December 31	<u>\$ (5,820,080)</u>	<u>\$ (236,908)</u>	<u>\$ (6,056,988)</u>

e. Non-controlling interests

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 532,459	\$ 551,839
Attributable to non-controlling interests:		
Share of profit for the year	36,387	42,934
Exchange difference on translation foreign entities	60,195	(49,748)
Remeasurement on defined benefit plans	8,565	744
Income tax relating to other comprehensive income (loss)	(2,575)	327
Decrease in non-controlling interests	<u>(3,909)</u>	<u>(13,637)</u>
Balance at December 31	<u>\$ 631,122</u>	<u>\$ 532,459</u>

f. Treasury shares

Unit: In Thousands of Shares

Purpose of Buyback	Number of Shares at January 1	Increase During the Year	Decrease During the Year	Number of Shares at December 31
<u>For the year ended December 31, 2022</u>				
Shares held by its subsidiaries	26,841	-	(4,721)	22,120
Buyback of dissenting shareholders' shares in accordance with the Business Mergers and Acquisitions Act	462	-	-	462
Shares transferred to employees	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>40,000</u>
	<u>67,303</u>	<u>-</u>	<u>(4,721)</u>	<u>62,582</u>
<u>For the year ended December 31, 2021</u>				
Shares held by its subsidiaries	26,841	-	-	26,841
Buyback of dissenting shareholders' shares in accordance with the Business Mergers and Acquisitions Act	462	-	-	462
Shares transferred to employees	<u>-</u>	<u>40,000</u>	<u>-</u>	<u>40,000</u>
	<u>27,303</u>	<u>40,000</u>	<u>-</u>	<u>67,303</u>

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

Name of Subsidiary	Number of Shares Held (In Thousands)	Carrying Amount	Market Price
<u>December 31, 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>
<u>December 31, 2021</u>			
Lite-On Capital Corporation	15,116	\$ 718,857	\$ 964,392
TITANIC CAPITAL SERVICES LTD.	7,004	297,469	446,869
YET FOUNDATE LIMITED	2,271	126,881	144,892
LITE-ON ELECTRONICS COMPANY LIMITED	2,450	<u>105,515</u>	<u>156,334</u>
		<u>\$ 1,248,722</u>	<u>\$ 1,712,487</u>

On July 29, 2021, in order to transfer the shares to employees, the Company's board of directors passed the resolution to buy back up to 40,000 thousand shares listed on the Taiwan Stock Exchange between July 30, 2021 and September 29, 2021, with the buyback price ranging from \$41.23 to \$89.55. If the share price is less than the lower limit of the buyback price range, the Company would continue buying back the shares. By the end of the repurchase period, the Company had bought back 40,000 thousand shares at a total amount of \$2,429,494 thousand. The shares to be bought back shall be transferred to employees at one time or in instalments within five years from the date of buying back the shares.

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.

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

	For the Year Ended December 31	
	2022	2021
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 173,334,858	\$ 164,703,380
Rental income from property	<u>121,358</u>	<u>124,567</u>
	<u>\$ 173,456,216</u>	<u>\$ 164,827,947</u>

a. Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Trade receivables (Note 11)	<u>\$ 38,127,682</u>	<u>\$ 41,245,921</u>	<u>\$ 35,990,430</u>
Contract assets			
Sale of goods	<u>\$ 484,791</u>	<u>\$ 654,423</u>	<u>\$ 2,097,360</u>
Contract liabilities			
Sale of goods	<u>\$ 79,782</u>	<u>\$ 98</u>	<u>\$ 13,059</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.

	December 31	
	2022	2021
Gross carrying amount	\$ 1,321,763	\$ 1,639,296
Allowance for impairment loss (lifetime ECLs)	<u>(836,972)</u>	<u>(984,873)</u>
	<u>\$ 484,791</u>	<u>\$ 654,423</u>

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

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 984,873	\$ 11,524
Add: Net remeasurement of loss allowance	(1,110)	977,636
Loss: Transfer of loss allowance for trade receivables	(252,887)	-
Foreign exchanges gain and losses	<u>106,096</u>	<u>(4,287)</u>
Balance at December 31	<u>\$ 836,972</u>	<u>\$ 984,873</u>

Revenue in the years of 2022 and 2021 that were recognized from the contract liability balance at the beginning of year were \$98 thousand and \$13,059 thousand, respectively.

b. Disaggregation of revenue

Refer to Note 36 for segment revenue information.

25. ADDITIONAL INFORMATION ON EXPENSES

	For the Year Ended December 31	
	2022	2021
a. Finance costs		
Interest on borrowings	\$ 717,512	\$ 194,615
Interest on lease liabilities	<u>25,232</u>	<u>27,645</u>
	<u>\$ 742,744</u>	<u>\$ 222,260</u>
b. Depreciation and amortization		
Property, plant and equipment	\$ 3,866,479	\$ 3,582,120
Right-of-use assets	463,234	337,040
Intangible assets	154,063	183,647
Investment properties	<u>30,590</u>	<u>34,747</u>
	<u>\$ 4,514,366</u>	<u>\$ 4,137,554</u>
An analysis of depreciation by function		
Recognized in operating costs	\$ 3,214,562	\$ 3,071,484
Recognized in operating expenses	<u>1,145,741</u>	<u>882,423</u>
	<u>\$ 4,360,303</u>	<u>\$ 3,953,907</u>
An analysis of amortization by function		
Recognized in operating costs	\$ 15,344	\$ 12,589
Recognized in operating expenses	<u>138,719</u>	<u>171,058</u>
	<u>\$ 154,063</u>	<u>\$ 183,647</u>

(Continued)

For the Year Ended December 31
2022 **2021**

c. Employee benefit expenses

Post-employment benefits		
Defined contribution plans	\$ 563,651	\$ 514,506
Defined benefit plans (Note 22)	<u>2,398</u>	<u>1,711</u>
	566,049	516,217
Share-based payment - equity-settled	120,925	-
Termination benefits	188,145	194,988
Other employee benefits	<u>21,591,441</u>	<u>21,117,437</u>
	<u>\$ 22,466,560</u>	<u>\$ 21,828,642</u>
Employee benefits expense summarized by function		
Recognized in operating costs	\$ 12,491,981	\$ 12,788,890
Recognized in operating expenses	<u>9,974,579</u>	<u>9,039,752</u>
	<u>\$ 22,466,560</u>	<u>\$ 21,828,642</u>
		(Concluded)

d. Compensation of employees and remuneration of directors

In compliance with the Articles, the Company accrues compensation of employees and remuneration of directors at rates of no less than 1% and no higher than 1.5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The appropriations of compensation of employees and remuneration of directors for 2022 and 2021, which were approved by the Company's board of directors on February 21, 2023 and February 24, 2022, respectively, are as follows:

	For the Year Ended December 31			
	2022		2021	
	Cash	Shares	Cash	Shares
Compensation of employees	\$ 1,925,953	\$ -	\$ 1,909,002	\$ -
Remuneration of directors	196,699	-	173,980	-

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

There was no difference between the actual amounts of the compensation of employees and the remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

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

26. INCOME TAX

a. Income tax recognized in profit or loss

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

	For the Year Ended December 31	
	2022	2021
Current income tax expense		
In respect of the current year	\$ 3,171,637	\$ 3,421,673
Adjustments for prior year	<u>(429,381)</u>	<u>(159,855)</u>
	<u>2,742,256</u>	<u>3,261,818</u>
Deferred income tax expense		
The recognition and reversal of temporary differences	<u>916,130</u>	<u>440,943</u>
Income tax expense recognized in profit or loss	<u>\$ 3,658,386</u>	<u>\$ 3,702,761</u>

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

	For the Year Ended December 31	
	2022	2021
Income before Income tax	<u>\$ 17,845,789</u>	<u>\$ 17,632,247</u>
Income tax expense calculated at the statutory rate	\$ 3,658,387	\$ 3,702,772
Deductible (nondeductible) items in determining taxable income	(486,750)	(281,099)
The recognition and reversal of temporary differences	916,130	440,943
Adjustments for prior year	<u>(429,381)</u>	<u>(159,855)</u>
Income tax expense recognized in profit or loss	<u>\$ 3,658,386</u>	<u>\$ 3,702,761</u>

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

	For the Year Ended December 31	
	2022	2021
<u>Deferred tax</u>		
Income tax recognized in other comprehensive income		
Translation of foreign operations	\$ 847,666	\$ (53,068)
Remeasurement on defined benefit plans	23,458	3,015
Share of other comprehensive income (loss) of associates accounted for using the equity method	<u>2,030</u>	<u>14,308</u>
	<u>\$ 873,154</u>	<u>\$ (35,745)</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, 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>
For the year ended <u>December 31, 2021</u>					
Temporary differences					
Investment accounted for using the equity method	\$ 2,277,101	\$ (334,705)	\$ 38,760	\$ -	\$ 1,981,156
Impairment loss on assets	1,104,654	81,419	-	5	1,186,078
Operating loss carryforward	245,832	(70,231)	-	(420)	175,181
Accrued warranty expense	199,656	8,632	-	(134)	208,154
Unrealized loss on inventories	178,684	175,339	-	(1,139)	352,884
Unrealized loss and expense	66,582	(61,943)	-	(267)	4,372
Net defined benefit liability	84,926	(620)	(3,015)	-	81,291
Others	299,492	(41,286)	-	(3,046)	255,160
	<u>\$ 4,456,927</u>	<u>\$ (243,395)</u>	<u>\$ 35,745</u>	<u>\$ (5,001)</u>	<u>\$ 4,244,276</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, 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>

(Continued)

	Opening Balance	Recognized in Loss (Profit)	Recognized in Other Comprehensive Loss (Income)	Exchange Differences	Closing Balance
For the year ended <u>December 31, 2021</u>					
Temporary differences					
Investment accounted for using the equity method	\$ 732,547	\$ (41,438)	\$ -	\$ -	\$ 691,109
Unrealized amortization of goodwill	416,245	257,673	-	-	673,918
Land value increment tax	270,843	-	-	-	270,843
Unrealized net exchange gains	206,898	(74,504)	-	(161)	132,233
Others	<u>56,030</u>	<u>55,817</u>	<u>-</u>	<u>(1,287)</u>	<u>110,560</u>
	<u>\$ 1,682,563</u>	<u>\$ (197,548)</u>	<u>\$ -</u>	<u>\$ (1,448)</u>	<u>\$ 1,878,663</u> (Concluded)

d. Income tax assessments

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

27. EARNINGS PER SHARE

	Unit: NT\$ Per Share	
	<u>For the Year Ended December 31</u>	
	2022	2021
Basic earnings per share	<u>\$ 6.19</u>	<u>\$ 6.01</u>
Diluted earnings per share	<u>\$ 6.10</u>	<u>\$ 5.92</u>

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

Net Profit for the Year

	<u>For the Year Ended December 31</u>	
	2022	2021
Earnings used in the computation of basic earnings per share	\$ 14,151,016	\$ 13,886,552
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>-</u>	<u>-</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 14,151,016</u>	<u>\$ 13,886,552</u>

Weighted Average Number of Ordinary Shares Outstanding

	Unit: In Thousands of Shares	
	For the Year Ended December 31	
	2022	2021
Weighted average number of ordinary shares outstanding in computation of basic earnings per share	2,285,001	2,310,790
Effect of potentially dilutive ordinary shares:		
Compensation of employees	34,880	33,708
Employee restricted shares	<u>427</u>	<u>-</u>
Weighted average number of ordinary shares outstanding in computation of dilutive earnings per share	<u>2,320,308</u>	<u>2,344,498</u>

If the Company settles the bonuses or remuneration paid to employees in cash or shares, the Company presumed that the entire amount of the bonus or remuneration would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, 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 on September 20, 2022 and the Company's board of directors authorized the Chairman to determine that November 15, 2022 to be the record date of the issuance of new shares.

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

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

- b) The consolidated gross margin and operating margin for the year prior to the end of the vesting period are equal to or higher than 20% and 10%, respectively.
- b. Restrictions applicable prior to vesting:
- 1) Recipient shall have no right to sell, transfer (other than by laws of inheritance), pledge, mortgage, hypothecate, gift or otherwise dispose of the Shares prior to such Shares being fully vested.
 - 2) Unvested Shares shall have the same rights to attend the Company’s shareholders’ meeting, submit proposals, or speak and vote at the meeting as those attached to other issued shares of the Company’s common stock. However, the exercise of such rights shall be performed in accordance with the trust agreement.
 - 3) Unvested Shares shall have the same rights to receive cash, stock dividends and distributions from capital reserve, as well as the same share subscription rights as those attached to other issued shares of the Company’s common stock. However, with respect to unvested Shares, the Recipients shall have no right to withdraw the cash and stock dividends received on such Shares; such dividends shall be kept in trust in accordance with the trust agreement.
- c. Failure to meet vesting conditions:
- 1) If either (i) the Recipient has ceased their employment as of the Vesting Date, (ii) the Recipient has violated any provisions of the employment contract, work rules, non-competition, non-disclosure and/or any other agreement entered into with the Company/Affiliate, (iii) the individual and/or company-level performance requirements have not been met; or (iv) the Recipient has, in violation of subparagraph 1, paragraph 8, Article 5 of “The Issuance Rules of 2022 Employee Restricted Stock Awards Plan”, demanded modification, revocation, termination, suspension or cancelation of the authorization granted to the Company as related to the trust/custody account, the Company shall have the power to repurchase for no consideration and cancel any Shares that have not vested pursuant to this Article.
 - 2) The Company shall also repurchase for no consideration and cancel any unvested Shares in the event of voluntary or involuntary termination of the Recipient’s employment.

Details of granted 2022 RSAs are as follows:

	Number of Stocks (In Thousands) for the Year Ended December 31, 2022
Balance, beginning of period (in thousands)	-
Issuance of stocks	<u>12,216</u>
Balance, end of period	<u>12,216</u>
Weighted-average fair value of RSAs (in dollars)	<u>\$ 67.73</u>

The 2022 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. CAPITAL MANAGEMENT

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

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

30. FINANCIAL INSTRUMENTS

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

For certain financial instruments that are not measured at fair value but measured at amortized cost - including notes receivable, trade receivables including related parties, other receivables including related parties, refundable deposits, financial assets at amortized costs, short-term borrowings, notes payable, trade payables including related parties, other payables including related parties, long-term borrowings and guarantee deposits, the 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, 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 preference shares	-	-	298,805	298,805
	<u>\$ 566,216</u>	<u>\$ 3,397,585</u>	<u>\$ 298,805</u>	<u>\$ 4,262,606</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Foreign unlisted shares	\$ -	\$ -	\$ 1,231,079	\$ 1,231,079
Domestic listed shares and emerging market shares	309,030	-	-	309,030
Domestic innovation board listed shares	-	421,780	-	421,780
Domestic unlisted shares	-	-	23,435	23,435
	<u>\$ 309,030</u>	<u>\$ 421,780</u>	<u>\$ 1,254,514</u>	<u>\$ 1,985,324</u>

(Continued)

	Level 1	Level 2	Level 3	Total
Financial liabilities at FVTPL				
Derivative instruments	\$ <u>-</u>	\$ <u>253,441</u>	\$ <u>-</u>	\$ <u>253,441</u> (Concluded)
<u>December 31, 2021</u>				
	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Foreign listed shares	\$ 1,842,491	\$ -	\$ -	\$ 1,842,491
Derivative instruments	-	775,988	-	775,988
Mutual funds	-	231,143	-	231,143
Domestic listed shares	<u>17,218</u>	<u>-</u>	<u>-</u>	<u>17,218</u>
	<u>\$ 1,859,709</u>	<u>\$ 1,007,131</u>	<u>\$ -</u>	<u>\$ 2,866,840</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Foreign unlisted shares	\$ -	\$ -	\$ 1,812,176	\$ 1,812,176
Domestic listed shares	186,601	-	-	186,601
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>14,809</u>	<u>14,809</u>
	<u>\$ 186,601</u>	<u>\$ -</u>	<u>\$ 1,826,985</u>	<u>\$ 2,013,586</u>
Financial liabilities at FVTPL				
Derivative instruments	\$ <u>-</u>	\$ <u>373,960</u>	\$ <u>-</u>	\$ <u>373,960</u>

There were no transfers between Levels 1 and 2 for the years ended December 31, 2022 and 2021.

There were transfers between Levels 3 and 2 for the years ended December 31, 2022 and 2021. 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 an Taiwan Innovation Board listed company since August 2022. Taiwan innovation board launched in the third quarter of 2021 by the Taiwan Stock Exchange Corporation, which has restrictions on the eligibility of traders. It is not always available to find buyers and sellers in the market so it has no active-market-quoted price. As a result, the Group measured it at Level 2 fair value.

There were transfers between Levels 3 and 1 for the years ended December 31 2021. 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 profit or loss and evaluated by the market approach. This investee has become a foreign listed company since March 2021 and has been quoted in active market. As a result, the Group adopted the market price as its 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, 2022 and 2021 were as follows:

	For the Year Ended December 31	
	2022	2021
Balance, beginning of period	\$ 1,826,985	\$ 1,448,267
Total gains or losses		
Recognized in profit or (loss)	7,383	-
Recognized in other comprehensive income or (loss)	144,281	(27,257)
Addition	42,485	417,475
Disposal	-	(11,500)
Reclassified to Level 2	<u>(467,815)</u>	<u>-</u>
Balance, end of period	<u>\$ 1,553,319</u>	<u>\$ 1,826,985</u>

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

Financial Instruments	Valuation Techniques and Inputs
Derivative instruments - forward exchange contracts	Estimation of future cash flows using observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Derivative instruments - currency swaps	Estimation of fair value of a currency swap is based on its principal and interest rate on mutual agreement and the suitable discount rate that reflects the credit risk of various counterparties at the end of the reporting period.
Mutual funds	Obtain the financial information of underlying assets, evaluate its market value, analyze the amount to be adjusted, and consider minority interest and liquidity reduction.
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 measuring 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 end of 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

	December 31	
	2022	2021
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 4,262,606	\$ 2,866,840
Financial assets at amortized costs (1)	132,199,472	111,384,655
Investment in equity instruments at FVTOCI	1,985,324	2,013,586
<u>Financial liabilities</u>		
FVTPL		
Held for trading	253,441	373,960
Amortized cost		
Short-term borrowings	32,628,984	28,385,043
Payables (2)	67,658,064	67,515,961
Long-term borrowings	3,000,000	-

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

d. Financial risk management objectives and policies

The 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 on the exports.

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

a) Foreign currency risk

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 34.

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

Sensitivity analysis

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

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

	USD Impact	
	For the Year Ended December 31	
	2022	2021
Profit or loss	<u>\$ 1,073,345</u>	<u>\$ 944,432</u>

b) Interest rate risk

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

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

	December 31	
	2022	2021
Fair value interest rate risk		
Financial assets (i)	\$ 56,984,806	\$ 26,495,504
Financial liabilities (ii)	31,679,939	29,529,436
Cash flow interest rate risk		
Financial assets (iii)	33,469,753	41,180,302
Financial liabilities (iv)	5,000,000	-

- i. The balances included time deposits with fixed interest rates and financial assets at amortized cost.

- ii. The balances included financial liabilities exposed to fair value risk from interest rate fluctuation.
- iii. The balances included demand deposits, time deposits with floating interest rates structured deposits and financial assets at amortized cost.
- 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 liability outstanding at the end of the reporting period was outstanding for the whole reporting period.

If interest rates had been 25 basis points higher and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2022 and 2021 would have increased by \$71,174 thousand and \$102,951 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, 2022 and 2021 would have increased by \$56,622 thousand and \$185,971 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, 2022 and 2021 would have increased by \$30,903 thousand and \$18,660 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

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

a) Business related credit risk

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

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

b) Financial related credit risk

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

3) Liquidity risk

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

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

December 31, 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>

December 31, 2021

	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	-	\$ 67,383,373	\$ 132,588	\$ -	\$ -
Lease liabilities	0.70-9.20	424,990	545,786	144,420	139,248
Fixed interest rate liabilities	0.27-0.82	<u>28,426,647</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>\$ 96,235,010</u>	<u>\$ 678,374</u>	<u>\$ 144,420</u>	<u>\$ 139,248</u>

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

December 31, 2022

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

December 31, 2021

	On Demand or Less than 1 Year	1-3 Years	Over 3 Years to 5 Years	5+ Years
Forward exchange contracts				
Inflows	\$ 57,112,065	\$ -	\$ -	\$ -
Outflows	<u>(56,084,899)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,027,166</u>	<u>-</u>	<u>-</u>	<u>-</u>
Currency swaps				
Inflows	29,672,495	-	-	-
Outflows	<u>(29,630,125)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>42,370</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,069,536</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

31. 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>
Lite-Space Technology Company Limited	Associate
Yamada-Lom Fabricacao De Artefatos De Material Plastico Ltda. ("Yamada-Lom Ltda")	Associate (non-related party since August 2021)
L&K Industries Philippines, Inc.	Associate (non-related party since December 2022)

(Continued)

<u>Related Parties</u>	<u>Relationships with the Group</u>
Silitech Technology Corporation	Associate
DragonJet Corporation	Associate
Silport Technology Corp.	Related party in substance
Lite-On Cultural Foundation	Related party in substance
	(Concluded)

b. Sales of goods

<u>Related Parties</u>	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Associate	\$ 24,418	\$ 38,117
Related party in substance	<u>478</u>	<u>455</u>
	<u>\$ 24,896</u>	<u>\$ 38,572</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 as those between the Group and non-related parties.

c. Purchases of goods

<u>Related Party Category</u>	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Associate	<u>\$ 69,446</u>	<u>\$ 1,090,475</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

<u>Related Party Category</u>	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Trade receivables		
Associate	<u>\$ -</u>	<u>\$ 12,139</u>
Other receivables		
Associate	<u>\$ 17,710</u>	<u>\$ 3,265</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, 2022 and 2021.

e. Payables to related parties

Related Party Category	December 31	
	2022	2021
Trade payables		
Associate	\$ 15,842	\$ 38,342
Other payables		
Associate	\$ 18,469	\$ 1,625
Related party in substance	909	80
	<u>\$ 19,378</u>	<u>\$ 1,705</u>

The outstanding trade payables to related parties are unsecured.

f. Operating expenses

Related Party Category	For the Year Ended December 31	
	2022	2021
Associate	\$ 34	\$ 637
Related party in substance	<u>10,625</u>	<u>10,261</u>
	<u>\$ 10,659</u>	<u>\$ 10,898</u>

The Group donated and recognized associated expenses of \$10,000 thousand for both years ended December 31, 2022 and 2021, to help Lite-On Cultural Foundation, a related party in substance, facilitate communal, cultural and educational projects.

g. Other revenue

Related Party Category	For the Year Ended December 31	
	2022	2021
Associates	\$ 1,533	\$ 5,404
Related party in substance	<u>37</u>	<u>36</u>
	<u>\$ 1,570</u>	<u>\$ 5,440</u>

h. Acquisition of property, plant and equipment

Related Party Category	Purchase Price	
	For the Year Ended December 31	
	2022	2021
Related party in substance	<u>\$ 660</u>	<u>\$ 270</u>

i. Compensation of key management personnel

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 386,154	\$ 306,193
Post-employment benefits	1,414	1,466
Share-based payment	<u>54,376</u>	<u>-</u>
	<u>\$ 441,944</u>	<u>\$ 307,659</u>

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

32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Pledged time deposits (classified as financial assets at amortized costs)	<u>\$ 465,790</u>	<u>\$ 292,620</u>

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

33. SIGNIFICANT CONTINGENT LIABILITIES

In addition to those disclosed in other notes, significant contingencies of the Group at December 31, 2022 were as follows:

- a. Nitride Semiconductors Co., Ltd. sued the Company and its subsidiaries, LITE-ON TECHNOLOGY USA, INC., LITE-ON, INC., and LITE-ON TRADING USA, INC. The petitioner claimed that certain products supplied by the subsidiaries infringed the original patents and demanded royalty payments. Since the Group's infringing product chips alleged by Nitride Semiconductors Co., Ltd. were supplied by the chip supplier, the supplier has retained an external lawyer to appropriately handle the litigation. There was no material impact on the operations and financial performance of the Group at the time of evaluation.
- b. Sensor Electronic Technology, Inc. sued the Company and its subsidiaries, LITE-ON TECHNOLOGY USA, INC., LITE-ON, INC., and LITE-ON TRADING USA, INC. The petitioner claimed that certain products supplied by the subsidiaries infringed the original patents and demanded royalty payments. Since the Group's infringing product chips alleged by Sensor Electronic Technology, Inc. were supplied by the chip supplier, the supplier has retained an external lawyer to appropriately handle the litigation. There was no material impact on the operation and financial performance of the Group at the time of evaluation.

The Company and Genesis Photonics Inc. also hired external lawyers on September 17, 2021 to submit a counterclaim against Sensor Electronic Technology, Inc., to protect the Group's intellectual property rights.

- c. Nitek, Inc. sued the Company, LITE-ON TECHNOLOGY USA, INC., LITE-ON, INC. and LITE-ON TRADING USA, INC. The petitioner claimed that certain products supplied by the subsidiaries infringed the original patents and demanded royalty payments. Since the Group's infringing product chips alleged by Nitek, Inc. were supplied by the chip supplier, the supplier has retained an external lawyer to appropriately handle the litigation. There was no material impact on the operation and financial performance of the Group at the time of evaluation.

34. 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, 2022

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

December 31, 2021

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 1,470,019	6.3565 (USD:CNY)	\$ 40,609,284
USD	1,257,222	27.6250 (USD:NTD)	34,730,752
USD	61,786	7.7983 (USD:HKD)	1,706,832
USD	43,858	33.3400 (USD:THB)	1,211,584
USD	45,968	0.8839 (USD:EUR)	<u>1,269,871</u>
			<u>\$ 79,528,323</u>
Non-monetary items			
Investments in associates and joint ventures accounted for using the equity method			
USD	3,612	27.6250 (USD:NTD)	<u>\$ 99,790</u>
<u>Financial liabilities</u>			
Monetary items			
USD	1,940,973	27.6250 (USD:NTD)	\$ 53,619,384
USD	940,435	6.3565 (USD:CNY)	25,979,506
USD	53,106	33.3400 (USD:THB)	<u>1,467,059</u>
			<u>\$ 81,065,949</u> (Concluded)

For the years ended December 31, 2022 and 2021, net foreign exchange gains (losses) were \$(1,895,211) thousand and \$377,483 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.

35. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

- 1) Financing provided: See Table 1 below.
- 2) Endorsement/guarantees provided: See Table 2 below.
- 3) Marketable securities held (excluding investment in subsidiaries, associates and joint ventures): See Table 3 below.
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: See Table 4 below.
- 5) Acquisition of individual real estate 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 30 to the consolidated 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.

36. 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.

The composition of reportable segments has been changed due to changes in the classification of some products, and the information for the year ended December 31, 2021 is restated for comparison.

b. Measurement of segment information

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

c. Segment information

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

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

	For the Year Ended December 31, 2021				
	Opto-electronics	Information Technology and Consumer Electronics	Cloud and AIoT	Elimination	Total
Sales from external customers	\$ 33,297,339	\$ 79,937,959	\$ 51,592,649	\$ -	\$ 164,827,947
Sales among segments	477,481	1,501,410	405,846	(2,384,737)	-
Operating profit	2,913,689	7,999,172	3,089,191	-	14,002,052

d. Geographic information

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2022	2021	2022	2021
Asia	\$ 109,816,910	\$ 115,433,771	\$ 25,278,007	\$ 25,136,055
America	44,579,865	31,503,933	485,446	492,582
Europe	18,750,748	17,511,394	834	1,260
Others	<u>308,693</u>	<u>378,849</u>	-	-
	<u>\$ 173,456,216</u>	<u>\$ 164,827,947</u>	<u>\$ 25,764,287</u>	<u>\$ 25,629,897</u>

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

e. Information on major customers

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

	For the Year Ended December 31			
	2022		2021	
	Sales Revenue	Portion (%)	Sales Revenue	Portion (%)
Customer A	\$ -	-	\$ 16,546,900	10.04

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

f. Reconciliation information for segment profit (loss)

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

	For the Year Ended December 31	
	2022	2021
Reportable segments' profit	\$ 18,549,283	\$ 14,002,052
Unclassified loss	(3,476,423)	(959,913)
Non-operating income and expenses	<u>2,772,929</u>	<u>4,590,108</u>
Profit before income tax	<u>\$ 17,845,789</u>	<u>\$ 17,632,247</u>

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

37. OTHER ITEMS

- 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 Zhonghe Digital Building. In the second quarter of 2022, the Company entered a contract and engaged ZEN RAY Construction Co., Ltd. to build on its own land. The total contract amount shall not exceed \$1,886,000 thousand.
- b. In order to carry on future business and the expansion of capacity, the Company's board of director resolved to build the second-phase plant of Kaohsiung Manufacturing center on October 28, 2022. The construction period will be from January 1, 2023 to September 30, 2026 and the budget for construction is \$6,242,013 thousand.
- c. In light of the Group's strategy to focus on core businesses and to enhance operation efficiency and competitiveness, the Company's board of directors passed a resolution to sell asset and operation of Image department to Guangzhou Luxvisions Innovation Technology Limited and Luxvisions Innovation Technology Limited on December 6, 2022. The target of the transaction is the Image department's asset and operation (inventory, equipment, technology, IP, client and supplier relationships). The consideration of the transaction is CNY910,000 thousand, and reasonable adjustments shall be made based on the actual condition of the assets on the date of the completion according to the terms specified in business transfer contract.
- d. The Company's board of directors approved the budget of \$2,805,284 thousand to construct the R&D building in Kaohsiung on February 21, 2023. The construction period will be from July 1, 2023 to January 31, 2026.

Consolidated Financial Statements

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2022
(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	Allowances for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 2)	Financing Company's Total Financing Amount Limits (Note 2)	Note
													Item	Value			
1	LITE-ON SINGAPORE PTE. LTD.	LITE-ON MOBILE PTE. LTD.	Receivables from related parties	Yes	\$ 771,525	\$ -	\$ -	0.84975%-5.95129%	b	\$ -	Operating capital	\$ -	None	\$ -	\$ 27,642,232		
2	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	CHANGZHOU LEOTEK NEW ENERGY TRADE LIMITED	Receivables from related parties	Yes	203,260	101,630	101,630	2.45%-2.65%	b	-	Operating capital	-	None	4,730,571	4,730,571		
3	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	LITE-ON GREEN TECHNOLOGIES (NANJING) CORPORATION	Receivables from related parties	Yes	30,023	16,791	16,791	2.5%-2.65%	b	-	Operating capital	-	None	3,267,138	3,267,138		
3	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	LITE-ON INTELLIGENT TECHNOLOGY (YENCHENG) CORP.	Receivables from related parties	Yes	124,351	57,443	57,443	2.5%-2.65%	b	-	Operating capital	-	None	3,267,138	3,267,138		
3	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	BEIJING LITE-ON MOBILE ELECTRONIC AND TELECOMMUNICATION COMPONENTS CO., LTD.	Receivables from related parties	Yes	89,640	88,374	88,374	2.50%	b	-	Operating capital	-	None	3,267,138	3,267,138		
4	GUANGZHOU LITE-ON MOBILE ENGINEERING PLASTICS CO., LTD.	BEIJING LITE-ON MOBILE ELECTRONIC AND TELECOMMUNICATION COMPONENTS CO., LTD.	Receivables from related parties	Yes	63,203	-	-	2.65%	b	-	Operating capital	-	None	1,089,830	1,089,830		

Note 1: Reasons for financing are as follows:

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

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

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

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

TABLE 2

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022
(Amounts in Thousands of New Taiwan Dollars)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 2)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity Per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable (Note 2)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship (Note 1)											
1	Lite-On Capital Corporation	Lite-On Green Energy B.V.	c	\$ 2,104,139	\$ 306,814	\$ 306,814	\$ 306,814	\$ -	0.38	\$ 2,104,139	No	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 endorsement/guarantee limit for each entity and the total endorsement/guarantee limit are calculated on the basis of Lite-On Capital Corporation's endorsement/guarantee procedures.

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

TABLE 3

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2022

(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, 2022			Note
				Shares/Units (In Thousands)	Carrying Value (In Thousands)	Percentage of Ownership (%)	
LITE-ON TECHNOLOGY CORPORATION	Ordinary shares						
	ENNOSTAR Inc.	-	Financial assets at FVTPL	224	\$ 10,045	0.03	\$ 10,045
	Wistron Corporation	-	Financial assets at FVTOCI	1,487	43,720	0.05	43,720
	Logah Technology Corp.	-	Financial assets at FVTOCI	7,578	101,169	8.14	101,169
	Com2B Corp.	-	Financial assets at FVTOCI	5,000	-	11.11	-
	Avamax Corp.	-	Financial assets at FVTPL	559	-	6.99	-
	Aetas Technology, Inc.	-	Financial assets at FVTPL	4,026	-	8.07	-
	AuriaSolar Co., Ltd.	-	Financial assets at FVTPL	41,400	-	19.71	-
	Z-Com, Inc.	-	Financial assets at FVTOCI	63	632	0.09	632
	Fong Han Electronics Co., Ltd.	-	Financial assets at FVTPL	1,167	-	6.67	-
	Xepex Electronics Co., Ltd.	-	Financial assets at FVTPL	-	-	-	-
	North America Micro-Electronic & Software, Incorporated	-	Financial assets at FVTOCI	5	-	2.67	-
	ACTION MEDIA TECHNOLOGIES, INC.	-	Financial assets at FVTPL	38	-	-	-
	Oplink Communications, Inc.	-	Financial assets at FVTOCI	1	-	0.01	-
	Taiwan Changxing Technology Co., Ltd.	-	Financial assets at FVTOCI	462	-	15.40	-
	InSynerger Technology Co., Ltd.	Member of the board of directors	Financial assets at FVTOCI	1,710	23,435	15.05	23,435
	PlayNitride Inc.	Member of the board of directors	Financial assets at FVTOCI	4,235	421,780	3.95	421,780
	VISION DISPLAY SYSTEM CO., LTD.	-	Financial assets at FVTPL	322	-	2.68	-
	Innolabs Corporation	-	Financial assets at FVTPL	320	-	0.89	-
	Auroha Technology Corp.	-	Financial assets at FVTOCI	258	136,964	0.18	136,964
	Preference shares						
	Arkologic Holdings Limited	-	Financial assets at FVTPL	11,111	-	7.66	-
	PL-CORAL, INC.	-	Financial assets at FVTPL	1,139	-	10.65	-
	Kneron Holding Corporation	-	Financial assets at FVTPL	1,500	285,783	2.44	285,783
	@NETWORK, Inc.	-	Financial assets at FVTPL	200	-	-	-
	Advanced Reticle Technology, Inc.	-	Financial assets at FVTPL	1,200	-	-	-
COMBRIO NETWORKS, INC.	-	Financial assets at FVTPL	600	-	1.00	-	
InterEMS.com, Inc.	-	Financial assets at FVTPL	100	-	0.75	-	
Lynuxworks, Incorporated	-	Financial assets at FVTPL	80	-	1.04	-	
Newera Communications, Inc.	-	Financial assets at FVTPL	1,538	-	33.92	-	
Nobex Corporation	-	Financial assets at FVTPL	300	-	0.66	-	
Single Chip Systems Corporation	-	Financial assets at FVTPL	294	-	0.56	-	
Stemeye, Inc.	-	Financial assets at FVTPL	94	-	0.91	-	
Hotvoice Communications Technologies	-	Financial assets at FVTPL	125	-	30.49	-	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2022			Note
				Shares/Units (In Thousands)	Carrying Value (In Thousands)	Percentage of Ownership (%)	
LITE-ON TECHNOLOGY CORPORATION	Fund Arm IoT Fund, L.P.	-	Financial assets at FVTPL	-	\$ 62,229	10.33	\$ 62,229
	Esquare IoT Landing Fund	-	Financial assets at FVTPL	-	149,268	15.36	149,268
	PacRim Venture Partners	-	Financial assets at FVTPL	-	-	3.00	-
Lite-On Capital Corporation	Domestic convertible bond Xepex Electronics Co., Ltd.	-	Financial assets at FVTPL	150	-	-	-
	Ordinary shares LITE-ON TECHNOLOGY CORPORATION	The parent company	Financial assets at FVTOCI	15,116	964,392	0.65	964,392
	Lead Data, Inc.	-	Financial assets at FVTOCI	865	2,429	0.59	2,429
Lite-on Green Energy (HK) Limited	Compound Solar Technology Co., Ltd.	-	Financial assets at FVTPL	2,000	-	2.86	-
	Z-Com, Inc.	-	Financial assets at FVTOCI	2,412	24,116	3.36	24,116
YET FOUNDATEE LIMITED	Ordinary shares Changzhou Binhu Thin Film Solar Greenhouse Co., Ltd.	-	Financial assets at FVTOCI	-	US\$ 140	19.90	US\$ 140
LET (HK) LIMITED	Ordinary shares Northern Lights Semiconductor	-	Financial assets at FVTPL	3,000	-	5.91	-
LITE-ON TECHNOLOGY USA, INC.	Fund Innovation Works Development Fund, L.P.	-	Financial assets at FVTPL	-	HK\$ 3,288	0.55	HK\$ 3,288
	Fund SMART WORLD INNOVATION FUND GP, LLC	-	Financial assets at FVTPL	-	US\$ 2,484	22.50	US\$ 2,484
LITE-ON SINGAPORE PTE. LTD.	Amed Ventures II, L.P.	-	Financial assets at FVTPL	-	US\$ 1,033	2.27	US\$ 1,033
	Foreign convertible preference shares MemryX Inc.	-	Financial assets at FVTPL	590	US\$ 425	1.76	US\$ 425
LTC GROUP LTD.	Ordinary shares Lux Visions Innotech Limited	-	Financial assets at FVTOCI	12,000	US\$ 40,000	2.93	US\$ 40,000
	Fund Grandfull Convergence Innovation Growth Fund, L.P.	-	Financial assets at FVTPL	-	US\$ 8,652	15.62	US\$ 8,652
TITANIC CAPITAL SERVICES LTD.	Ordinary shares VIZIO Holding Corp.	-	Financial assets at FVTPL	2,448	US\$ 18,134	1.26	US\$ 18,134
	Ordinary shares LITE-ON TECHNOLOGY CORPORATION	The parent company	Financial assets at FVTOCI	7,004	446,869	0.30	446,869
LITE-ON CHINA HOLDING CO., LTD.	Ordinary shares COMMIT Incorporated	-	Financial assets at FVTPL	4,962	-	1.87	-

(Concluded)

TABLE 4

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, 2022
(Amounts in Thousands of New Taiwan Dollars or in Thousands of Foreign Currencies)

Holding Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal		Ending Balance	
					Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Gain (Loss) on Disposal	Shares/Units (In Thousands)
LTC GROUP LTD.	The common stock of VIZIO HOLDING CORP.	Financial asset at fair value through profit or loss	-	-	3,433	\$ 1,842,491 (US\$ 66,697)	-	\$ -	985	\$ 276,645 (US\$ 9,446)	\$ 560,202 (US\$ 19,147)	\$ 556,171 (US\$ 18,134)

Note: During the disposal period (2021/3/30-2022/12/31), 1,487 thousand shares were disposed, the total monetary amount was US\$19,513 thousand, and the realized loss was \$3,973 thousand, of which \$279,584 thousand of profit had been transferred to unappropriated earnings in 2021, the loss recognized from January 1, 2022 to December 31, 2022 was \$283,557 thousand (accounted under the net gain on financial assets at fair value through profit or loss), and the ending amount is listed at fair value.

TABLE 5

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer Property Owner	Relationship	Information on Previous Title Transfer Relationship	Transaction Date	Is A Related Party	Pricing Reference	Purpose of Acquisition	Other Terms
LITE-ON TECHNOLOGY CORPORATION	Buildings	June 9, 2022	Total contract amount shall not exceed \$1,886,000	Monthly settlement by the construction progress and acceptance	ZEN RAY Construction Co., Ltd.	-	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Tendering, price comparison and price negotiation	Operation of LITEON Zhonghe Digttech Center	None

Note: The final transaction amount is based on the actual settlement.

TABLE 6

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2022
(Amounts in Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Purchase/ Sale	Transaction Details		Abnormal Transaction		Notes/Trade (Payable) or Receivable	Note	
				Amount	% of Total	Unit Price	Payment Terms			Ending Balance
Lite-On Technology Corporation	Philips & Lie-On Digital Solutions Corporation	Subsidiary	Sale	\$ (6,218,803)	(5.38)	Cost-plus pricing	About 90 days	No significant difference	6.63	
	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Subsidiary	Sale	(830,469)	(0.72)	Cost-plus pricing	About 90 days	No significant difference	0.95	
	LITE-ON SINGAPORE PTE. LTD.	Subsidiary	Sale	(3,911,548)	(3.38)	Cost-plus pricing	About 90 days	No significant difference	3.90	
	Lite-On Japan Ltd.	Subsidiary	Sale	(641,126)	(0.56)	Cost-plus pricing	About 90 days	No significant difference	0.88	
	LITE-ON TRADING USA, INC.	Subsidiary	Purchase	(4,766,372)	(4.12)	Cost-plus pricing	About 90 days	No significant difference	7.22	
	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Fourth-tier subsidiary	Purchase	839,750	0.85	Cost-plus pricing	About 90 days	No significant difference	(0.62)	
	LITE-ON VIETNAM CO., LTD.	Subsidiary	Purchase	1,825,086	1.85	Cost-plus pricing	About 90 days	No significant difference	(2.71)	
	LITE-ON SINGAPORE PTE. LTD.	Subsidiary	Purchase	24,948,174	25.31	Cost-plus pricing	About 90 days	No significant difference	(26.57)	
	Lite-On Overseas Trading Co., Ltd.	Subsidiary	Purchase	59,044,842	59.91	Cost-plus pricing	About 90 days	No significant difference	(64.67)	
	LEOTEK CORPORATION	LEOTEK ELECTRONICS USA LLC	Subsidiary	Sale	(418,743)	(0.36)	Cost-plus pricing	About 90 days	No significant difference	83.48
	Philips & Lie-On Digital Solutions Corporation	Philips & Lie-On Digital Solutions USA, Inc.	Subsidiary	Sale	(4,738,939)	(4.12)	Cost-plus pricing	About 90 days	No significant difference	61.52
	LITE-ON ELECTRONICS (TIANJIN) CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(1,604,902)	(1.40)	Cost-plus pricing	About 90 days	No significant difference	100.00
	LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(13,158,873)	(11.62)	Cost-plus pricing	About 90 days	No significant difference	99.07
LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(5,470,054)	(4.78)	Cost-plus pricing	About 90 days	No significant difference	100.00	
LITEON LISHIN TECHNOLOGY (GANZHOU) LTD.	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(672,432)	(0.58)	Cost-plus pricing	About 90 days	No significant difference	100.00	
LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(15,797,458)	(13.78)	Cost-plus pricing	About 90 days	No significant difference	67.35	
LITE-ON TECHNOLOGY (XIANING) CO., LTD.	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(8,238,806)	(7.22)	Cost-plus pricing	About 90 days	No significant difference	29.25	
LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(691,999)	(0.60)	Cost-plus pricing	About 90 days	No significant difference	99.24	
LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	Affiliate	Sale	(188,239)	(0.16)	Cost-plus pricing	About 90 days	No significant difference	2.28	
LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Affiliate	Sale	(127,573)	(0.11)	Cost-plus pricing	About 90 days	No significant difference	1.11	
SILITEK ELEC. (DONGGUAN) CO., LTD.	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(14,437,811)	(12.65)	Cost-plus pricing	About 90 days	No significant difference	100.00	
LITE-ON POWER TECHNOLOGY (DONGGUAN) CO., LTD.	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Affiliate	Sale	(562,530)	(0.49)	Cost-plus pricing	About 90 days	No significant difference	2.89	
LITE-ON ELECTRONICS H.K. LIMITED	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Affiliate	Sale	(250,008)	(0.22)	Cost-plus pricing	About 90 days	No significant difference	4.06	
HUIZHOU LI SHIN ELECTRONIC CO., LTD.	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(9,805,211)	(8.62)	Cost-plus pricing	About 90 days	No significant difference	92.43	
LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(1,844,034)	(1.62)	Cost-plus pricing	About 90 days	No significant difference	100.00	
LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD.	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(156,228)	(0.14)	Cost-plus pricing	About 90 days	No significant difference	10.47	
LiteON Auto Electric Technology (Guangzhou) Ltd.	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(2,043,431)	(1.80)	Cost-plus pricing	About 90 days	No significant difference	86.83	
LITEON-IT OPTO TECH (BH) CO., LTD.	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Affiliate	Sale	(1,139,598)	(1.00)	Cost-plus pricing	About 90 days	No significant difference	2.85	
Lite-On Eletronics (Thailand) Co., Ltd.	WUXI CHINA BRIDGE EXPRESS TRADING CO., LTD.	Affiliate	Sale	(177,146)	(0.16)	Cost-plus pricing	About 90 days	No significant difference	-	
	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(20,000,340)	(17.65)	Cost-plus pricing	About 90 days	No significant difference	94.81	
	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Affiliate	Sale	(173,493)	(0.15)	Cost-plus pricing	About 90 days	No significant difference	54.19	
	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(412,923)	(0.36)	Cost-plus pricing	About 90 days	No significant difference	45.81	
	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Affiliate	Sale	(157,916)	(0.14)	Cost-plus pricing	About 90 days	No significant difference	-	
	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(4,627,314)	(4.06)	Cost-plus pricing	About 90 days	No significant difference	100.00	
	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(4,692,197)	(4.12)	Cost-plus pricing	About 90 days	No significant difference	97.82	
	LITE-ON JAPAN (Thailand) CO., LTD.	Affiliate	Sale	(123,209)	(0.11)	Cost-plus pricing	About 90 days	No significant difference	2.18	

(Continued)

Company Name	Related Party	Nature of Relationship	Transaction Details		Abnormal Transaction		Notes/Trade (Payable) or Receivable		Note
			Purchases/Sale	% of Total	Unit Price	Payment Terms	Ending Balance	% of Total	
LITE-ON VIETNAM CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	\$ (468,840)	(20.44)	Cost-plus pricing	About 90 days	\$ 84,388	8.68
LITE-ON SINGAPORE PTE. LTD.	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Subsidiary	Sale	(1,853,444)	(2.57)	Cost-plus pricing	About 90 days	631,931	2.99
Lite-On Japan Ltd.	LITE-ON ELECTRONICS H.K. LIMITED	Affiliate	Sale	(2,195,080)	(0.62)	Cost-plus pricing	About 90 days	544,734	2.58
LITE-ON, INC.	LITE-ON, INC.	Affiliate	Sale	(772,748)	(1.04)	Cost-plus pricing	About 90 days	119,806	0.57
LITE-ON ELECTRONICS USA LLC	LITE-ON ELECTRONICS USA, INC.	Affiliate	Sale	(8,751,825)	(11.83)	Cost-plus pricing	About 90 days	131,282	0.62
LITE-ON MOBILE INDUSTRIA E COMERCIO DE PLÁSTICOS L.TDA.	LITE-ON MOBILE INDUSTRIA E COMERCIO DE PLÁSTICOS L.TDA.	Affiliate	Sale	(349,344)	(0.47)	Cost-plus pricing	About 90 days	3,770,052	17.86
Lite-On Japan Ltd.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(101,650)	(4.21)	Cost-plus pricing	About 90 days	(1,284)	(0.01)
LITE-ON OVERSEAS ELECTRONICS MEXICO, S.A. DE C.V.	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(125,507)	(5.20)	Cost-plus pricing	About 90 days	27,239	5.46
Lite-On Overseas Trading Co., Ltd.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(538,036)	(100.00)	Cost-plus pricing	About 90 days	12,221	2.45
Lite-On Overseas Trading Co., Ltd.	LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	Affiliate	Sale	(10,932,848)	(7.96)	Cost-plus pricing	About 90 days	81,166	100.00
LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Affiliate	Sale	(12,239,849)	(8.91)	Cost-plus pricing	About 90 days	2,055,055	5.91
LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	LITE-ON TECHNOLOGY (XIANNING) CO., LTD.	Affiliate	Sale	(147,517)	(0.11)	Cost-plus pricing	About 90 days	4,165,679	11.99
SILTEK ELEC. (DONGGUAN) CO., LTD.	LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	Affiliate	Sale	(11,160,117)	(8.13)	Cost-plus pricing	About 90 days	22,019	0.06
HUIZHOU LI SHIN ELECTRONIC CO., LTD.	LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	Affiliate	Sale	(6,967,364)	(5.07)	Cost-plus pricing	About 90 days	1,633,457	4.70
LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	Affiliate	Sale	(589,590)	(0.43)	Cost-plus pricing	About 90 days	556,486	1.60
LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD.	LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD.	Affiliate	Sale	(14,994,282)	(10.92)	Cost-plus pricing	About 90 days	78,290	0.23
LITEON-IT OPTO TECH (BH) CO., LTD.	LITEON-IT OPTO TECH (BH) CO., LTD.	Affiliate	Sale	(3,772,411)	(2.75)	Cost-plus pricing	About 90 days	4,224,504	12.16
LITE-ON VIETNAM CO., LTD.	LITE-ON VIETNAM CO., LTD.	Affiliate	Sale	(1,807,266)	(1.32)	Cost-plus pricing	About 90 days	1,201,623	3.46
LITE-ON SINGAPORE PTE. LTD.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(15,182,021)	(11.05)	Cost-plus pricing	About 90 days	747,328	2.15
Lite-On (Guangzhou) Automotive Electronics Limited	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Affiliate	Sale	(2,839,137)	(47.83)	Cost-plus pricing	About 90 days	1,910,396	5.50
	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(2,526,141)	(42.56)	Cost-plus pricing	About 90 days	1,224,520	64.87
								284,902	15.09

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

(Concluded)

TABLE 7

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2022
(Amounts in Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance of Notes Receivable from Related Parties	Ending Balance of Trade Receivables from Related Parties	Ending Balance of Other Receivables from Related Parties	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
							Amount	Action Taken		
Lite-On Technology Corporation	Philips & Lite-On Digital Solutions Corporation LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Subsidiary Fourth-tier subsidiary	\$ -	\$ 2,044,260 293,403	\$ 144	2.96 2.54	-	-	\$ 1,490,577 67,866	\$ -
	LITE-ON SINGAPORE PTE. LTD.	Subsidiary	-	1,203,498	117,919	3.59	-	-	353,419	-
	Lite-On Japan LTD.	Subsidiary	-	272,414	35,600	2.96	-	-	69,347	-
	LITE-ON TRADING USA, INC.	Sub-subsidiary	-	2,225,104	2,447	2.95	-	-	-	-
	Lite-On Overseas Trading Co., LTD.	Subsidiary	-	1,848,989	4,741	-	-	-	988,613	-
LEOTEK CORPORATION	LEOTEK ELECTRONICS USA LLC	Subsidiary	-	254,956	908	3.28	-	-	38,273	-
Philips & Lite-On Digital Solutions Corporation	Philips & Lite-On Digital Solutions USA, Inc.	Subsidiary	-	521,328	-	8.48	-	-	497,761	-
LITE-ON ELECTRONICS (TIANJIN) CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	235,813	-	8.31	-	-	61,340	-
LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	Lite-On Overseas Trading Co., Ltd.	Affiliate	-	2,089,526	352	12.60	-	-	1,176,662	-
LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	1,140,955	9,442	4.23	-	-	469,888	-
LITEON LI SHIN TECHNOLOGY (GANZHOU) LTD.	Lite-On Overseas Trading Co., Ltd.	Affiliate	-	101,213	-	8.41	-	-	99,826	-
LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Lite-On Technology Corporation	The parent company	-	203,414	-	4.11	-	-	85,593	-
	CHANGZHOU LEOTEK NEW ENERGY TRADE LIMITED	Affiliate	-	-	102,177	-	-	-	22	-
	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	4,038,708	-	4.04	-	-	1,576,931	-
	Lite-On Overseas Trading Co., LTD.	Affiliate	-	1,754,083	-	4.18	-	-	515,465	-
LITE-ON TECHNOLOGY (XIANNING) CO., LTD.	Lite-On Overseas Trading Co., LTD.	Affiliate	-	120,772	-	7.30	-	-	117,669	-
LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	Lite-On Overseas Trading Co., LTD.	Affiliate	-	1,595,912	-	7.90	-	-	933,447	-
SILITEK ELEC. (DONGGUAN) CO., LTD.	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Affiliate	-	132,246	-	1.90	-	-	40,725	-
	Lite-On Overseas Trading Co., LTD.	Affiliate	-	3,013,239	246	3.25	-	176,831	923,999	-
LITE-ON POWER TECHNOLOGY (DONGGUAN) CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	139,491	-	11.73	-	-	139,491	-
HUIZHOU LI SHIN ELECTRONIC CO., LTD.	Lite-On Overseas Trading Co., LTD.	Affiliate	-	290,932	-	7.65	-	-	158,641	-
LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Affiliate	-	220,131	-	2.93	-	-	81,339	-
	Lite-On Overseas Trading Co., LTD.	Affiliate	-	7,322,835	40,484	3.15	-	190,511	3,842,174	-
LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD.	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Affiliate	-	163,564	3,246	2.12	-	-	33,076	-
	Lite-On Overseas Trading Co., LTD.	Affiliate	-	138,292	-	3.25	-	-	64,660	-
LITEON-IT OPTO TECH (BH) CO., LTD.	Lite-On Overseas Trading Co., LTD.	Affiliate	-	1,218,331	-	3.58	-	-	728,998	-
Lite-On Electronics (Thailand) Co., LTD.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	648,268	19,399	7.02	-	-	321,976	-

(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	\$ -	\$ 887,567	\$ 909	2.56	\$ -	-	\$ 166,594	\$ -
LITE-ON SINGAPORE PTE. LTD.	Lite-On Technology Corporation	The parent company	-	8,705,126	389,307	2.89	-	-	2,538,059	-
	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Subsidiary	-	631,931	-	3.52	-	-	270,508	-
	LITE-ON ELECTRONICS H.K. LIMITED	Affiliate	-	544,734	-	2.76	-	-	31,812	-
	Lite-On Japan L.T.D.	Affiliate	-	119,806	194	3.42	-	-	27,942	-
	LITE-ON, INC.	Affiliate	-	131,282	3,442	3.34	-	-	60,934	-
	LITE-ON TRADING USA, INC.	Affiliate	-	3,770,052	30,992	2.41	-	-	1,148,467	-
Lite-On International Holding Co., Ltd.	LITE-ON CHINA HOLDING CO., LTD.	Subsidiary	-	-	2,473,085	-	-	-	-	-
HIGH YIELD GROUP CO., LTD.	LITE-ON IT INTERNATIONAL (HK) LIMITED	Subsidiary	-	-	1,291,818	-	-	-	1,291,818	-
Lite-On Overseas Trading Co., LTD.	Lite-On Technology Corporation	The parent company	-	17,915,360	53,548	3.05	-	-	5,222,236	-
	LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	Affiliate	-	2,055,055	2,681	7.32	-	-	616,886	-
	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Affiliate	-	4,165,679	-	2.85	-	-	1,062,059	-
	LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	Affiliate	-	1,633,457	-	7.07	-	-	1,359,687	-
	SILITEK ELEC. (DONGGUAN) CO., LTD.	Affiliate	-	556,486	249	9.15	-	-	499,401	-
	LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	Affiliate	-	4,224,504	-	3.51	-	-	2,521,257	-
	LITE-ON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD.	Affiliate	-	197,318	4,323	1.99	-	-	97,922	-
	LITEON-IT OPTO TECH (BH) CO., LTD.	Affiliate	-	1,201,623	-	2.87	-	-	673,300	-
	LITE-ON VIETNAM CO., LTD.	Affiliate	-	747,328	396	3.32	-	-	140,382	-
	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	1,910,396	-	8.94	-	-	8,366	-
LITE-ON CHINA HOLDING CO., LTD.	LITE-ON ELECTRONICS COMPANY LIMITED	Subsidiary	-	-	2,473,085	-	-	-	2,473,085	-
Lite-On (Guangzhou) Automotive Electronics Limited	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Affiliate	-	1,224,520	32,557	2.83	-	-	-	-
Lite-On Automotive International (Cayman) Co., Ltd.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	284,902	5,332	9.60	-	-	-	-
	LITE-ON AUTOMOTIVE HOLDINGS (HONG KONG) CO., LIMITED	Subsidiary	-	-	396,227	-	-	-	-	-

Note: All intercompany transactions have been eliminated upon consolidation.

(Concluded)

TABLE 8

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(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, 2022		Percentage of Ownership (%)	Carrying Amount	Net Income (Loss) of Investee	Share of Profit/Loss of Investee	Note
				December 31, 2022	December 31, 2021	Shares	Percentage of Ownership (%)					
Lite-On Technology Corporation	Silitech Technology Corporation	New Taipei City, Taiwan	Manufacture and sale of modules and plastic/rubber products	\$ 60,504	\$ 60,504	11,322,003	16.65	\$ 411,797	\$ 100,230	\$	16,688	Associate (Note 1)
	Lite-On Integrated Service Inc.	Taipei City, Taiwan	Information outsourcing and system integration	-	25,886	-	-	-	3,052		3,052	Subsidiary (Note 2)
	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	438,141	67,934		20,534	Associate
	Lite-On Capital Corporation	Taipei City, Taiwan	Investment activities	3,707,984	3,707,984	170,706,763	100.00	1,150,486	120,968		60,505	Subsidiary
	LITE-ON ELECTRONICS H.K. LIMITED	Hong Kong	Sale of LED optical products	7,339,481	7,339,481	17,865,367	100.00	21,402,178	HK\$ 268,209		952,110	Subsidiary
	Lite-On Electronics (Thailand) Co., Ltd.	Thailand	Manufacture and sale of LED optical products	632,128	632,128	6,049,844	100.00	2,241,492	THB 198,049		248,821	Subsidiary
	Lite-On Japan Ltd.	Japan	Sale of LED optical products and power supplies	679,856	679,856	12,451,058	100.00	881,530	JPY (7,986)		(12,573)	Subsidiary
	Lite-On International Holding Co., Ltd.	British Virgin Islands	Investment activities	US\$ 363,725	US\$ 363,725	363,725,483	100.00	24,349,246	US\$ 66,680		2,187,763	Subsidiary
	LTC GROUP LTD.	British Virgin Islands	Investment activities	1,098,752	1,098,752	32,915,855	100.00	1,395,488	US\$ (38,603)		(1,095,664)	Subsidiary
	LITE-ON TECHNOLOGY USA, INC.	USA	Investment activities	US\$ 55,172	US\$ 55,172	470,239	100.00	2,166,987	US\$ 1,658		54,369	Subsidiary
	LITE-ON ELECTRONICS (EUROPE) LIMITED	United Kingdom	Manufacture and sale of power supplies	44,559	44,559	300,000	100.00	74,779	GBP 126		4,628	Subsidiary
	Lite-On Technology (Europe) B.V.	Netherlands	Market research and after-sales services	2,322,039	2,322,039	330,896	54.00	275,831	EUR 3,629		61,816	Subsidiary
	Lite-On Overseas Trading Co., Ltd.	British Virgin Islands	Investment activities	168,947	168,947	5,142,962	100.00	1,493,477	US\$ (10,367)		(299,749)	Subsidiary
	LITE-ON SINGAPORE PTE. LTD.	Singapore	Manufacture and supply of computer peripheral products	US\$ 63,788	US\$ 63,788	51,776,500	100.00	28,203,803	US\$ 139,531		4,149,909	Subsidiary
	LITE-ON VIETNAM CO., LTD.	Vietnam	Electronic contract manufacturing	US\$ 52,000	US\$ 52,000	-	100.00	1,923,755	US\$ 211		11,564	Subsidiary
	EAGLE ROCK INVESTMENT LTD.	British Virgin Islands	Import and export and investment activities	341	341	10,000	100.00	1,462,733	US\$ 2,095		55,283	Subsidiary
	LITE-ON MOBILE PTE. LTD.	Singapore	Manufacture and sale of mobile phone modules and design of assembly lines	EUR 457,014	EUR 457,014	221,062,238	100.00	2,591,215	US\$ (1,836)		(55,760)	Subsidiary
	LET (HK) LIMITED	Hong Kong	Sale of optical disc drives	251,322	251,322	62,059,600	100.00	42,267	HK\$ (9,452)		(35,255)	Subsidiary
	HIGH YIELD GROUP CO. LTD.	British Virgin Islands	Holding company	2,274,586	2,274,586	68,238,000	100.00	5,984,977	US\$ (2,624)		(94,915)	Subsidiary
	Philips & Lite-On Digital Solutions Corporation	Taipei City, Taiwan	Sale of optical disc drives	267,113	267,113	17,150,000	49.00	272,026	US\$ 36,600		17,934	Subsidiary
	Lite-Space Technology Company Limited	Hong Kong	Sale of computer components	165,498	165,498	5,600,000	46.67	108,968	US\$ (79)		(974)	Associate
	LITE-ON AUTOMOTIVE ELECTRONICS MEXICO, S.A. DE C.V.	Mexico	Production, manufacture, sale, import and export of photovoltaic devices, key electronic components, telecommunications equipment, information technology equipment, semiconductor applications, general lighting, automotive electronics, renewable energy products and systems and maintenance of automotive industry	US\$ 8,910	US\$ 8,910	294,825	99.00	408,903	MXN 46,683		71,199	Subsidiary
	Lite-On Automotive International (Cayman) Co., Ltd.	Cayman	Investment activities	US\$ 100,626	US\$ 100,626	11,967,300	100.00	2,701,701	US\$ 6,692		205,647	Subsidiary
	KBW-LEOTEK Jordan Private Shareholding Limited	Jordan	Investment activities	US\$ 69	US\$ 69	49,000	49.00	633	JOD 9		178	Subsidiary
	KBW-LITEON Jordan Private Shareholding Limited	Jordan	Production and manufacture of energy-saving lights and project construction and maintenance	US\$ 50,928	US\$ 50,928	36,056,975	99.86	466,605	JOD (726)		(30,632)	Subsidiary
	LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED	India	Manufacture and sale of phone chargers and power supplies	INR 1,023,741	INR 1,023,741	102,374,058	99.00	270,249	INR (139,715)		(52,403)	Subsidiary
	SKYLA CORPORATION	Taiwan	Manufacture and sale of medical equipment	180,700	200,000	18,070,000	55.19	229,290		13,069	27,333	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2022		Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Note
				December 31, 2022	December 31, 2021	Shares	Percentage of Ownership (%)			
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	\$ 50	60,000,000	100.00	\$ 586,374	\$ (23,557)	Subsidiary
LEOTEK CORPORATION	LITE-ON MOBILE INDUSTRIA E COMERCIO DE PLASTICOS LTDA.	Brazil	Manufacture and sale of mobile phone modules and design of assembly lines	US\$ 1,299	-	6,507,001	2.97	34,223	BRL 33,678	Subsidiary (Note 3)
	LEOTEK ELECTRONICS USA LLC	USA	Sale of LED products	293,452	-	-	100.00	323,843	US\$ 855	Subsidiary (Note 4)
Lite-On Capital Corporation	Silitech Technology Corporation	New Taipei City, Taiwan	Manufacture and sale of modules and plastic/rubber products	107,901	107,901	385,545	0.57	14,023	100,230	Associate (Note 1)
	Lite-On Green Technologies, Inc.	Taipei City, Taiwan	Manufacture and wholesale of electronic components and energy technology services	1,040,000	1,040,000	67,000,000	100.00	235,035	1,398	Subsidiary
Lite-On Green Technologies, Inc.	Lite-On Green Energy (HK) Limited	Hong Kong	Investment activities	US\$ 3,100	US\$ 3,100	3,100,000	100.00	6,205	US\$ (2)	Subsidiary
	Lite-On Technology (Europe) B.V.	Netherlands	Market research and after-sales services	1,938,096	1,938,096	281,875	46.00	233,116	EUR 3,629	Subsidiary
Lite-On Green Technologies B.V.	LITE-ON GREEN ENERGY (SINGAPORE) PTE. LTD.	Singapore	Investment activities	227,434	227,434	3,457,760	100.00	103,919	EUR 141	Subsidiary
	Lite-On Green Technologies B.V.	Netherlands	Solar energy engineering	EUR 11,520	EUR 11,520	6,818,200	100.00	50,203	EUR 78	Subsidiary
LITE-ON GREEN ENERGY (SINGAPORE) PTE. LTD.	Lite-On Green Energy B.V.	Netherlands	Investment activities	EUR 2,500	EUR 2,500	9,139,785	100.00	EUR 595	EUR (9)	Subsidiary
Lite-On Green Technologies B.V.	KompaktSolar GmbH	Germany	Solar energy engineering	EUR 401	EUR 401	51,000	51.00	EUR -	EUR -	Associate
CHINA BRIDGE (CHINA) CO., LTD.	WUXI CHINA BRIDGE EXPRESS TRADING CO., LTD.	Wuxi, China	Assembly and sale of power supplies, printers, display devices and scanners	CNY 36,244	CNY 36,244	-	100.00	CNY 54,408	CNY 4,295	Subsidiary
	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	Changzhou, China	Development, manufacture and sale of new-type electronic components and LEDs and provision of technology consulting services, maintenance equipment and after-sales services	CNY 85,015	CNY 85,015	-	12.59	CNY 93,089	CNY 40,221	Subsidiary
LITE-ON TECHNOLOGY (JIANGSU) CO., LTD.	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Changzhou, China	Development, manufacture, sale and installation of power supplies and transformers and provision of technology consulting services, maintenance equipment and after-sales services	CNY 527,134	CNY 527,134	-	100.00	CNY 1,070,580	CNY 194,571	Subsidiary
	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	Changzhou, China	Development, manufacture and sale of new-type electronic components and LEDs and provision of technology consulting services, maintenance equipment and after-sales services	CNY 503,977	CNY 503,977	-	87.41	CNY 646,300	CNY 40,221	Subsidiary
Lite-On Automotive International (Cayman) Co., Ltd.	LITE-ON MEDICAL DEVICE (CHANGZHOU) LTD.	Changzhou, China	Manufacture and sale of medical equipment	CNY 30,640	CNY 30,640	-	100.00	CNY 20,833	CNY (4,029)	Subsidiary
	LITE-ON AUTOMOTIVE ELECTRONICS (CHANGZHOU) CO., LTD.	Changzhou, China	Manufacture, sale and processing of electronic products	CNY 223,746	CNY 223,746	-	100.00	CNY 225,400	CNY 7,625	Subsidiary
HIGH YIELD GROUP CO., LTD.	LITE-ON AUTOMOTIVE HOLDINGS (HONG KONG) CO., LIMITED	Hong Kong	Investment activities	HK\$ 42,009	HK\$ 42,009	101,250,185	100.00	US\$ 65,879	HK\$ 54,216	Subsidiary
	LITE-ON IT INTERNATIONAL (HK) LIMITED	Hong Kong	Sale of optical disc drives	US\$ 102,400	US\$ 102,400	102,400,000	100.00	US\$ 127,140	US\$ (2,732)	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	277,241	US\$ 219	Subsidiary
	PLDS Germany GmbH	Germany	Development and sale of modules of automotive recorders	1,326,996	1,326,996	-	100.00	1,035,064	EUR 2,999	Subsidiary
Philips & Lite-On Digital Solutions Korea Ltd.	Philips & Lite-On Digital Solutions Korea Ltd.	South Korea	Sale of optical disc drives	15,376	15,376	17,823	100.00	31,894	KRW 16,042	Subsidiary

(Continued)

Consolidated Financial Statements

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2022		Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Note
				December 31, 2022	December 31, 2021	Shares	Percentage of Ownership (%)			
KBW-LEOTEK Jordan Private Shareholding Limited	LEOTEK, PSC	Jordan	Production, manufacture energy-saving lights	JOD 30	JOD 30	30,000	60.00	JOD 17	\$ -	Subsidiary
LITE-ON TECHNOLOGY USA, INC.	LITE-ON, INC.	USA	Sales data processing business of optoelectronic products and power supplies	US\$ 3,000	US\$ 3,000	3,000,000	100.00	US\$ 821	-	Subsidiary
	LITE-ON TRADING USA, INC.	USA	Sale of optical products	US\$ 31,500	US\$ 31,500	315,000	100.00	US\$ 1,540	-	Subsidiary
	LEOTEK ELECTRONICS USA LLC	USA	Sale of LED products	US\$ -	US\$ 5,792	-	-	US\$ 855	-	Subsidiary (Note 4)
	POWER INNOVATIONS INTERNATIONAL, INC.	USA	Development, design and manufacture of power controls and energy management	US\$ 15,756	US\$ 15,756	12,916,109	100.00	US\$ (1,448)	-	Subsidiary
	LITE-ON TECHNOLOGY SERVICE, INC.	USA	After-sales services of optical products	US\$ 1,500	US\$ 1,500	1,000	100.00	US\$ 47	-	Subsidiary
Lite-On International Holding Co., Ltd.	LITE-ON CHINA HOLDING CO., LTD.	British Virgin Islands	Investment activities	US\$ 427,342	US\$ 427,342	427,341,532	100.00	US\$ 66,623	-	Subsidiary
LITE-ON SINGAPORE PTE. LTD.	LiteStar JV Holding (BVI) Co., Ltd. LITE-ON AUTOMOTIVE ELECTRONICS MEXICO, S.A. DE C.V.	British Virgin Islands Mexico	Investment activities Production, manufacture, sale, import and export of photovoltaic devices, key electronic components, telecommunications equipment, information technology equipment, semiconductor applications, general lighting, automotive electronics, renewable energy products and systems and maintenance of automotive industry	US\$ 27,000 US\$ 90	US\$ 27,000 US\$ 90	2,323 2,978	17.59 1.00	US\$ (203,142) MXN 46,683	-	Associate Subsidiary
LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED	India	Manufacture and sale of phone chargers and power supplies	INR 10,341	INR 10,341	1,034,082	1.00	INR (139,715)	-	Subsidiary
LTC GROUP LTD.	TITANIC CAPITAL SERVICES LTD.	British Virgin Islands	Investment activities	1,014,620	1,014,620	8,655,240	100.00	US\$ 464	-	Subsidiary
Lite-On Technology (Europe) B.V.	Lite-On (Finland) Oy	Finland	Manufacture and sale of mobile phone modules and design of assembly lines	EUR 64,891	EUR 64,891	2,500	100.00	EUR 3,433	-	Subsidiary
Lite-On (Finland) Oy	Lite-On Mobile Oyj	Finland	Manufacture and sale of mobile phone modules and design of assembly lines	EUR 196,618	EUR 196,618	52,937,148	100.00	EUR 3,425	-	Subsidiary
LITE-ON CHINA HOLDING CO., LTD.	LITE-ON ELECTRONICS COMPANY LIMITED	Hong Kong	Investment activities	US\$ 375,760	US\$ 375,760	3,083,467,107	100.00	HK\$ 496,666	-	Subsidiary
	YET FOUNDATE LIMITED	Hong Kong	Manufacture of plastic and computer peripheral products	CNY 73,220	CNY 73,220	68,429,663	100.00	CNY 6,900	-	Subsidiary
	FORDGOOD ELECTRONIC LIMITED	Hong Kong	Import and export and real estate business	US\$ 12,666	US\$ 12,666	100,150,100	100.00	HK\$ 16,922	-	Subsidiary
	G&W TECHNOLOGY (BVI) LIMITED	British Virgin Islands	Real estate management	US\$ 3,900	US\$ 3,900	3,900,000	50.00	US\$ 107	-	Subsidiary
G&W TECHNOLOGY (BVI) LIMITED	G&W TECHNOLOGY LIMITED	Hong Kong	Leasing business	US\$ 65	US\$ 65	499,998	100.00	US\$ 583	-	Subsidiary
Lite-On Japan Ltd.	L&K Industries Philippines, Inc.	Philippines	Import and export of electronic components	JPY -	JPY 91,681	-	-	US\$ (5)	-	Associate (Note 5)
	Lite-On Japan (H.K.) Limited	Hong Kong	Import and export of electronic components	JPY 70,000	JPY 70,000	50,000	100.00	US\$ 2,425	-	Subsidiary (Note 6)
	Lite-On Japan (Korea) Co., Ltd.	South Korea	Import and export of electronic components	JPY -	JPY 22,593	-	-	KRW -	-	Subsidiary (Note 7)
	LITE-ON JAPAN (Thailand) CO., LTD.	Thailand	Import and export of electronic components	JPY 64,992	JPY 64,992	199,998	100.00	THB 9,783	-	Subsidiary (Note 6)

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Note
				December 31, 2022	December 31, 2021	Shares	Percentage of Ownership (%)	Carrying Amount			
Lite-On Mobile Oyj	LITE-ON MOBILE INDÚSTRIA E COMÉRCIO DE PLÁSTICOS LTDA.	Brazil	Manufacture and sale of mobile phone modules and design of assembly lines	EUR -	EUR 2,509	-	-	EUR -	BRL 33,678	\$ -	Subsidiary (Note 3)
LITE-ON MOBILE PTE. LTD.	LITE-ON MOBILE INDÚSTRIA E COMÉRCIO DE PLÁSTICOS LTDA.	Brazil	Manufacture and sale of mobile phone modules and design of assembly lines	US\$ 108,302	US\$ 108,302	212,824,231	97.03	US\$ 36,454	BRL 33,678	-	Subsidiary

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

Note 2: Obtained the liquidation dissolution approval document in November 2022.

Note 3: In August 2022, the Group reorganized and transferred 2.97% of the shares held by LITE-ON MOBILE PTE. LTD. to the Company.

Note 4: In July 2022, the Group reorganized and transferred the shares held by LITE-ON TECHNOLOGY USA, INC. to LEOTEK CORPORATION.

Note 5: Disposed in December 2022.

Note 6: The investment income/losses and adjustment for changes in equities are recognized by the Group.

Note 7: Liquidated in July 2022.

Note 8: Refer to Table 9 for information on investments in mainland China.

(Concluded)

TABLE 9

Consolidated Financial Statements

LITE-ON TECHNOLOGY CORPORATION AND INVESTEEES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(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 January 1, 2022	Investment of Flows		Accumulated Outflow of Investment from December 31, 2022	Net Income (Losses) of Investee Company (Note 2)	Percentage of Ownership	Share of Profits/Losses (Note 2)	Carrying Amount as of December 31, 2022 (Note 2)	Accumulated Inward Remittance of Earnings as of December 31, 2022	Note
						Outflow	Inflow							
LITE-ON TECHNOLOGY CORPORATION	LITE-ON COMPUTER TECHNOLOGY (DONGGUAN) CO., LTD.	Manufacture and sale of display device	\$ 502,988	a	\$ 873,158	\$ -	\$ -	\$ 873,158	\$ -	100.00	\$ -	\$ -	-	Note 3
	LITE-ON ELECTRONICS (TIANJIN) CO., LTD.	ODM services	(US\$ 2,131,400)	a	(US\$ 2,076,498)	-	-	(US\$ 2,076,498)	316,113	100.00	(CNY 68,567)	(HK\$ 2,398,060)	-	-
	LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	Manufacture of electronic components	(US\$ 64,500)	a	(US\$ 1,085,718)	-	-	(US\$ 1,085,718)	188,800	100.00	(CNY 40,952)	(HK\$ 2,946,397)	-	-
	SILITEK ELEC. (DONGGUAN) CO., LTD.	Manufacture and sale of keyboards	(US\$ 35,400)	a	(US\$ 147,216)	-	-	(US\$ 147,216)	623,045	100.00	(CNY 135,142)	(HK\$ 749,014)	-	-
	LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	Manufacture and sale of printers and scanners	(US\$ 4,800)	a	(US\$ 4,800)	-	-	(US\$ 4,800)	1,065,287	100.00	(CNY 231,067)	(HK\$ 1,165,044)	-	Note 3
	CHINA BRIDGE (CHINA) CO., LTD.	Investment activities, consulting services and acting as a sales agent	(US\$ 37,870)	a	(US\$ 36,600)	-	-	(US\$ 36,600)	76,574	100.00	(CNY 16,609)	(HK\$ 1,911,730)	-	Notes 4 and 5
	LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	Manufacture and sale of IT products	(US\$ 30,000)	a	(US\$ 912,270)	-	-	(US\$ 912,270)	371,297	100.00	(CNY 80,536)	(HK\$ 2,249,527)	-	-
	LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	Manufacture and sale of IT products	(US\$ 1,362,242)	a	(US\$ 1,321,722)	-	-	(US\$ 1,321,722)	43,095	100.00	(CNY 80,536)	(HK\$ 571,860)	-	-
	LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	Manufacture and sale of mobile terminal equipment	(US\$ 44,416)	a	(US\$ 43,095)	-	-	(US\$ 43,095)	753,255	100.00	(US\$ 24,560)	-	-	Note 4
	LITE-ON COMMUNICATION (GUANGZHOU) COMPANY LIMITED	Manufacture and sale of mobile terminal equipment	(US\$ 753,255)	a	(US\$ 753,255)	-	-	(US\$ 753,255)	-	100.00	-	-	-	Note 4
	LITE-ON TECHNOLOGY (GUANGZHOU) LIMITED	Manufacture and sale of computer case	(US\$ 1,018,244)	a	(US\$ 1,018,244)	-	-	(US\$ 1,018,244)	-	100.00	-	-	-	Note 4
	LITE-ON TECHNOLOGY (GUANGZHOU) LIMITED	Manufacture and sale of application software and multimedia product design	(US\$ 33,200)	a	(US\$ 33,200)	-	-	(US\$ 33,200)	-	1.87	-	-	-	-
	COMMIT Incorporated	Manufacture and sale of application software and multimedia product design	(US\$ 984,078)	a	(US\$ 18,402)	-	-	(US\$ 600)	600	100.00	-	-	-	Note 4
	LITE-ON ELECTRONICS AND WIRELESS (GUANGZHOU) LIMITED	Manufacture and sale of mobile terminal equipment	(US\$ 484,893)	a	(US\$ 484,893)	-	-	(US\$ 484,893)	-	100.00	-	-	-	Note 4
	LITE-ON (GUANGZHOU) INFORTECH CO., LTD.	Information outsourcing	(US\$ 15,810)	a	(US\$ 15,810)	-	-	(US\$ 15,810)	-	100.00	-	-	-	Note 4
	LITE-ON (GUANGZHOU) PRECISION TOOLING LTD.	Manufacture and sale of modules	-	a	71,888	-	-	-	-	-	-	-	-	Note 5
	LITE-ON (GUANGZHOU) PRECISION TOOLING LTD.	Manufacture and sale of modules	(US\$ 558,194)	a	(US\$ 374,174)	-	-	(US\$ 12,200)	374,174	100.00	-	-	-	Note 4
	LITE-ON TECHNOLOGY (GUANGZHOU) LTD.	Manufacture and sale of electronic components	(US\$ 18,200)	a	(US\$ 40,335)	-	-	(US\$ 40,335)	65,248	100.00	(CNY 14,158)	(HK\$ 190,763)	-	-
	LITE-ON TECHNOLOGY (XIANNING) CO., LTD.	Manufacture and sale of electronic components	(US\$ 12,000)	a	(US\$ 40,335)	-	-	(US\$ 13,335)	14,158	100.00	(CNY 3,873)	(US\$ 438,215)	-	-
	LITE-ON TECHNOLOGY (JIANGSU) CO., LTD.	Investment activities, consulting services and acting as a sales agent	(US\$ 6,500)	a	(US\$ 199,355)	-	-	(US\$ 199,355)	39,873	100.00	(CNY 8,649)	(US\$ 14,190)	-	-
	LITE-ON TECHNOLOGY (JIANGSU) INVESTMENT COMPANY LIMITED	Investment activities	(US\$ 5,091,220)	a	(US\$ 5,091,220)	-	-	(US\$ 5,091,220)	1,085,314	100.00	(CNY 235,411)	(HK\$ 9,410,630)	-	-
	LITE-ON TECHNOLOGY (GZ) INVESTMENT COMPANY LIMITED	Investment activities	(US\$ 166,000)	a	(US\$ 166,000)	-	-	(US\$ 166,000)	49,820	100.00	(CNY 10,806)	(HK\$ 2,392,310)	-	-
	LITE-ON POWER TECHNOLOGY (DONGGUAN) CO., LTD.	Development, manufacture and sale of electronic components, power supplies and provision of technology consulting services	(US\$ 80,000)	a	(US\$ 80,000)	-	-	(US\$ 80,000)	335,396	100.00	(CNY 72,749)	(HK\$ 178,346)	-	-
	CHANGZHOU LEOTEK NEW ENERGY TRADE LIMITED	Wholesale, import, export and installation of street lights, signal lights, scenery lights and new-type electronic components	(US\$ 489,855)	a	(US\$ 489,855)	-	-	(US\$ 489,855)	335,396	100.00	(CNY 72,749)	(HK\$ 178,346)	-	-
	CHANGZHOU LEOTEK NEW ENERGY TRADE LIMITED	Wholesale, import, export and installation of street lights, signal lights, scenery lights and new-type electronic components	(US\$ 15,972)	a	(US\$ 15,972)	-	-	(US\$ 15,972)	3,889	100.00	(CNY -843)	(CNY -13,158)	-	-
	LITE-ON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD.	Manufacture of automotive components	(US\$ 30,670)	a	(US\$ 30,670)	-	-	(US\$ 30,670)	(3,889)	100.00	(CNY -843)	(CNY -13,158)	-	-
	LiteON Auto Electric Technology (Guangzhou) Ltd.	Manufacture and sale of optical disc drives	(US\$ 1,318,810)	a	(US\$ 1,318,810)	-	-	(US\$ 43,000)	(90,338)	100.00	(CNY -19,595)	(US\$ 52,618)	-	-
	LITEON-HIT OPTO TECH (BH) CO., LTD.	Manufacture and sale of optical disc drives	(US\$ 43,000)	a	(US\$ 43,000)	-	-	(US\$ 43,000)	1,613,795	100.00	(CNY -19,595)	(US\$ 52,618)	-	-
	Lite-On (Guangzhou) Automotive Electronics Limited	Manufacture, sale and processing of electronic products	(US\$ 61,340)	a	(US\$ 61,340)	-	-	(US\$ 2,000)	56,736	100.00	(CNY 12,306)	(US\$ 140,939)	-	-
	Lite-On (Guangzhou) Automotive Electronics Limited	Manufacture and sale of optical disc drives	(US\$ 2,000)	a	(US\$ 2,000)	-	-	(US\$ 2,000)	4,595	100.00	(CNY 195,890)	(US\$ 2,139,992)	-	-
	Lite-On (Guangzhou) Automotive Electronics Limited	Manufacture, sale and processing of electronic products	(US\$ 1,686,850)	a	(US\$ 1,686,850)	-	-	(US\$ 55,000)	42,490	100.00	(CNY 265,694)	(US\$ 1,786,877)	-	-
	Lite-On (Guangzhou) Automotive Electronics Limited	Manufacture, sale and processing of electronic products	(US\$ 55,000)	a	(US\$ 180,037)	-	-	(US\$ 180,037)	265,694	100.00	(CNY 57,631)	(HK\$ 458,248)	-	-
	Lite-On (Guangzhou) Automotive Electronics Limited	Manufacture, sale and processing of electronic products	(US\$ 190,154)	a	(US\$ 180,037)	-	-	(US\$ 5,870)	57,631	100.00	(CNY 57,631)	(HK\$ 458,248)	-	-
	Lite-On (Guangzhou) Automotive Electronics Limited	Manufacture, sale and processing of electronic products	(US\$ 6,200)	a	(US\$ 6,200)	-	-	(US\$ 6,200)	57,631	100.00	(CNY 57,631)	(HK\$ 458,248)	-	-

(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 in Taiwan of January 1, 2022	Investment of Flows		Accumulated Outflow of Investment in Taiwan of December 31, 2022	Net Income (Losses) of the Investee Company (Note 2)	Percentage of Ownership	Shares of Profits/Losses (Note 2)	Carrying Amount as of December 31, 2022 (Note 2)	Accumulated Inward Remittance of Earnings of December 31, 2022	Note
						Outflow	Inflow							
LITE-ON TECHNOLOGY CORPORATION	LITE-ON AUTOMOTIVE (WUXI) CO., LTD.	Manufacture, sale and processing of electronic products	\$ 153,350 (US\$ 5,000)	a	\$ 153,350 (US\$ 5,000)	-	\$ -	\$ 153,350 (US\$ 5,000)	\$ 25,935 (CNY 130,630)	100.00	\$ 25,935 (CNY 130,630)	\$ 231,569 (HK\$ 58,868)	-	
	HUIZHOU LI SHIN ELECTRONIC CO., LTD.	Manufacture of computer peripheral products	\$ 407,180 (US\$ 13,276)	a	\$ 197,573 (US\$ 6,442)	-	-	\$ 197,573 (US\$ 6,442)	\$ 130,630 (CNY 28,334)	100.00	\$ 130,630 (CNY 28,334)	\$ 759,634 (US\$ 24,768)	-	
	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Manufacture and sale of energy-saving equipment	\$ 2,177,570 (US\$ 71,000)	a	\$ 2,177,570 (US\$ 71,000)	-	-	\$ 2,177,570 (US\$ 71,000)	\$ 300,086 (CNY 65,090)	100.00	\$ 300,086 (CNY 65,090)	\$ 3,014,608 (US\$ 98,292)	-	
	BEIJING LITE-ON MOBILE ELECTRONIC AND TELECOMMUNICATION COMPONENTS CO., LTD.	Manufacture and sale of mobile phone modules and design of assembly lines	\$ 490,720 (US\$ 16,000)	a	\$ 1,246,502 (US\$ 40,643)	-	-	\$ 1,246,502 (US\$ 40,643)	\$ (59,032) (CNY -12,804)	100.00	\$ (59,032) (CNY -12,804)	\$ 200,699 (US\$ 6,544)	-	
	GUANGZHOU LITE-ON MOBILE ENGINEERING PLASTICS CO., LTD.	Manufacture and sale of mobile phone modules and design of assembly lines	\$ 600,212 (US\$ 19,570)	a	\$ 1,836,987 (US\$ 59,895)	-	-	\$ 1,836,987 (US\$ 59,895)	\$ 41,146 (CNY 8,925)	100.00	\$ 41,146 (CNY 8,925)	\$ 1,089,830 (US\$ 35,534)	-	
	LITE-ON GREEN TECHNOLOGIES (NANJING) CORPORATION	Solar energy engineering	\$ 23,003 (US\$ 750)	a	\$ 23,003 (US\$ 750)	-	-	\$ 23,003 (US\$ 750)	\$ (1,367) (CNY -297)	100.00	\$ (1,367) (CNY -297)	\$ (8,486) (US\$ -1,921)	-	
	Changzhou Biniu Thin Film Solar Greenhouse Co., Ltd.	Manufacture and sale of solar energy engineering	\$ 441,870 (CNY 100,000)	a	\$ 91,909 (US\$ 2,997)	-	-	\$ 91,909 (US\$ 2,997)	\$ -	19.90	\$ -	\$ 4,279 (US\$ 140)	-	
	Epcrystal (Changzhou) Co., Ltd.	Design, manufacture and sale of light-emitting diode and related display	\$ 4,815,190 (US\$ 157,000)	a	\$ 828,090 (US\$ 27,000)	-	-	\$ 828,090 (US\$ 27,000)	\$ (28,735) (CNY -49,180)	19.74	\$ (44,752) (CNY -207,509)	\$ 916,918 (CNY 207,509)	-	Note 6
	DONGGUAN LITE-ON COMPUTER CO., LTD.	Manufacture and sale of computer hosts and peripherals, keyboards, scanners, printers, processes	\$ 61,340 (US\$ 2,000)	a	\$ 61,340 (US\$ 2,000)	-	-	\$ 61,340 (US\$ 2,000)	\$ 3,998 (CNY 867)	100.00	\$ 3,998 (CNY 867)	\$ 60,178 (CNY 13,619)	-	
	NI (SHANGHAI) CO., LTD.	Import and export of electronic components	\$ 9,201 (US\$ 300)	a	\$ 95,015 (US\$ 3,098)	-	-	\$ 95,015 (US\$ 3,098)	\$ 4,896 (CNY 1,062)	100.00	\$ 4,896 (CNY 1,062)	\$ 8,251 (JPY 35,655)	-	Note 7
Philips & Lite-On Digital Solutions Corporation	Philips & Lite-On Digital Solutions (Shanghai) Co., Ltd.	Sale of optical disc drives	\$ 30,670 (US\$ 1,000)	a	\$ 30,670 (US\$ 1,000)	-	-	\$ 30,670 (US\$ 1,000)	\$ (26,562) (CNY -5,762)	100.00	\$ (26,562) (CNY -5,762)	\$ 396,736	-	

Investor Company	Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA		Upper Limit on Investment
		Investment	Upper Limit on Investment	
LITE-ON TECHNOLOGY CORPORATION	\$ 28,855,057 (US\$ 940,824)	\$ 38,359,736 (US\$ 1,250,725)	Note 8	
Philips & Lite-On Digital Solutions Corporation	\$ 30,670 (US\$ 1,000)	\$ 30,670 (US\$ 1,000)	\$ 333,093 (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) PRECISION TOOLING LTD. LITE-ON COMMUNICATION (GUANGZHOU) COMPANY LIMITED and LITE-ON 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 (GUANGZHOU) INFOTECH CO., LTD. merged with LITE-ON ELECTRONICS (GUANGZHOU) LIMITED, with LITE-ON ELECTRONICS (GUANGZHOU) LIMITED as the surviving entity. It was approved by the Ministry of Economic Affairs on December 21, 2022 under Order No. 11100096860.

Note 6: Under Letter No. 11000338140 on January 6, 2022, the Ministry of Economic Affairs Investment Review Committee approved the deregistration of Epcrystal (Changzhou) Co., Ltd. for not implementing the investment and releasing the project control, with the amount of US\$8,196 thousand.

Note 7: Investment profits or losses and adjustments for changes in equity investment were recognized by the Company.

Note 8: Under Order No. 10920439200 issued by the Ministry of Economic Affairs on January 4, 2021, the Company acquired a certification approved by the Industrial Development Bureau and valid from December 18, 2020 to December 17, 2023 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.

(Concluded)

TABLE 10

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2022
(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	\$ 6,218,803	Cost-plus pricing	4
		Philips & Lite-On Digital Solutions Corporation	a.	Trade receivables	2,044,260	Cost-plus pricing	1
		LITE-ON SINGAPORE PTE. LTD.	a.	Sales	3,911,548	Cost-plus pricing	2
		LITE-ON TRADING USA, INC.	a.	Sales	4,766,372	Cost-plus pricing	3
		LITE-ON TRADING USA, INC.	a.	Trade receivables	2,225,104	Cost-plus pricing	1
		LITE-ON VIETNAM CO., LTD.	a.	Purchases	1,825,086	Cost-plus pricing	1
		LITE-ON SINGAPORE PTE. LTD.	a.	Purchases	24,948,174	Cost-plus pricing	14
		LITE-ON SINGAPORE PTE. LTD.	a.	Trade payables	8,705,126	Cost-plus pricing	4
		Lite-On Overseas Trading Co., Ltd.	a.	Purchases	59,044,842	Cost-plus pricing	34
Lite-On Overseas Trading Co., Ltd.	a.	Trade payables	17,915,360	Cost-plus pricing	9		
1	Philips & Lite-On Digital Solutions Corporation	Philips & Lite-On Digital Solutions USA, Inc.	a.	Sales	4,738,939	Cost-plus pricing	3
2	LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	Lite-On Overseas Trading Co., Ltd.	c.	Sales	13,158,873	Cost-plus pricing	8
		Lite-On Overseas Trading Co., Ltd.	c.	Trade receivables	2,089,526	Cost-plus pricing	1
3	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	c.	Sales	5,470,054	Cost-plus pricing	3
4	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	c.	Sales	15,797,458	Cost-plus pricing	9
		LITE-ON SINGAPORE PTE. LTD.	c.	Trade receivables	4,038,708	Cost-plus pricing	2
		Lite-On Overseas Trading Co., Ltd.	c.	Sales	8,238,806	Cost-plus pricing	5
5	LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	Lite-On Overseas Trading Co., Ltd.	c.	Sales	14,437,811	Cost-plus pricing	8
6	SILITEK ELEC. (DONGGUAN) CO., LTD.	Lite-On Overseas Trading Co., Ltd.	c.	Sales	9,805,211	Cost-plus pricing	6
		Lite-On Overseas Trading Co., Ltd.	c.	Trade receivables	3,013,239	Cost-plus pricing	2
7	LITE-ON POWER TECHNOLOGY (DONGGUAN) CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	c.	Sales	1,844,034	Cost-plus pricing	1
8	HUIZHOU LI SHIN ELECTRONIC CO., LTD.	Lite-On Overseas Trading Co., Ltd.	c.	Sales	2,043,431	Cost-plus pricing	1
9	LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	Lite-On Overseas Trading Co., Ltd.	c.	Sales	20,000,340	Cost-plus pricing	12
		Lite-On Overseas Trading Co., Ltd.	c.	Trade receivables	7,322,835	Cost-plus pricing	4

(Continued)

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transaction			% of Consolidated Net Revenue or Total Assets (Note 3)
				Financial Statements Item	Amount	Terms	
10	LITEON-IT OPTO TECH (BH) CO., LTD.	Lite-On Overseas Trading Co., Ltd.	c.	Sales	\$ 4,627,314	Cost-plus pricing	3
11	Lite-On Electronics (Thailand) Co., Ltd.	LITE-ON SINGAPORE PTE. LTD.	c.	Sales	4,692,197	Cost-plus pricing	3
12	LITE-ON SINGAPORE PTE. LTD.	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD. LITE-ON ELECTRONICS H.K. LIMITED LITE-ON TRADING USA, INC. LITE-ON TRADING USA, INC.	a. c. c. c.	Sales Sales Sales Trade receivables	1,853,444 2,195,080 8,751,825 3,770,052	Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing	1 1 5 2
13	Lite-On International Holding Co., Ltd.	LITE-ON CHINA HOLDING CO., LTD.	a.	Other receivables	2,473,085	Cost-plus pricing	1
14	Lite-On Overseas Trading Co., Ltd.	LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED 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 SINGAPORE PTE. LTD.	c. c. c. c. c. c. c. c. c. c.	Sales Trade receivables Sales Trade receivables Sales Sales Trade receivables Sales Sales Sales	10,932,848 2,055,055 12,239,849 4,165,679 11,160,117 6,967,364 14,994,282 4,224,504 3,772,411 1,807,266 15,182,021	Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing	6 1 7 2 6 4 9 2 1 9
15	LITE-ON CHINA HOLDING CO., LTD.	LITE-ON ELECTRONICS COMPANY LIMITED	a.	Other receivables	2,473,085	Cost-plus pricing	1
16	Lite-On (Guangzhou) Automotive Electronics Limited	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD. LITE-ON SINGAPORE PTE. LTD.	c. c.	Sales Sales	2,839,137 2,526,141	Cost-plus pricing Cost-plus pricing	2 1

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, 2022. For profit or loss items, cumulative amounts are shown as a percentage to consolidated total operating revenues for the year ended December 31, 2022.

(Continued)

Consolidated Financial Statements

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

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

(Concluded)

Appendix B. Standalone Financial Statements

LITE-ON TECHNOLOGY CORPORATION

Financial Statements for the
Years Ended December 31, 2022 and 2021 and
Independent Auditors' Report



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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
LITE-ON TECHNOLOGY CORPORATION

Opinion

We have audited the accompanying financial statements of LITE-ON TECHNOLOGY CORPORATION (the "Company"), which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the audit of the Company's financial statements for the year ended December 31, 2022 is as follows:

Allowance for Impairment Loss of Trade Receivables

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2022 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 Shiuh-Ran Cheng.

Meng-Chieh, Chiu Shiuh-Ran, Cheng .

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 21, 2023

Notice to Readers

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

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

LITE-ON TECHNOLOGY CORPORATION

BALANCE SHEETS DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 7,418,633	4	\$ 5,074,516	3
Financial assets at fair value through profit or loss (Note 7)	2,653,305	2	594,306	-
Financial assets at amortized cost (Notes 9 and 29)	-	-	3,209	-
Contract assets	102,194	-	115,014	-
Trade receivables, net (Note 11)	22,815,140	14	24,739,559	16
Trade receivables from related parties (Note 28)	8,012,686	5	6,779,064	4
Other receivables	1,126,609	1	521,911	-
Other receivables from related parties (Note 28)	190,320	-	204,911	-
Inventories, net (Note 12)	5,751,382	3	7,051,578	5
Prepayments	1,194,160	1	734,242	1
Total current assets	49,264,429	29	45,818,310	30
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss (Note 7)	507,325	-	154,685	-
Financial assets at fair value through other comprehensive income (Note 8)	727,700	-	879,524	1
Financial assets at amortized cost (Notes 9 and 29)	398,394	-	226,756	-
Investments accounted for using the equity method (Notes 13 and 28)	101,569,154	60	90,305,425	59
Property, plant and equipment, net (Notes 14 and 28)	9,794,480	6	8,986,767	6
Right-of-use assets, net (Note 15)	567,588	-	497,187	-
Intangible assets, net (Note 16)	3,580,319	2	3,556,210	2
Deferred tax assets (Note 23)	2,021,745	1	3,638,738	2
Refundable deposits	154,232	-	74,571	-
Net defined benefit assets (Note 19)	146,607	-	43,130	-
Other non-current assets	6,471	-	6,471	-
Total non-current assets	119,474,015	71	108,369,464	70
TOTAL	\$ 168,738,444	100	\$ 154,187,774	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 17)	\$ 26,759,770	16	\$ 24,876,688	16
Financial liabilities at fair value through profit or loss (Note 7)	243,387	-	364,175	-
Contract liabilities	79,782	-	98	-
Notes payable	32	-	2	-
Trade payables	5,034,229	3	4,572,463	3
Trade payables to related parties (Note 28)	27,733,148	16	29,980,063	19
Other payables	14,950,106	9	12,692,899	8
Other payables to related parties (Note 28)	573,248	-	146,314	-
Current tax liabilities	3,002,064	2	4,297,967	3
Provisions (Note 18)	628,867	-	879,600	1
Lease liabilities (Note 15)	189,387	-	165,018	-
Advances received	2,859,275	2	1,798,587	1
Total current liabilities	82,053,295	49	79,773,874	52
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 17)	3,000,000	2	-	-
Deferred tax liabilities (Note 23)	1,919,736	1	1,702,890	1
Lease liabilities (Note 15)	389,911	-	349,106	-
Guarantee deposits	19,497	-	20,836	-
Total non-current liabilities	5,329,144	3	2,072,832	1
Total liabilities	87,382,439	52	81,846,706	53
EQUITY				
Share capital				
Ordinary shares	23,630,830	14	23,508,670	15
Capital surplus	22,706,153	13	21,836,342	14
Retained earnings				
Legal reserve	16,780,649	10	15,613,679	10
Special reserve	3,214,551	2	5,940,218	4
Unappropriated earnings	21,736,118	13	15,199,955	10
Total retained earnings	41,731,318	25	36,753,852	24
Other equity				
Exchange differences on translating the financial statements of foreign operations	(2,315,737)	(1)	(5,820,080)	(4)
Unrealized loss of financial assets at fair value through other comprehensive income	(304,465)	-	(236,908)	-
Unearned employee compensation	(623,682)	-	-	-
Total other equity	(3,243,884)	(2)	(6,056,988)	(4)
Treasury shares	(3,468,412)	(2)	(3,700,808)	(2)
Total equity	81,356,005	48	72,341,068	47
TOTAL	\$ 168,738,444	100	\$ 154,187,774	100

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

LITE-ON TECHNOLOGY CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales (Notes 21 and 28)	\$ 118,231,667	102	\$ 109,019,699	102
Less: Sales returns	184,748	-	367,988	-
Sales allowance	<u>2,477,605</u>	<u>2</u>	<u>2,396,876</u>	<u>2</u>
Total operating revenue	<u>115,569,314</u>	<u>100</u>	<u>106,254,835</u>	<u>100</u>
COST OF GOODS SOLD (Notes 12, 22 and 28)	<u>(98,434,771)</u>	<u>(85)</u>	<u>(93,456,480)</u>	<u>(88)</u>
GROSS PROFIT	17,134,543	15	12,798,355	12
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	(49,724)	-	-	-
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	<u>-</u>	<u>-</u>	<u>147,496</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>17,084,819</u>	<u>15</u>	<u>12,945,851</u>	<u>12</u>
OPERATING EXPENSES (Notes 22 and 28)				
Selling and marketing expenses	(2,729,803)	(2)	(1,371,106)	(1)
General and administrative expenses	(3,520,107)	(3)	(3,454,692)	(3)
Research and development expenses	(4,946,621)	(4)	(3,870,268)	(4)
Expected credit (loss) gain (Note 11)	<u>(31,404)</u>	<u>-</u>	<u>38,380</u>	<u>-</u>
Total operating expenses	<u>(11,227,935)</u>	<u>(10)</u>	<u>(8,657,686)</u>	<u>(8)</u>
OPERATING INCOME	<u>5,856,884</u>	<u>5</u>	<u>4,288,165</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit of subsidiaries and associates accounted for using the equity method	6,450,425	6	10,510,200	10
Interest income	30,965	-	15,401	-
Dividend income	3,721	-	3,272	-
Other income (Note 28)	1,902,257	2	919,218	1
Net gain (loss) on disposal of property, plant and equipment	13,847	-	(115,189)	-
Net gain on disposal of investments	-	-	59,300	-
Net gain (loss) on foreign currency exchange	(2,580,725)	(2)	315,895	-
Net gain on financial assets at fair value through profit or loss	3,295,859	3	1,441,618	1
Finance costs (Note 22)	(563,270)	-	(94,518)	-

(Continued)

LITE-ON TECHNOLOGY CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
Other expenses	\$ (24,104)	-	\$ (6,512)	-
Impairment loss (Note 16)	-	-	(1,180,743)	(1)
Total non-operating income and expenses	<u>8,528,975</u>	<u>7</u>	<u>11,867,942</u>	<u>11</u>
PROFIT BEFORE INCOME TAX	14,385,859	12	16,156,107	15
INCOME TAX EXPENSE (Note 23)	<u>(234,843)</u>	<u>-</u>	<u>(2,269,555)</u>	<u>(2)</u>
NET PROFIT FOR THE YEAR	<u>14,151,016</u>	<u>12</u>	<u>13,886,552</u>	<u>13</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 19, 20 and 23)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	92,036	-	18,311	-
Unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income	(68,772)	-	11,572	-
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	8,086	-	(1,150)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(18,407)</u>	<u>-</u>	<u>(3,662)</u>	<u>-</u>
	<u>12,943</u>	<u>-</u>	<u>25,071</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	4,229,179	4	(300,307)	-
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	118,370	-	(91,290)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>(849,696)</u>	<u>(1)</u>	<u>38,760</u>	<u>-</u>
	<u>3,497,853</u>	<u>3</u>	<u>(352,837)</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>3,510,796</u>	<u>3</u>	<u>(327,766)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 17,661,812</u>	<u>15</u>	<u>\$ 13,558,786</u>	<u>13</u>

(Continued)

LITE-ON TECHNOLOGY CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 24)				
From continuing operations				
Basic	<u>\$6.19</u>		<u>\$6.01</u>	
Diluted	<u>\$6.10</u>		<u>\$5.92</u>	

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

(Concluded)

LITE-ON TECHNOLOGY CORPORATION

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021
(in Thousands of U.S. Dollars)

	Share of Share Capital (Note 20)		Retained Earnings (Note 20)		Capital Surplus (Note 20)		Other Equity (Notes 20 and 25)		Total Equity			
	Shares (in Thousands)	Amount	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value		Unrealized Comprehensive Income	Employees' Compensation	Treasury Shares (Note 20)
BALANCE AT JANUARY 1, 2021	2,350,867	\$ 23,508,670	\$ 13,789,553	\$ 4,132,075	\$ 17,026,026	\$ 35,547,654	\$ (5,563,051)	\$ (243,583)	\$ (5,808,869)	\$ -	\$ (1,271,314)	\$ 73,898,675
Appropriation of earnings	-	-	1,824,126	-	(1,824,126)	-	-	-	-	-	-	-
Legal reserve	-	-	-	1,308,143	(1,308,143)	-	-	-	-	-	-	-
Cash dividends	-	-	-	(12,692,187)	(12,692,187)	(12,692,187)	-	-	-	-	-	(12,692,187)
Disposal of investments accounted for using the equity method	-	-	-	-	-	-	69,958	-	69,958	-	-	69,958
Difference between subsidiaries' disposal of consideration and carrying amount	-	-	-	-	-	-	25,850	-	25,850	-	-	25,850
Changes in percentage of ownership interest in subsidiaries	-	-	-	(1,393)	(1,393)	(1,393)	-	-	-	-	-	(2,222)
Changes in capital surplus from investments in associates and joint ventures	-	-	-	(2,895)	(2,895)	(2,895)	-	-	-	-	-	89,055
Changes in capital surplus from cash dividends of the Company paid to subsidiaries	-	-	-	-	-	-	-	-	-	-	-	131,647
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	(400)	(400)	(400)	-	-	400	-	-	-
Buyback of ordinary shares	-	-	-	-	-	-	-	-	-	-	-	-
Net profit (or the year ended December 31, 2021)	-	-	-	-	13,886,552	13,886,552	-	-	-	-	(2,429,494)	(2,429,494)
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	16,521	16,521	(353,827)	8,550	(344,287)	-	-	(344,287)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	13,903,073	13,903,073	(353,827)	8,550	(344,287)	-	-	(344,287)
BALANCE AT DECEMBER 31, 2021	2,359,867	\$ 23,508,670	\$ 15,613,679	\$ 5,940,218	\$ 15,199,955	\$ 36,753,852	\$ (8,820,080)	\$ (238,908)	\$ (6,056,988)	\$ -	\$ (3,700,808)	\$ 72,341,668
Appropriation of earnings	-	-	1,166,970	-	(1,166,970)	-	-	-	-	-	-	-
Legal reserve	-	-	-	(2,725,667)	(2,725,667)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	-	-	-	-	-
Disposal of investments accounted for using the equity method	-	-	-	-	-	-	6,490	-	6,490	-	-	6,490
Difference between subsidiaries' disposal of consideration and carrying amount	-	-	-	-	-	-	-	-	-	-	-	30,549
Share-based payment transaction	12,216	-	-	-	-	-	-	-	-	-	-	120,925
Disposal of treasury stocks	-	-	-	-	-	-	-	-	-	-	-	320,411
Changes in percentage of ownership interest in subsidiaries	-	-	-	(12,430)	(12,430)	(12,430)	-	-	-	-	232,396	37,793
Restructuring	-	-	-	-	-	-	-	-	-	-	-	(29,824)
Changes in capital surplus from investments in associates and joint ventures	-	-	-	-	-	-	-	-	-	-	-	10,843
Changes in capital surplus from cash dividends of the Company paid to subsidiaries	-	-	-	-	-	-	-	-	-	-	-	97,517
Other changes in equity	-	-	-	-	-	-	-	-	-	-	-	41
Net profit (or the year ended December 31, 2022)	-	-	-	-	14,151,016	14,151,016	-	-	-	-	-	14,151,016
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	80,500	80,500	3,497,853	(67,552)	3,430,306	-	-	3,430,306
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	14,231,516	14,231,516	3,497,853	(67,552)	3,430,306	-	-	17,661,812
BALANCE AT DECEMBER 31, 2022	2,363,083	\$ 23,630,830	\$ 16,280,649	\$ 3,214,551	\$ 21,736,118	\$ 41,231,318	\$ (2,315,727)	\$ (504,465)	\$ (623,682)	\$ -	\$ (3,468,412)	\$ 81,356,085

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

LITE-ON TECHNOLOGY CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 14,385,859	\$ 16,156,107
Adjustments for:		
Depreciation expenses	1,098,681	750,844
Amortization expenses	119,072	159,277
Expected credit loss (gain)	31,404	(38,380)
Net gain on fair value changes of financial instruments as at fair value through profit or loss	(3,295,859)	(1,441,618)
Finance costs	563,270	94,518
Interest income	(30,965)	(15,401)
Dividend income	(3,721)	(3,272)
Share of profit of subsidiaries and associates accounted for using the equity method	(6,450,425)	(10,510,200)
Net loss (gain) on disposal of property, plant and equipment	(13,847)	115,189
Net gain on disposal of investments	-	(59,300)
Impairment loss recognized on non-financial assets	137,099	1,388,427
Unrealized gain on transactions with subsidiaries and associates	49,724	-
Realized gain on transactions with subsidiaries and associates	-	(147,496)
Unrealized net loss on foreign currency exchange	328,453	270,205
Recognition of provisions	105,271	79,246
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	1,041,832	515,405
Contract assets	11,601	156,381
Trade receivables	1,598,893	(2,757,512)
Trade receivables from related parties	(1,233,622)	1,419,128
Other receivables	(604,975)	620,215
Other receivables from related parties	14,591	(33,121)
Inventories	1,163,097	(1,618,002)
Prepayments	(464,913)	(56,099)
Contract liabilities	79,684	(12,961)
Notes payable	30	2
Trade payables	925,495	380,372
Trade payables to related parties	(2,246,915)	2,188,483
Other payables	2,325,875	80,222
Other payables to related parties	426,934	40,429
Provisions	(140,138)	(195,812)
Advance receipts	1,062,913	441,654
Net defined benefit assets	(11,441)	(11,738)
Cash generated from operations	10,972,957	7,955,192
Interest received	30,580	15,672
Dividends received	3,721	3,272
Interest paid	(415,934)	(92,148)
Income tax paid	(565,010)	(1,209,441)
Net cash generated from operating activities	<u>10,026,314</u>	<u>6,672,547</u>

(Continued)

LITE-ON TECHNOLOGY CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of financial assets at fair value through other comprehensive income	\$ (195,347)	\$ (417,475)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	18,059
Purchases of financial assets at amortized costs	(171,642)	(257)
Proceeds from disposal of financial assets at amortized costs	3,213	89,252
Proceeds from disposal of investments accounted for using the equity method	-	1,014,378
Net cash inflow on disposal of subsidiary	48,052	-
Acquisition of property, plant and equipment	(1,595,901)	(1,219,376)
Proceeds from disposal of property, plant and equipment	14,340	43,503
Increase in refundable deposits	(79,661)	(35,229)
Acquisition of intangible assets	(146,584)	(131,216)
Proceeds from disposal of intangible assets	2,969	55
Net cash inflows from business combination	-	24,784
Dividends received from subsidiaries and associates	134,871	99,482
Net cash outflow on Spin-off	<u>(689,587)</u>	<u>-</u>
Net cash used in investing activities	<u>(2,675,277)</u>	<u>(514,040)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	1,569,407	7,999,787
Proceeds from long-term borrowings	3,000,000	-
Proceeds from guarantee deposits received	(1,339)	1,018
Repayments of the principal portion of lease liabilities	(199,449)	(62,129)
Cash dividends paid	(9,241,620)	(12,692,187)
Payments for buy-back of ordinary shares	-	(2,429,494)
Acquisition of subsidiaries	(188,759)	(2,964)
Proceeds from disposal of partial interests in subsidiary without a loss of control	<u>54,840</u>	<u>-</u>
Net cash used in financing activities	<u>(5,006,920)</u>	<u>(7,185,969)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,344,117	(1,027,462)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>5,074,516</u>	<u>6,101,978</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 7,418,633</u>	<u>\$ 5,074,516</u>

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

(Concluded)

LITE-ON TECHNOLOGY CORPORATION

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

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

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

The financial statements of the Company are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company’s board of directors on February 21, 2023.

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

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

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the Company’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

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

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occurred on or after January 1, 2022.

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
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
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
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

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

Note 2: 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.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

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

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

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

When preparing the Company's financial statements, the Company used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company's financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and associates, the share of other comprehensive income of subsidiaries and associates and the related equity items, as appropriate, in the parent company only financial statements.

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

Current assets include:

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

Current liabilities include:

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

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

d. Foreign currencies

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

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

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

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

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

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

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

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

e. Inventories

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

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

When the Company acquires a subsidiary that does not constitute a business, the Company appropriately allocates the cost of acquisition to the Company's share of the amounts of the identifiable assets acquired (including intangible assets) and liabilities assumed, and the transaction does not give rise to goodwill nor gains.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions between subsidiaries is eliminated in full in the financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only to the extent of interests in the subsidiaries that are not related to the Company.

g. Investments in associates

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

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

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

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

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

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

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

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

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

h. Property, plant and equipment

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

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

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

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

i. Goodwill

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

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

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

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

j. Intangible assets

1) Intangible assets acquired separately

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

2) Intangible assets acquired in a business combination

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

3) Derecognition of intangible assets

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

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

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

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

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

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

l. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 27: Financial Instruments.

ii. Financial assets at amortized cost

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

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

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

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

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

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

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

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets and contract assets

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

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

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

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

Fair value is determined in the manner described in Note 27.

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including currency swaps.

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

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts, and the host contracts are not measured at FVTPL.

m. Provisions

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

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

n. Revenue recognition

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

1) Revenue from the sale of goods

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

2) Revenue from the services

Services revenue are recognized when services are provided.

o. Leases

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

1) The Company as lessor

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

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

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

2) The Company as lessee

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

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

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

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

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

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

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

p. 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.

q. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

3) Termination benefits

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

r. 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.

s. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Critical Accounting Judgements

- Business model assessment for financial assets

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

Key Sources of Estimation Uncertainty

- a. Estimated impairment of financial assets

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

- b. Write-down of inventories

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

- c. Impairment of goodwill

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

6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	2022	2021
Cash on hand	\$ 248	\$ 316
Checking accounts	1,673	2,516
Demand deposits	<u>7,416,712</u>	<u>5,071,684</u>
	<u>\$ 7,418,633</u>	<u>\$ 5,074,516</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>	
	2022	2021
Demand deposits	0%-4.12%	0%-0.3%

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

	<u>December 31</u>	
	2022	2021
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivative financial instruments (not under hedge accounting)		
Forward exchange contracts	\$ 2,365,339	\$ 349,815
Currency swaps	<u>287,966</u>	<u>244,491</u>
	<u>\$ 2,653,305</u>	<u>\$ 594,306</u>
<u>Financial assets at FVTPL - non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	\$ 211,497	\$ 137,467
Domestic listed shares	10,045	17,218
Hybrid financial assets		
Foreign convertible preferred shares	<u>285,783</u>	<u>-</u>
	<u>\$ 507,325</u>	<u>\$ 154,685</u>
<u>Financial liabilities at FVTPL - current</u>		
Financial liabilities held for trading		
Derivative financial instruments (not under hedge accounting)		
Forward exchange contracts	\$ 238,530	\$ 364,175
Currency swaps	<u>4,857</u>	<u>-</u>
	<u>\$ 243,387</u>	<u>\$ 364,175</u>

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

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2022</u>			
Currency swaps	USD/NTD	2023.01.09-2023.02.10	USD600,000/NTD18,647,720
Forward exchange contracts	USD/NTD	2023.01.04-2023.12.18	USD1,534,000/NTD44,463,226
<u>December 31, 2021</u>			
Currency swaps	USD/NTD	2022.01.18-2022.07.11	USD940,000/NTD26,202,240
Forward exchange contracts	USD/NTD	2022.01.07-2022.12.27	USD1,756,000/NTD47,668,097

The Company entered into derivative contracts in 2022 and 2021 to manage exposures due to fluctuations of foreign exchange rates. The derivative contracts entered into by the Company did not meet the criteria for hedge accounting. Thus, the derivative contracts are classified as financial assets or financial liabilities at FVTPL. The financial risk management objectives of the Company were to minimize risks due to changes in fair value or cash flows.

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

Investments in Equity Instruments at FVTOCI

	<u>December 31</u>	
	2022	2021
<u>Non-current</u>		
Domestic investments		
Listed shares and emerging market shares	\$ 282,485	\$ 161,393
Listed Taiwan Innovation Board shares	421,780	-
Unlisted shares	<u>23,435</u>	<u>14,809</u>
	<u>727,700</u>	<u>176,202</u>
Foreign investments		
Unlisted shares	<u>-</u>	<u>703,322</u>
	<u>\$ 727,700</u>	<u>\$ 879,524</u>

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

9. FINANCIAL ASSETS AT AMORTIZED COSTS

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Pledged deposits	<u>\$ 398,394</u>	<u>\$ 229,965</u>
Current	\$ -	\$ 3,209
Non-current	<u>398,394</u>	<u>226,756</u>
	<u>\$ 398,394</u>	<u>\$ 229,965</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 29 for information related to investments in financial assets at amortized cost pledged as security.

10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments are classified as at amortized cost.

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>At amortized cost</u>		
Gross carrying amount	\$ 398,394	\$ 229,965
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
Amortized costs	<u>\$ 398,394</u>	<u>\$ 229,965</u>

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

11. TRADE RECEIVABLES, NET

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 22,847,191	\$ 24,741,425
Allowance for impairment loss	<u>(32,051)</u>	<u>(1,866)</u>
	<u>\$ 22,815,140</u>	<u>\$ 24,739,559</u>

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

The Company estimates expected credit losses according to the prescribed approach, which permits the recognition of lifetime expected losses for all trade receivables. The expected credit losses on trade receivables are estimated using 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 Company uses different provision matrixes based on customer segments by default risks and determines the expected credit loss by reference to the expected credit loss rate of each customer segment.

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

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

December 31, 2022

	Not Past Due	Past Due Within 60 Days	Past Due 61 to 210 Days	Past Due 211 to 240 Days	Past Due Over 241 Days	Total
Expected credit loss rate	0%	0.1%-5%	20%-70%	50%-100%	100%	
Gross carrying amount	\$ 22,477,098	\$ 271,137	\$ 92,265	\$ -	\$ 6,691	\$ 22,847,191
Loss allowance	-	(1,873)	(23,487)	-	(6,691)	(32,051)
Amortized cost	<u>\$ 22,477,098</u>	<u>\$ 269,264</u>	<u>\$ 68,778</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,815,140</u>

December 31, 2021

	Not Past Due	Past Due Within 60 Days	Past Due 61 to 210 Days	Past Due 211 to 240 Days	Past Due Over 241 Days	Total
Expected credit loss rate	0%	0.1%-5%	40%-70%	50%-100%	100%	
Gross carrying amount	\$ 24,606,663	\$ 132,442	\$ 1,618	\$ -	\$ 702	\$ 24,741,425
Loss allowance	-	(245)	(919)	-	(702)	(1,866)
Amortized cost	<u>\$ 24,606,663</u>	<u>\$ 132,197</u>	<u>\$ 699</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,739,559</u>

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

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Balance at January 1	\$ 1,866	\$ 67,709
Expected credit loss (gain)	30,185	(38,380)
Amounts written off	-	(27,463)
Balance at December 31	<u>\$ 32,051</u>	<u>\$ 1,866</u>

12. INVENTORIES, NET

	December 31	
	2022	2021
Finished good	\$ 3,274,608	\$ 5,375,651
Raw materials	2,114,708	1,461,584
Work in progress	361,704	214,274
Inventory in transit	<u>362</u>	<u>69</u>
	<u>\$ 5,751,382</u>	<u>\$ 7,051,578</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2022 and 2021 was \$98,434,771 thousand and \$93,456,480 thousand, respectively.

The cost of inventories recognized as cost of goods sold included an increase in cost of goods sold due to inventory write-downs to the net realizable value. The separate columns are as follows:

	For the Year Ended December 31	
	2022	2021
Write-down of inventories	<u>\$ 137,099</u>	<u>\$ 207,684</u>

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2022	2021
Investments in subsidiaries	\$ 100,610,248	\$ 89,404,000
Investments in associates	<u>958,906</u>	<u>901,425</u>
	<u>\$ 101,569,154</u>	<u>\$ 90,305,425</u>

a. Investments in subsidiaries

	December 31			
	2022		2021	
	%	Book Value	%	Book Value
Lite-On International Holding Co., Ltd.	100.00	\$ 24,349,246	100.00	\$ 21,568,426
LITE-ON ELECTRONICS H.K. LIMITED	100.00	21,402,178	100.00	20,067,506
LITE-ON SINGAPORE PTE. LTD.	100.00	28,203,803	100.00	21,816,172
HIGH YIELD GROUP CO., LTD.	100.00	5,984,977	100.00	5,993,663
LITE-ON MOBILE PTE. LTD.	100.00	2,591,215	100.00	2,517,919
LITE-ON TECHNOLOGY USA, INC.	100.00	2,166,987	100.00	2,195,274
Lite-On Automotive International (Cayman) Co., Ltd.	100.00	2,701,701	100.00	2,461,167
Lite-On Electronics (Thailand) Co., Ltd.	100.00	2,241,492	100.00	1,839,836
KBW-LITEON Jordan Private Shareholding Limited	99.86	466,605	99.86	449,882

(Continued)

	December 31			
	2022		2021	
	%	Book Value	%	Book Value
Lite-On Capital Corporation	100.00	\$ 1,150,486	100.00	\$ 1,088,606
EAGLE ROCK INVESTMENT LTD.	100.00	1,462,733	100.00	1,415,758
Lite-On Japan Ltd.	100.00	881,530	100.00	867,884
LITE-ON VIETNAM CO., LTD.	100.00	1,923,755	100.00	1,726,921
Lite-On Technology (Europe) B.V.	54.00	275,831	54.00	195,888
LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED	99.00	270,249	99.00	319,776
Philips & Lite-On Digital Solutions Corporation	49.00	272,026	49.00	225,065
Lite-On Overseas Trading Co., Ltd.	100.00	1,493,477	100.00	1,631,594
LITE-ON AUTOMOTIVE ELECTRONICS MEXICO, S.A. DE C.V.	99.00	408,903	99.00	285,349
SKYLA CORPORATION	55.19	229,290	62.60	226,315
LTC GROUP LTD.	100.00	1,395,488	100.00	2,323,349
LITE-ON ELECTRONICS (EUROPE) LIMITED	100.00	74,779	100.00	70,651
Lite-On Integrated Service Inc.	-	-	100.00	45,000
LET (HK) LIMITED	100.00	42,267	100.00	71,545
KBW-LEOTEK Jordan Private Shareholding Limited	49.00	633	49.00	404
LEOTEK CORPORATION	100.00	586,374	100.00	50
LITE-ON MOBILE INDÚSTRIA E COMÉRCIO DE PLÁSTICOS LTDA.	2.97	<u>34,223</u>	-	<u>-</u>
		<u>\$ 100,610,248</u>		<u>\$ 89,404,000</u> (Concluded)

b. Investments in associates

	December 31	
	2022	2021
Associates that are not individually material	<u>\$ 958,906</u>	<u>\$ 901,425</u>
<u>Aggregate information of associates that are not individually material</u>		
	For the Year Ended December 31	
	2022	2021
The Company's share of:		
Profit for the year	\$ 36,248	\$ 67,563
Other comprehensive income (loss) for the year	<u>52,916</u>	<u>(13,139)</u>
Total comprehensive income for the year	<u>\$ 89,164</u>	<u>\$ 54,424</u>

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

Name of Associate	December 31	
	2022	2021
Silitech Technology Corporation	<u>\$ 374,758</u>	<u>\$ 408,724</u>

To facilitate organization restructure and professional specialization, the board of directors of the Company approved the spin-off outdoor lighting business unit-related operation to LEOTEK CORPORATION in March 2022. The net assets as of May 12, 2022, as the date of the spin-off, were as follows:

ASSETS

Cash and cash equivalents	\$ 689,587
Other receivables including related parties, net	662
Other current assets	4,995
Property, plant and equipment, net	14,930
Intangible assets, net	4,387
Right-of-use assets, net	<u>1,091</u>
Total assets	<u>715,652</u>

LIABILITIES

Advances received	2,225
Provisions	215,866
Other current liabilities	46,455
Lease liabilities	<u>1,106</u>
Total liabilities	<u>265,652</u>

Net assets	<u>\$ 450,000</u>
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14. PROPERTY, PLANT AND EQUIPMENT, NET

	For the Year Ended December 31, 2022							Total
	Freehold Land	Buildings	Machinery Equipment	Tooling Equipment	Transportation Equipment	Office Equipment	Other Equipment	
Cost								
January 1, 2022	\$ 2,768,874	\$ 6,998,010	\$ 2,410,557	\$ 593,398	\$ 3,628	\$ 808,022	\$ 1,002,018	\$ 14,584,507
Additions	-	95,451	573,426	40,639	256	29,160	992,601	1,731,533
Disposals	-	(113,228)	(79,555)	(21,500)	-	(11,435)	(19,058)	(244,776)
Spin-off	-	-	(11,915)	(211,512)	(1,139)	(7,194)	(40,032)	(271,792)
Reclassification	-	139,021	147,347	16,584	-	24,269	(318,828)	8,393
December 31, 2022	<u>\$ 2,768,874</u>	<u>\$ 7,119,254</u>	<u>\$ 3,039,860</u>	<u>\$ 417,609</u>	<u>\$ 2,745</u>	<u>\$ 842,822</u>	<u>\$ 1,616,701</u>	<u>\$ 15,807,865</u>
Accumulated depreciation								
January 1, 2022	\$ -	\$ 2,283,800	\$ 1,721,701	\$ 561,908	\$ 2,580	\$ 709,632	\$ 315,466	\$ 5,595,087
Additions	-	267,266	431,755	15,748	413	60,696	128,566	904,444
Disposals	-	(112,950)	(79,469)	(21,499)	-	(11,434)	(18,931)	(244,283)
Spin-off	-	-	(9,118)	(203,060)	(1,084)	(6,276)	(37,324)	(256,862)
Reclassification	-	-	-	12,346	-	-	-	12,346
December 31, 2022	<u>\$ -</u>	<u>\$ 2,438,116</u>	<u>\$ 2,064,869</u>	<u>\$ 365,443</u>	<u>\$ 1,909</u>	<u>\$ 752,618</u>	<u>\$ 387,777</u>	<u>\$ 6,010,732</u>
Accumulated impairment								
January 1, 2022	\$ -	\$ -	\$ 426	\$ 751	\$ -	\$ 267	\$ 1,209	\$ 2,653
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
December 31, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 426</u>	<u>\$ 751</u>	<u>\$ -</u>	<u>\$ 267</u>	<u>\$ 1,209</u>	<u>\$ 2,653</u>
December 31, 2022, net	<u>\$ 2,768,874</u>	<u>\$ 4,681,138</u>	<u>\$ 974,565</u>	<u>\$ 51,415</u>	<u>\$ 836</u>	<u>\$ 89,937</u>	<u>\$ 1,227,715</u>	<u>\$ 9,794,480</u>

	For the Year Ended December 31, 2021							Total
	Freehold Land	Buildings	Machinery Equipment	Tooling Equipment	Transportation Equipment	Office Equipment	Other Equipment	
<u>Cost</u>								
January 1, 2021	\$ 2,438,638	\$ 7,125,011	\$ 2,083,511	\$ 693,025	\$ 3,890	\$ 833,541	\$ 594,272	\$ 13,771,888
Additions	95,752	96,887	397,528	18,136	280	69,952	589,541	1,268,076
Disposals	(3,713)	(370,309)	(140,880)	(126,265)	(542)	(103,786)	(77,395)	(822,890)
Business combinations	238,197	90,866	-	-	-	-	-	329,063
Reclassification	-	55,555	70,398	8,502	-	8,315	(104,400)	38,370
December 31, 2021	<u>\$ 2,768,874</u>	<u>\$ 6,998,010</u>	<u>\$ 2,410,557</u>	<u>\$ 593,398</u>	<u>\$ 3,628</u>	<u>\$ 808,022</u>	<u>\$ 1,002,018</u>	<u>\$ 14,584,507</u>
<u>Accumulated depreciation</u>								
January 1, 2021	\$ -	\$ 2,218,152	\$ 1,559,059	\$ 658,533	\$ 2,767	\$ 754,488	\$ 335,989	\$ 5,528,988
Additions	-	243,417	298,892	22,185	355	54,558	54,123	673,530
Disposals	-	(219,520)	(139,309)	(126,265)	(542)	(103,675)	(74,805)	(664,116)
Business combinations	-	32,339	-	-	-	-	-	32,339
Reclassification	-	9,412	3,059	7,455	-	4,261	159	24,346
December 31, 2021	<u>\$ -</u>	<u>\$ 2,283,800</u>	<u>\$ 1,721,701</u>	<u>\$ 561,908</u>	<u>\$ 2,580</u>	<u>\$ 709,632</u>	<u>\$ 315,466</u>	<u>\$ 5,595,087</u>
<u>Accumulated impairment</u>								
January 1, 2021	\$ -	\$ -	\$ 466	\$ 751	\$ -	\$ 309	\$ 1,209	\$ 2,735
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	(40)	-	-	(42)	-	(82)
December 31, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 426</u>	<u>\$ 751</u>	<u>\$ -</u>	<u>\$ 267</u>	<u>\$ 1,209</u>	<u>\$ 2,653</u>
December 31, 2021, net	<u>\$ 2,768,874</u>	<u>\$ 4,714,210</u>	<u>\$ 688,430</u>	<u>\$ 30,739</u>	<u>\$ 1,048</u>	<u>\$ 98,123</u>	<u>\$ 685,343</u>	<u>\$ 8,986,767</u>

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

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

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
<u>Carrying amount</u>		
Land	\$ 123,168	\$ 125,824
Buildings	434,312	357,122
Transportation equipment	6,638	14,241
Other equipment	<u>3,470</u>	<u>-</u>
	<u>\$ 567,588</u>	<u>\$ 497,187</u>

	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	<u>\$ 268,724</u>	<u>\$ 416,678</u>
Depreciation charge for right-of-use assets		
Land	\$ 10,155	\$ 9,872
Buildings	177,378	61,297
Transportation equipment	4,929	6,145
Other equipment	<u>1,775</u>	<u>-</u>
	<u>\$ 194,237</u>	<u>\$ 77,314</u>

b. Lease liabilities

	December 31	
	2022	2021
<u>Carrying amounts</u>		
Current	<u>\$ 189,387</u>	<u>\$ 165,018</u>
Non-current	<u>\$ 389,911</u>	<u>\$ 349,106</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2022	2021
Land	1%-1.79%	1.79%
Buildings	1%-4.00%	1.10%-4.51%
Transportation equipment	1%-1.79%	1.10%-1.79%
Other equipment	1%-2.10%	-

c. Material lease-in activities and terms

The Company leases HONHUI i-Tower in the third quarter of 2021 for the use of provisional office for Zhonghe plant during urban renewal with lease term of 3 years. The Company does not have purchase options to acquire the lease asset at the end of the lease term.

d. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases	<u>\$ 18,940</u>	<u>\$ 10,951</u>
Expenses relating to low-value asset leases	<u>\$ 198,864</u>	<u>\$ 198,208</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 104,904</u>	<u>\$ 81,394</u>
Total cash outflow for leases	<u>\$ 529,003</u>	<u>\$ 357,225</u>

16. INTANGIBLE ASSETS, NET

	For the Year Ended December 31, 2022				
	Goodwill	Patents	Software	Client Relationships	Total
<u>Cost</u>					
January 1, 2022	\$ 5,662,190	\$ 3,440,572	\$ 1,789,727	\$ 163,819	\$ 11,056,308
Additions	-	21,961	124,623	-	146,584
Disposals	-	-	(76,741)	-	(76,741)
Spin-off	-	(22,032)	(25,302)	-	(47,334)
Reclassification	-	-	3,953	-	3,953
December 31, 2022	<u>\$ 5,662,190</u>	<u>\$ 3,440,501</u>	<u>\$ 1,816,260</u>	<u>\$ 163,819</u>	<u>\$ 11,082,770</u>
<u>Accumulated amortization</u>					
January 1, 2022	\$ 77,234	\$ 3,423,671	\$ 1,610,146	\$ 163,819	\$ 5,274,870
Additions	-	6,949	112,123	-	119,072
Disposals	-	-	(73,772)	-	(73,772)
Spin-off	-	(22,032)	(20,915)	-	(42,947)
December 31, 2022	<u>\$ 77,234</u>	<u>\$ 3,408,588</u>	<u>\$ 1,627,582</u>	<u>\$ 163,819</u>	<u>\$ 5,277,223</u>
<u>Accumulated impairment</u>					
January 1, 2022	\$ 2,215,366	\$ -	\$ 9,862	\$ -	\$ 2,225,228
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
December 31, 2022	<u>\$ 2,215,366</u>	<u>\$ -</u>	<u>\$ 9,862</u>	<u>\$ -</u>	<u>\$ 2,225,228</u>
December 31, 2022, net	<u>\$ 3,369,590</u>	<u>\$ 31,913</u>	<u>\$ 178,816</u>	<u>\$ -</u>	<u>\$ 3,580,319</u>
	For the Year Ended December 31, 2021				
	Goodwill	Patents	Software	Client Relationships	Total
<u>Cost</u>					
January 1, 2021	\$ 5,662,190	\$ 3,421,562	\$ 1,730,645	\$ 163,819	\$ 10,978,216
Additions	-	19,010	112,206	-	131,216
Disposals	-	-	(70,083)	-	(70,083)
Reclassification	-	-	16,959	-	16,959
December 31, 2021	<u>\$ 5,662,190</u>	<u>\$ 3,440,572</u>	<u>\$ 1,789,727</u>	<u>\$ 163,819</u>	<u>\$ 11,056,308</u>
<u>Accumulated amortization</u>					
January 1, 2021	\$ 77,234	\$ 3,421,549	\$ 1,523,011	\$ 163,819	\$ 5,185,613
Additions	-	2,122	157,155	-	159,277
Disposals	-	-	(70,020)	-	(70,020)
December 31, 2021	<u>\$ 77,234</u>	<u>\$ 3,423,671</u>	<u>\$ 1,610,146</u>	<u>\$ 163,819</u>	<u>\$ 5,274,870</u>
<u>Accumulated impairment</u>					
January 1, 2021	\$ 1,034,623	\$ -	\$ 9,870	\$ -	\$ 1,044,493
Additions	1,180,743	-	-	-	1,180,743
Disposals	-	-	(8)	-	(8)
December 31, 2021	<u>\$ 2,215,366</u>	<u>\$ -</u>	<u>\$ 9,862</u>	<u>\$ -</u>	<u>\$ 2,225,228</u>
December 31, 2021, net	<u>\$ 3,369,590</u>	<u>\$ 16,901</u>	<u>\$ 169,719</u>	<u>\$ -</u>	<u>\$ 3,556,210</u>

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

Patents	3 years
Software	1-4 years
Client relationships	4 years

- a. Goodwill is allocated to the Company's recoverable amount of cash-generating units based on value in use calculations. These calculations used pre-tax cash flow projections based on financial budgets approved by the management covering a 5-year period. Other key assumptions included budgeted revenue and gross margin. Such assumptions were based on the past performance of the cash-generating unit and management's expectations of market development.
- b. The Company observed the current status and future development direction of the global information street light and lighting electronics industry in the first quarter 2021 and assessed that there was an impairment indication. Therefore, the Company conducted a goodwill impairment assessment. According to the assessment, the Company recognized the impairment loss of \$220,170 thousand, and the discount rate used to assess the value in use was 12.57%. The Company observed the current status and future development direction of the global optical disc drive industry in the fourth quarter of 2021, and assessed that there was an indication of impairment. Therefore, the Company conducted an impairment test for goodwill. According to the assessment, the Company recognized an impairment loss of 960,573 thousand, and the discount rate used to assess the value in use was 12.57%. The impairment losses were recognized in impairment loss on the consolidated statement of comprehensive income.
- c. The Company's management determined gross margin based on past performance expected profits under normal operations and management's expectations of market development. The growth rate used is consistent with the forecasts included in industry reports. The discount rates used were 11.82% and 12.50% as of December 31, 2022 and 2021, respectively and reflected specific risks relating to the relevant cash-generating units.

17. BORROWINGS

- a. Short-term borrowings

	December 31	
	2022	2021
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>\$ 26,759,770</u>	<u>\$ 24,876,688</u>

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

	December 31	
	2022	2021
Line of credit borrowings	1.20%-5.40%	0.42%-0.77%

b. Long-term borrowings

	<u>December 31</u>	
	2022	2021
<u>Unsecured borrowings</u>		
Line of credit borrowings	\$ <u>3,000,000</u>	\$ <u>-</u>

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

	<u>December 31</u>	
	2022	2021
Line of credit borrowings	1.49%	-

18. PROVISIONS

	<u>December 31</u>	
	2022	2021
<u>Current</u>		
Warranties	\$ <u>628,867</u>	\$ <u>879,600</u>

Movements in the provisions were as follows:

	<u>For the Year Ended December 31</u>	
	2022	2021
Balance at January 1	\$ 879,600	\$ 996,166
Recognition of provisions	105,271	79,246
Usage	(140,138)	(195,812)
Spin-off	<u>(215,866)</u>	<u>-</u>
Balance at December 31	\$ <u>628,867</u>	\$ <u>879,600</u>

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

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

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

	December 31	
	2022	2021
Present value of defined benefit obligation	\$ 806,578	\$ 904,007
Fair value of plan assets	<u>(953,185)</u>	<u>(947,137)</u>
Net defined benefit assets	<u>\$ (146,607)</u>	<u>\$ (43,130)</u>

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2021	<u>\$ 975,537</u>	<u>\$ (988,618)</u>	<u>\$ (13,081)</u>
Service cost	1,739	-	1,739
Net interest expense (income)	<u>2,367</u>	<u>(2,417)</u>	<u>(50)</u>
Recognized in profit or loss	<u>4,106</u>	<u>(2,417)</u>	<u>1,689</u>
Remeasurement			
Return on plan assets	-	(15,859)	(15,859)
Actuarial loss - changes in demographic assumptions	16,413	-	16,413
Actuarial loss - changes in financial assumptions	(17,418)	-	(17,418)
Actuarial loss - experience adjustments	<u>(1,447)</u>	<u>-</u>	<u>(1,447)</u>
Recognized in other comprehensive loss (gain)	<u>(2,452)</u>	<u>(15,859)</u>	<u>(18,311)</u>
Contributions from the employer	-	(13,427)	(13,427)
Benefits paid	<u>(73,184)</u>	<u>73,184</u>	<u>-</u>
Balance at December 31, 2021	<u>\$ 904,007</u>	<u>\$ (947,137)</u>	<u>\$ (43,130)</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2022	<u>\$ 904,007</u>	<u>\$ (947,137)</u>	<u>\$ (43,130)</u>
Service cost	1,370	-	1,370
Net interest expense (income)	<u>4,349</u>	<u>(4,598)</u>	<u>(249)</u>
Recognized in profit or loss	<u>5,719</u>	<u>(4,598)</u>	<u>1,121</u>
Remeasurement			
Return on plan assets	-	(78,321)	(78,321)
Actuarial loss - changes in financial assumptions	<u>(37,794)</u>	-	<u>(37,794)</u>
Actuarial loss - experience adjustments	<u>24,079</u>	-	<u>24,079</u>
Recognized in other comprehensive income	<u>(13,715)</u>	<u>(78,321)</u>	<u>(92,036)</u>
Contributions from the employer	-	(12,562)	(12,562)
Spin-off	(4,437)	4,437	-
Benefits paid	<u>(84,996)</u>	<u>84,996</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ 806,578</u>	<u>\$ (953,185)</u>	<u>\$ (146,607)</u> (Concluded)

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

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

	December 31	
	2022	2021
Discount rate	1.15%	0.50%
Expected rate of salary increase	3.00%	3.00%

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

	December 31	
	2022	2021
Discount rate		
0.25% increase	<u>\$ (13,819)</u>	<u>\$ (16,910)</u>
0.25% decrease	<u>\$ 14,209</u>	<u>\$ 17,418</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 13,496</u>	<u>\$ 16,469</u>
0.25% decrease	<u>\$ (13,203)</u>	<u>\$ (16,085)</u>

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

	December 31	
	2022	2021
The expected contributions to the plan for the next year	<u>\$ 12,321</u>	<u>\$ 13,105</u>
The average duration of the defined benefit obligation	6.99 years	7.63 years

20. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2022	2021
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>2,363,083</u>	<u>2,350,867</u>
Amount of shares issued	<u>\$ 23,630,830</u>	<u>\$ 23,508,670</u>

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

Of the total number of the aforementioned shares, 100 million shares are reserved for the issuance of stock options, preferred shares with stock options or corporate bonds with stock options that are ready for exercising of options.

On May 20, 2022, the shareholders' meeting of the Company resolved to issue 18,700 thousand new stocks with employee restricted stock awards (RSAs) for employees. The aforementioned issuance of new shares was approved by the Financial Supervisory Commission on July 26, 2022. The Company's board of directors authorized the Chairman to determine the actual issuance date. The Company's Chairman determined that November 15, 2022 to be the record date of the issuance of new shares and the actual number of shares issued is 12,216 thousand. Refer to Note 25 for the information on RSAs.

b. Capital surplus

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
From business combinations	\$ 10,015,194	\$ 10,015,194
Conversion of bonds	7,462,138	7,462,138
Issuance of ordinary shares	3,442,029	3,471,812
Treasury share transactions	944,076	758,544
Change in equity of associates	102,793	91,950
Changes in ownership interests in subsidiaries	86,927	36,704
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	30,549	-
Employee restricted shares	<u>622,447</u>	<u>-</u>
	<u>\$ 22,706,153</u>	<u>\$ 21,836,342</u>

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

The capital surplus arising from change in ownership interests of subsidiaries, changes in equities of associates 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 the surplus earnings or off-set losses at the close of each quarter in accordance with the Company Act. While distributing surplus earning, the Company shall estimate and reserve the taxes and duty to be paid, the losses to be covered, the legal reserve to be set aside, and the special surplus reserve to be raised or revolved. Where such legal reserve amounts reach to the total paid-in capital, this provision shall not apply. If the Company distribute surplus earning in the form of cash, it shall be approved by a meeting of the board of directors; if such surplus earning is distributed in the form of new shares to be issued, it shall be approved by shareholders meetings according to the regulations.

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 22(d) on compensation of employees and remuneration of directors.

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

After the Company considers financial, business, and operational factors, if there are no retained earnings to be appropriated or if the earnings to be appropriated are significantly lower than the prior year's actual appropriation of the earnings, then part of or all of the Company's 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 earnings for 2020 was as follows:

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

The above 2020 appropriations for cash dividends had been resolved by the Company's board of directors on February 25, 2021; the other proposed appropriations had been resolved by the shareholders in their meetings on August 26, 2021.

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

	Fourth Quarter of 2022	Second Quarter of 2022
Board of directors in its meeting	February 21, 2023	July 28, 2022
Legal reserve	<u>\$ 815,530</u>	<u>\$ 606,379</u>
Special reserve	<u>\$ (594,349)</u>	<u>\$ (2,842,437)</u>
Cash dividends	<u>\$ 6,966,279</u>	<u>\$ 3,465,608</u>
Cash dividends per share (NT\$)	<u>\$ 3.0</u>	<u>\$ 1.5</u>

The above 2022 appropriation for cash dividends had been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on May 17, 2023.

	Fourth Quarter of 2021	Second Quarter of 2021
Board of directors in its meeting	February 24, 2022	July 29, 2021
Legal reserve	<u>\$ 560,591</u>	<u>\$ 829,247</u>
Special reserve	<u>\$ 116,770</u>	<u>\$ 117,525</u>
Cash dividends	<u>\$ 5,776,013</u>	<u>\$ 4,700,810</u>
Cash dividends per share (NT\$)	\$ 2.5	\$ 2.0

The above 2021 appropriations for cash dividends had been resolved by the Company's board of directors; the other proposed appropriations had been resolved by the shareholders in their meeting on May 20, 2022.

d. Other equity items

Movements in other equity items were as follows:

	For the Year Ended December 31, 2022			
	Foreign Currency Translation Reserve	Unrealized Gain (Loss) from Financial Assets at FVTOCI	Unearned Employees' Compensation	Total
Balance at January 1	\$ (5,820,080)	\$ (236,908)	\$ -	\$ (6,056,988)
Exchange differences on translation of the financial statements of foreign operations	4,229,179	-	-	4,229,179
Unrealized loss on equity instruments designated as at FVTOCI	-	(68,772)	-	(68,772)
Share of subsidiary and associates accounted for using the equity method	118,370	1,215	-	119,585
Disposal of associates accounted for using the equity method	6,490	-	-	6,490
Grant of employee restricted stocks of current period	-	-	(744,607)	(744,607)
Recognition of share-based payment expense	-	-	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>

For the Year Ended December 31, 2021

	Foreign Currency Translation Reserve	Unrealized Gain (Loss) from Financial Assets at FVTOCI	Total
Balance at January 1	\$ (5,563,051)	\$ (245,858)	\$ (5,808,909)
Exchange differences on translation of the financial statements of foreign operations	(300,307)	-	(300,307)
Unrealized gain on equity instruments designated as at FVTOCI	-	11,572	11,572
Share of associates and subsidiaries accounted for using the equity method	(91,290)	(3,022)	(94,312)
Disposal of subsidiaries accounted for using the equity method	25,850	-	25,850
Disposal of associates accounted for using the equity method	69,958	-	69,958
Disposal of investments in equity instruments designated as at FVTOCI	-	400	400
Income tax benefit	<u>38,760</u>	<u>-</u>	<u>38,760</u>
Balance at December 31	<u>\$ (5,820,080)</u>	<u>\$ (236,908)</u>	<u>\$ (6,056,988)</u>

e. Treasury shares

Unit: In Thousands of Shares

Purpose of Buyback	Number of Shares at January 1	Increase During the Year	Decrease During the Year	Number of Shares at December 31
<u>For the year ended December 31, 2022</u>				
Shares held by its subsidiaries	26,841	-	(4,721)	22,120
Buyback of dissenting shareholders' shares in accordance with the Business Mergers and Acquisitions Act	462	-	-	462
Shares transferred to employees	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>40,000</u>
	<u>67,303</u>	<u>-</u>	<u>(4,721)</u>	<u>62,582</u>
<u>For the year ended December 31, 2021</u>				
Shares held by its subsidiaries	26,841	-	-	26,841
Buyback of dissenting shareholders' shares in accordance with the Business Mergers and Acquisitions Act	462	-	-	462
Shares transferred to employees	<u>-</u>	<u>40,000</u>	<u>-</u>	<u>40,000</u>
	<u>27,303</u>	<u>40,000</u>	<u>-</u>	<u>67,303</u>

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

Name of Subsidiary	Number of Shares Held (In Thousands)	Carrying Amount	Market Price
<u>December 31, 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>
<u>December 31, 2021</u>			
Lite-On Capital Corporation	15,116	\$ 718,857	\$ 964,392
TITANIC CAPITAL SERVICES LTD.	7,004	297,469	446,869
YET FOUNDATE LIMITED	2,271	126,881	144,892
LITE-ON ELECTRONICS COMPANY LIMITED	2,450	<u>105,515</u>	<u>156,334</u>
		<u>\$ 1,248,722</u>	<u>\$ 1,712,487</u>

On July 29, 2021, in order to transfer the shares to employees, the Company's board of directors passed the resolution to buy back up to 40,000 thousand shares listed on the Taiwan Stock Exchange between July 30, 2021 and September 29, 2021, with the buyback price ranging from \$41.23 to \$89.55. If the share price is less than the lower limit of the buyback price range, the Company would continue buying back the shares. By the end of the repurchase period, the Company had bought back 40,000 thousand shares at a total amount of \$2,429,494 thousand. The shares to be bought back shall be transferred to employees at one time or in instalments within five years from the date of buying back the shares.

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.

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.

21. REVENUE

	<u>For the Year Ended December 31</u>	
	2022	2021
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 113,803,948	\$ 104,511,551
Royalty income	846,628	873,538
Revenue from management services	826,203	779,441
Rental income from property	<u>92,535</u>	<u>90,305</u>
	<u>\$ 115,569,314</u>	<u>\$ 106,254,835</u>

Contract Balances

	December 31, 2022	December 31, 2021	January 1, 2021
Trade receivables (Note 11)	<u>\$ 22,815,140</u>	<u>\$ 24,739,559</u>	<u>\$ 21,407,212</u>
Contract assets			
Sale of goods	<u>\$ 102,194</u>	<u>\$ 115,014</u>	<u>\$ 271,395</u>
Contract liabilities			
Sale of goods	<u>\$ 79,782</u>	<u>\$ 98</u>	<u>\$ 13,059</u>

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

	December 31	
	2022	2021
Gross carrying amount	\$ 103,413	\$ 115,014
Allowance for impairment loss (lifetime ECLs)	<u>(1,219)</u>	<u>-</u>
	<u>\$ 102,194</u>	<u>\$ 115,014</u>

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

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ -	\$ -
Expected credit loss	<u>1,219</u>	<u>-</u>
Balance at December 31	<u>\$ 1,219</u>	<u>\$ -</u>

Revenue in the years of 2022 and 2021 that were recognized from the contract liability balance at the beginning of year were \$98 thousand and \$13,059 thousand, respectively.

22. ADDITIONAL INFORMATION ON EXPENSES

	For the Year Ended December 31	
	2022	2021
a. Finance costs		
Interest on borrowings	\$ 556,424	\$ 89,975
Interest on lease liabilities	<u>6,846</u>	<u>4,543</u>
	<u>\$ 563,270</u>	<u>\$ 94,518</u>

	For the Year Ended December 31	
	2022	2021
b. Depreciation and amortization		
Property, plant and equipment	\$ 904,444	\$ 673,530
Intangible assets	119,072	159,277
Right-of-use assets	<u>194,237</u>	<u>77,314</u>
	<u>\$ 1,217,753</u>	<u>\$ 910,121</u>
An analysis of depreciation by function		
Recognized in operating costs	\$ 341,683	\$ 219,634
Recognized in operating expenses	<u>756,998</u>	<u>531,210</u>
	<u>\$ 1,098,681</u>	<u>\$ 750,844</u>
An analysis of amortization by function		
Recognized in operating costs	\$ 1,412	\$ 2,549
Recognized in operating expenses	<u>117,660</u>	<u>156,728</u>
	<u>\$ 119,072</u>	<u>\$ 159,277</u>
c. Employee benefit expenses		
Post-employment benefits		
Defined contribution plans	\$ 232,129	\$ 199,365
Defined benefit plans (Note 19)	<u>1,121</u>	<u>1,689</u>
	233,250	201,054
Share-based payment - equity-settled	115,543	-
Termination benefits	11,347	59,130
Other employee benefits	<u>7,931,148</u>	<u>6,972,757</u>
	<u>\$ 8,291,288</u>	<u>\$ 7,232,941</u>
Employee benefit expenses summarized by function		
Recognized in operating costs	\$ 1,762,279	\$ 1,283,099
Recognized in operating expenses	<u>6,529,009</u>	<u>5,949,842</u>
	<u>\$ 8,291,288</u>	<u>\$ 7,232,941</u>
d. Compensation of employees and remuneration of directors		

In compliance with the Articles, the Company accrues compensation of employees and remuneration of directors at rates of no less than 1% and no higher than 1.5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors for 2022 and 2021, which were approved by the Company's board of directors on February 21, 2023 and February 24, 2022, respectively, are as follows:

	For the Year Ended December 31			
	2022		2021	
	Cash	Share	Cash	Share
Employees compensation	\$ 1,925,953	\$ -	\$ 1,909,002	\$ -
Remuneration of directors	196,699	-	173,980	-

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

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2021 and 2020.

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.

23. INCOME TAX

a. Income tax recognized in profit or loss

Major components of tax expense were as follows:

	For the Year Ended December 31	
	2022	2021
Current income tax expense		
In respect of the current year	\$ (642,160)	\$ 1,703,835
Adjustments for prior year	<u>(88,733)</u>	<u>-</u>
	<u>(730,893)</u>	<u>1,703,835</u>
Deferred tax		
The recognition and reversal of temporary differences	<u>965,736</u>	<u>565,720</u>
Income tax expense recognized in profit or loss	<u>\$ 234,843</u>	<u>\$ 2,269,555</u>

A reconciliation of income before income tax and income tax expense (benefit) recognized in profit or loss is as follows:

	For the Year Ended December 31	
	2022	2021
Income before income tax	<u>\$ 14,385,859</u>	<u>\$ 16,156,107</u>
Income tax expense calculated at the statutory rate	\$ 2,877,172	\$ 3,231,221
Deductible items in determining taxable income	(3,609,203)	(1,527,386)
Additional tax on unappropriated earnings	89,871	-
The recognition and reversal of temporary differences	965,736	565,720
Adjustments for prior year	<u>(88,733)</u>	<u>-</u>
Income tax expense recognized in profit or loss	<u>\$ 234,843</u>	<u>\$ 2,269,555</u>

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

	<u>For the Year Ended December 31</u>	
	2022	2021
<u>Deferred tax</u>		
In respect of the current year		
Translation of foreign operations	\$ 849,696	\$ (38,760)
Remeasurement on defined benefit plans	<u>18,407</u>	<u>3,662</u>
Income tax (benefit) recognized in other comprehensive income	<u>\$ 868,103</u>	<u>\$ (35,098)</u>

c. Deferred tax assets and liabilities

The analysis of deferred tax assets was as follows:

	Opening Balance	Recognized in Loss (Profit)	Recognized in Other Comprehensive Loss (Income)	Closing Balance
<u>For the year ended December 31, 2022</u>				
Temporary differences				
Investment accounted for using the equity method	\$ 1,981,155	\$ (403,710)	\$ (849,696)	\$ 727,749
Impairment loss on assets	1,186,079	(366,827)	-	819,252
Accrued warranty expense	175,920	(11,108)	-	164,812
Unrealized loss on inventories	139,330	19,992	-	159,322
Net defined benefit liability	73,697	-	(18,407)	55,290
Unrealized loss and expense	<u>82,557</u>	<u>12,763</u>	<u>-</u>	<u>95,320</u>
	<u>\$ 3,638,738</u>	<u>\$ (748,890)</u>	<u>\$ (868,103)</u>	<u>\$ 2,021,745</u>
<u>For the year ended December 31, 2021</u>				
Temporary differences				
Investment accounted for using the equity method	\$ 2,244,828	\$ (302,433)	\$ 38,760	\$ 1,981,155
Impairment loss on assets	1,104,424	81,655	-	1,186,079
Accrued warranty expense	199,233	(23,313)	-	175,920
Unrealized loss on inventories	150,818	(11,488)	-	139,330
Unrealized loss and expense	57,204	(57,204)	-	-
Net defined benefit liability	77,359	-	(3,662)	73,697
Unrealized loss on financial assets	122,114	(122,114)	-	-
Unrealized sales allowance	<u>-</u>	<u>82,557</u>	<u>-</u>	<u>82,557</u>
	<u>\$ 3,955,980</u>	<u>\$ (352,340)</u>	<u>\$ 35,098</u>	<u>\$ 3,638,738</u>

The analysis of deferred tax liabilities was as follows:

	Opening Balance	Recognized in Loss (Profit)	Recognized in Other Comprehensive Loss (Income)	Closing Balance
<u>For the year ended December 31, 2022</u>				
Temporary differences				
Investment accounted for using the equity method	\$ 541,220	\$ (218,342)	\$ -	\$ 322,878
Unrealized amortization of goodwill	673,918	-	-	673,918
Land value increment tax	270,843	-	-	270,843
Unrealized net exchange gains	127,709	8,494	-	136,203
Unrealized sales profit	43,949	(9,944)	-	34,005
Unrealized net gains on financial assets	<u>45,251</u>	<u>436,638</u>	<u>-</u>	<u>481,889</u>
	<u>\$ 1,702,890</u>	<u>\$ 216,846</u>	<u>\$ -</u>	<u>\$ 1,919,736</u>
<u>For the year ended December 31, 2021</u>				
Temporary differences				
Investment accounted for using the equity method	\$ 582,659	\$ (41,439)	\$ -	\$ 541,220
Unrealized amortization of goodwill	416,245	257,673	-	673,918
Land value increment tax	270,843	-	-	270,843
Unrealized net exchange gains	205,313	(77,604)	-	127,709
Unrealized sales profit	14,450	29,499	-	43,949
Unrealized net gains on financial assets	<u>-</u>	<u>45,251</u>	<u>-</u>	<u>45,251</u>
	<u>\$ 1,489,510</u>	<u>\$ 213,380</u>	<u>\$ -</u>	<u>\$ 1,702,890</u>

d. Income tax assessments

The Company's tax returns for all years through 2020 have been assessed by the tax authorities.

24. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<u>For the Year Ended December 31</u>	
	2022	2021
Basic earnings per share	<u>\$ 6.19</u>	<u>\$ 6.01</u>
Diluted earnings per share	<u>\$ 6.10</u>	<u>\$ 5.92</u>

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

Net Profit for the Year

	<u>For the Year Ended December 31</u>	
	2022	2021
Earnings used in the computation of basic earnings per share	\$ 14,151,016	\$ 13,886,552
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>-</u>	<u>-</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 14,151,016</u>	<u>\$ 13,886,552</u>

Weighted Average Number of Ordinary Shares Outstanding

	Unit: In Thousand Shares	
	<u>For the Year Ended December 31</u>	
	2022	2021
Weighted average number of ordinary shares outstanding in computation of basic earnings per share	2,285,001	2,310,790
Effect of potentially dilutive ordinary shares:		
Compensation of employees	34,880	33,708
Employee restricted shares	<u>187</u>	<u>-</u>
Weighted average number of ordinary shares outstanding in computation of diluted earnings per share	<u>2,320,068</u>	<u>2,344,498</u>

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

25. 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. On September 20, 2022, and the Company's board of directors authorized the Chairman to determine that November 15, 2022 to be the record date of the issuance of new shares.

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

- 1) If an employee, after having been granted a restricted stock award, who remains on the job on the vesting date, is determined by the Company as having not violated the employment contract, employee handbook, non-competition and non-disclosure agreement of the Company or any other agreement with the Company, and has fulfilled the individual performance goals and the Company's operational goals set by the Company, proportions of the vesting shares to be granted for such employee on the vesting date each year is as follows:
 - a) First anniversary of the grant: 30%.
 - b) Second anniversary of the grant: 30%.
 - c) Third anniversary of the grant: 40%.
- 2) Employee's year-end performance rating shall be PL3 rating (Note: PL3 represents "Meets Expectations") and above.

- 3) The Company's operational goals are either one of the follows:
- a) The consolidated gross margin of the year (e.g., Year 1) prior to the end of the vesting period shall be equal to or higher than the consolidated gross margin of the previous year (e.g., Year 0), and the amount of consolidated operating profit (in Year 1) must increase by minimum 10% compared with that in the previous year (Year 0).
 - b) The consolidated gross margin and operating margin for the year prior to the end of the vesting period are equal to or higher than 20% and 10%, respectively.
- b. Restrictions applicable prior to vesting:
- 1) Recipient shall have no right to sell, transfer (other than by laws of inheritance), pledge, mortgage, hypothecate, gift or otherwise dispose of the Shares prior to such Shares being fully vested.
 - 2) Unvested Shares shall have the same rights to attend the Company's shareholders' meeting, submit proposals, or speak and vote at the meeting as those attached to other issued shares of the Company's common stock. However, the exercise of such rights shall be performed in accordance with the trust agreement.
 - 3) Unvested Shares shall have the same rights to receive cash, stock dividends and distributions from capital reserve, as well as the same share subscription rights as those attached to other issued shares of the Company's common stock. However, with respect to unvested Shares, the Recipients shall have no right to withdraw the cash and stock dividends received on such Shares; such dividends shall be kept in trust in accordance with the trust agreement.
- c. Failure to meet vesting conditions:
- 1) If either (i) the Recipient has ceased their employment as of the Vesting Date, (ii) the Recipient has violated any provisions of the employment contract, work rules, non-competition, non-disclosure and/or any other agreement entered into with the Company/Affiliate, (iii) the individual and/or company-level performance requirements have not been met; or (iv) the Recipient has, in violation of subparagraph 1, paragraph 8, Article 5 of "The Issuance Rules of 2022 Employee Restricted Stock Awards Plan", demanded modification, revocation, termination, suspension or cancelation of the authorization granted to the Company as related to the trust/custody account, the Company shall have the power to repurchase for no consideration and cancel any Shares that have not vested pursuant to this Article.
 - 2) The Company shall also repurchase for no consideration and cancel any unvested Shares in the event of voluntary or involuntary termination of the Recipient's employment.

Details of granted 2022 RSAs are as follows:

	Number of Stocks (In Thousands) for the Year Ended December 31, 2022
Balance, beginning of period (in thousands)	-
Issuance of stocks	<u>12,216</u>
Balance, end of period	<u>12,216</u>
Weighted-average fair value of RSAs (in dollars)	<u>\$ 67.73</u>

The 2022 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 22 for the employee compensation costs of the 2022 RSAs recognized by the Company.

26. CAPITAL MANAGEMENT

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

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

27. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	\$ -	\$ 2,653,305	\$ -	\$ 2,653,305
Mutual funds	-	211,497	-	211,497
Domestic listed shares	10,045	-	-	10,045
Foreign convertible preference shares	-	-	285,783	285,783
	<u>\$ 10,045</u>	<u>\$ 2,864,802</u>	<u>\$ 285,783</u>	<u>\$ 3,160,630</u>

(Continued)

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	\$ 282,485	\$ -	\$ -	\$ 282,485
Domestic innovation board listed shares	-	421,780	-	421,780
Domestic unlisted shares	-	-	23,435	23,435
	<u>\$ 282,485</u>	<u>\$ 421,780</u>	<u>\$ 23,435</u>	<u>\$ 727,700</u>
Financial liabilities at FVTPL				
Derivative instruments	<u>\$ -</u>	<u>\$ 243,487</u>	<u>\$ -</u>	<u>\$ 243,387</u> (Concluded)

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	\$ -	\$ 594,306	\$ -	\$ 594,306
Mutual funds	-	137,467	-	137,467
Domestic listed shares	17,218	-	-	17,218
	<u>\$ 17,218</u>	<u>\$ 731,773</u>	<u>\$ -</u>	<u>\$ 748,991</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Foreign unlisted shares	\$ -	\$ -	\$ 703,322	\$ 703,322
Domestic listed shares	161,393	-	-	161,393
Domestic unlisted shares	-	-	14,809	14,809
	<u>\$ 161,393</u>	<u>\$ -</u>	<u>\$ 718,131</u>	<u>\$ 879,524</u>
Financial liabilities at FVTPL				
Derivative instruments	<u>\$ -</u>	<u>\$ 364,175</u>	<u>\$ -</u>	<u>\$ 364,175</u>

There were no transfers between Levels 1 and 2 for the years ended December 31, 2022 and 2021.

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

There were transfers between Levels 3 and 1 for the years ended December 31, 2021. The investment in an equity instrument held by the Company was originally an investment in foreign unlisted shares, classified as financial assets at fair value through profit or loss and evaluated by the market approach. This investee has become a foreign listed company since March 2021 and has been quoted in active market. As a result, the Company adopted the market price as its 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, 2022 and 2021 were as follows:

	For the Year Ended December 31	
	2022	2021
Balance, beginning of period	\$ 718,131	\$ 322,554
Total gains or losses		
Recognized in profit or (loss)	7,383	-
Recognized in other comprehensive income or (loss)	23,872	(10,398)
Addition	27,647	417,475
Disposal	-	(11,500)
Reclassified to Level 2	<u>(467,815)</u>	<u>-</u>
Balance, end of period	<u>\$ 309,218</u>	<u>\$ 718,131</u>

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

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

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

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

c. Categories of financial instruments

	December 31	
	2022	2021
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 3,160,630	\$ 748,991
Financial assets at amortized costs (1)	40,116,014	37,624,497
Investment in equity instruments at FVTOCI	727,700	879,524
<u>Financial liabilities</u>		
FVTPL		
Held for trading	243,387	364,175
Amortized cost		
Short-term borrowings	26,759,770	24,876,688
Payables (2)	48,310,260	47,412,577
Long-term borrowings	3,000,000	-

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

d. Financial risk management objectives and policies

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

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

1) Market risk

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

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

a) Foreign currency risk

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

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 31.

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

Sensitivity analysis

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

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

	USD Impact	
	For the Year Ended December 31	
	2022	2021
Profit or loss	<u>\$ 1,039,701</u>	<u>\$ 966,468</u>

b) Interest rate risk

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

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

	December 31	
	2022	2021
Fair value interest rate risk		
Financial assets (i)	\$ 171,861	\$ 1,756
Financial liabilities (ii)	25,339,068	25,390,812
Cash flow interest rate risk		
Financial assets (iii)	7,643,245	5,299,893
Financial liabilities (iv)	5,000,000	-

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

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the 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 Company's pre-tax profit years ended December 31, 2022 and 2021 would have increased by \$6,608 thousand and \$13,250 thousand, respectively.

c) Other price risk

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

Sensitivity analysis

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

If equity prices had been 10% higher, the profit before income tax for the years ended December 31, 2022 and 2021 would have increased by \$1,005 thousand and \$1,722 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, 2022 and 2021 would have increased by \$28,249 thousand and \$16,139 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

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

a) Business related credit risk

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

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

b) Financial related credit risk

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

3) Liquidity risk

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

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

December 31, 2022

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Year	1-3 Years	3 Years to 5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	-	\$ 48,290,763	\$ 19,497	\$ -	\$ 83,308
Lease liabilities	1-4	230,866	218,072	80,238	-
Floating interest rate liabilities	1.49-1.65	2,001,745	3,119,370	-	-
Fixed interest rate liabilities	1.20-5.40	24,833,619	-	-	-
		<u>\$ 75,356,993</u>	<u>\$ 3,356,939</u>	<u>\$ 80,238</u>	<u>\$ 83,308</u>

December 31, 2021

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Year	1-3 Years	3 Years to 5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing		\$ 47,391,741	\$ 20,836	\$ -	\$ -
Lease liabilities	1.10-4.51	170,801	270,651	24,610	90,727
Fixed interest rate liabilities	0.42-0.77	24,876,688	-	-	-
		<u>\$ 72,439,230</u>	<u>\$ 291,487</u>	<u>\$ 24,610</u>	<u>\$ 90,727</u>

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

December 31, 2022

	On Demand or Less than 1 Year	1-3 Years	3 Years to 5 Years	5+ Years
Forwards exchange contracts				
Inflows	\$ 47,047,780	\$ -	\$ -	\$ -
Outflows	<u>(44,463,226)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,584,554</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Currency swaps				
Inflows	\$ 18,647,720	\$ -	\$ -	\$ -
Outflows	<u>(18,752,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ (104,280)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2021

	On Demand or Less than 1 Year	1-3 Years	3 Years to 5 Years	5+ Years
Forwards exchange contracts				
Inflows	\$ 48,509,500	\$ -	\$ -	\$ -
Outflows	<u>(47,668,097)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 841,403</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Currency swaps				
Inflows	\$ 26,202,240	\$ -	\$ -	\$ -
Outflows	<u>(26,225,430)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ (23,190)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

28. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are summarized below:

a. Related parties and relationships

<u>Related Party</u>	<u>Relationship with the Company</u>
Lite-On Japan Ltd.	Subsidiary
LITE-ON JAPAN (Thailand) CO., LTD.	Sub-subsidiary
LITE-ON SINGAPORE PTE. LTD.	Subsidiary
Lite-On Overseas Trading Co., Ltd.	Subsidiary

(Continued)

Related Party	Relationship with the Company
WUXI CHINA BRIDGE EXPRESS TRADING CO., LTD. Lite-On Integrated Service Inc.	Third-tier subsidiary Subsidiary (liquidated since November 2022)
Lite-On Capital Corporation	Subsidiary
Philips & Lite-On Digital Solutions Corporation	Subsidiary
Philips & Lite-On Digital Solutions USA, Inc.	Sub-subsidiary
Silitech Technology Corporation	Associate
LITE-ON TRADING USA, INC.	Sub-subsidiary
LITE-ON, INC.	Sub-subsidiary
LITE-ON TECHNOLOGY SERVICE, INC.	Sub-subsidiary
LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	Fourth-tier subsidiary
LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Fourth-tier subsidiary
LITE-ON AUTOMOTIVE ELECTRONICS (CHANGZHOU) CO., LTD.	Fourth-tier subsidiary
LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	Sub-subsidiary
LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Sub-subsidiary
LITE-ON ELECTRONICS (EUROPE) LIMITED	Subsidiary
LEOTEK ELECTRONICS USA LLC	Sub-subsidiary
KBW-LITEON Jordan Private Shareholding Limited	Subsidiary
SKYLA CORPORATION	Subsidiary
Lite-On (Guangzhou) Automotive Electronics Limited	Third-tier subsidiary
LITE-ON ELECTRONICS (TIANJIN) CO., LTD.	Sub-subsidiary
LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	Fourth-tier subsidiary
LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD.	Third-tier subsidiary
Lite-On Vietnam Co., Ltd.	Subsidiary
Lite-On Electronics (Thailand) Co., Ltd.	Subsidiary
Lite-On Power Electronic India Private Limited	Subsidiary
LITE-ON ELECTRONICS H.K. LIMITED	Subsidiary
Lite-On International Holding Co., Ltd.	Subsidiary
LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	Sub-subsidiary
SILITEK ELEC. (DONGGUAN) CO., LTD.	Sub-subsidiary
LITE-ON POWER TECHNOLOGY (DONGGUAN) CO., LTD.	Fourth-tier subsidiary
LEOTEK CORPORATION	Subsidiary
HUIZHOU LI SHIN ELECTRONIC CO., LTD.	Sub-subsidiary
Lite-Space Technology Company Limited	Associate
Lite-On Culture Foundation	Related party in substance
Silport Technology Corp.	Related party in substance
LITE-ON INC.	Subsidiary (dissolved since July 2021)
DYNA INVESTMENT CO., LTD.	Subsidiary (dissolved since July 2021)

(Concluded)

b. Sales of goods

Related Party Category	For the Year Ended December 31	
	2022	2021
Subsidiaries	\$ 18,651,481	\$ 14,856,954
Related party in substance	<u>478</u>	<u>450</u>
	<u>\$ 18,651,959</u>	<u>\$ 14,857,404</u>

c. Purchases of goods

Related Party Category	For the Year Ended December 31	
	2022	2021
Subsidiaries		
Lite-On Overseas Trading Co., Ltd.	\$ 59,044,842	\$ 60,970,183
LITE-ON SINGAPORE PTE. LTD.	24,948,174	24,288,991
Others	<u>2,705,473</u>	<u>1,775,554</u>
	<u>86,698,489</u>	<u>87,034,728</u>
Associates	<u>2,080</u>	<u>-</u>
	<u>\$ 86,700,569</u>	<u>\$ 87,034,728</u>

The sales prices and payment terms to related parties were not significantly different from those between the Company and non-related parties. For other related party transactions, price and terms were determined in accordance with mutual agreements.

d. Receivables from related parties

Related Party Category	December 31	
	2022	2021
<u>Trade receivables</u>		
Subsidiaries	\$ <u>8,012,686</u>	\$ <u>6,779,064</u>

Related Party Category	December 31	
	2022	2021
<u>Other receivables</u>		
Subsidiaries		
LITE-ON SINGAPORE PTE. LTD.	\$ 117,919	\$ 105,931
Others	<u>72,401</u>	<u>98,980</u>
	<u>\$ 190,320</u>	<u>\$ 204,911</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, 2022 and 2021.

e. Payables to related parties

Related Party Category	December 31	
	2022	2021
<u>Trade payables</u>		
Subsidiaries		
Lite-On Overseas Trading Co., Ltd.	\$ 17,915,360	\$ 20,667,024
LITE-ON SINGAPORE PTE. LTD.	8,705,126	8,562,582
Others	<u>1,111,431</u>	<u>746,776</u>
	<u>27,731,917</u>	<u>29,976,382</u>
Associates	<u>1,231</u>	<u>3,681</u>
	<u>\$ 27,733,148</u>	<u>\$ 29,980,063</u>
<u>Other payables</u>		
Subsidiaries	\$ 571,580	\$ 144,609
Associates	759	1,625
Related party in substance	<u>909</u>	<u>80</u>
	<u>\$ 573,248</u>	<u>\$ 146,314</u>

The outstanding trade payables to related parties are unsecured.

f. Lease arrangements

Related Party Category	For the Year Ended December 31	
	2022	2021
<u>Lease expense</u>		
Associates	<u>\$ -</u>	<u>\$ 1,912</u>

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

g. Acquisition of property, plant and equipment

Related Party Category	Purchase Price	
	For the Year Ended December 31	
	2022	2021
Subsidiaries	\$ 58,316	\$ 168,165
Related party in substance	<u>660</u>	<u>270</u>
	<u>\$ 58,976</u>	<u>\$ 168,435</u>

h. Disposal of property, plant and equipment

Related Party Category	For the Year Ended December 31			
	2022		2021	
	Proceeds of Disposal	Gain on Disposal	Proceeds of Disposal	Gain on Disposal
Subsidiaries	\$ -	\$ -	\$ 482	\$ -

i. Operating expenses

Related Party Category	For the Year Ended December 31	
	2022	2021
Subsidiaries	\$ 188,833	\$ 213,043
Associates	34	637
Related party in substance	<u>10,625</u>	<u>10,261</u>
	<u>\$ 199,492</u>	<u>\$ 223,941</u>

The Company recognized donation expenses of \$10,000 thousand for both years ended December 31, 2022 and 2021, to help Lite-On Cultural Foundation, a related party in substance, facilitate communal, cultural and educational projects.

j. Other revenue

Related Party Category	For the Year Ended December 31	
	2022	2021
Subsidiaries	\$ 111,121	\$ 78,439
Related party in substance	<u>37</u>	<u>36</u>
	<u>\$ 111,158</u>	<u>\$ 78,475</u>

k. Compensation of key management personnel

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	\$ 386,154	\$ 306,158
Post-employment benefits	1,414	1,466
Share-based payment	<u>54,376</u>	<u>-</u>
	<u>\$ 441,944</u>	<u>\$ 307,624</u>

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

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

	December 31	
	2022	2021
Pledged time deposits (classified as financial assets at amortized costs)	<u>\$ 398,394</u>	<u>\$ 229,965</u>

Pledged assets included the guarantee deposits that had been provided for government projects and general construction bids.

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. Nitride Semiconductors Co., Ltd. sued the Company and its subsidiaries, LITE-ON TECHNOLOGY USA, INC., LITE-ON, INC., and LITE-ON TRADING USA, INC. The petitioner claimed that certain products supplied by the subsidiaries infringed the original patents and demanded royalty payments. Since the Group’s infringing product chips alleged by Nitride Semiconductors Co., Ltd. were supplied by the chip supplier, the supplier has retained an external lawyer to appropriately handle the litigation. There was no material impact on the operations and financial performance of the Company at the time of evaluation.

b. Sensor Electronic Technology, Inc. sued the Company and its subsidiaries, LITE-ON TECHNOLOGY USA, INC., LITE-ON, INC., and LITE-ON TRADING USA, INC. The petitioner claimed that certain products supplied by the subsidiaries infringed the original patents and demanded royalty payments. Since the Group’s infringing product chips alleged by Sensor Electronic Technology, Inc. were supplied by the chip supplier, the supplier has retained an external lawyer to appropriately handle the litigation. There was no material impact on the operation and financial performance of the Company at the time of evaluation.

The Company and Genesis Photonics Inc. also hired external lawyers on September 17, 2021 to submit a counterclaim against Sensor Electronic Technology, Inc., to protect the Company’s intellectual property rights.

c. Nitek, Inc. sued the Company, LITE-ON TECHNOLOGY USA, INC., LITE-ON, INC. and LITE-ON TRADING USA, INC. The petitioner claimed that certain products supplied by the subsidiaries infringed the original patents and demanded royalty payments. Since the Group’s infringing product chips alleged by Nitek, Inc. were supplied by the chip supplier, the supplier has retained an external lawyer to appropriately handle the litigation. There was no material impact on the operation and financial performance of the Company at the time of evaluation.

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2022

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 1,155,378	30.6700 (USD:NTD)	<u>\$ 35,435,429</u>
Non-monetary items			
Investments in associates and joint ventures accounted for using the equity method			
USD	2,360,037	30.6700 (USD:NTD)	<u>\$ 72,382,350</u>
<u>Financial liabilities</u>			
Monetary items			
USD	1,833,370	30.6700 (USD:NTD)	<u>\$ 56,229,453</u>

December 31, 2021

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 1,214,389	27.6250 (USD:NTD)	<u>\$ 33,547,502</u>
Non-monetary items			
Investments in associates and joint ventures accounted for using the equity method			
USD	2,307,694	27.6250 (USD:NTD)	<u>\$ 63,750,033</u>
<u>Financial liabilities</u>			
Monetary items			
USD	1,914,095	27.6250 (USD:NTD)	<u>\$ 52,876,861</u>

For the years ended December 31, 2022 and 2021, the net foreign exchange gains (losses) were \$(2,580,725) thousand and \$315,895 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.

32. SEPARATELY DISCLOSED ITEMS

- a. Information on significant transactions:
 - 1) Financing provided: See Table 1 below.
 - 2) Endorsement/guarantee provided: See Table 2 below.
 - 3) Marketable securities held (excluding investment in subsidiaries, associates and jointly controlled entities): See Table 3 below.
 - 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: See Table 4 below.
 - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: Table 5.
 - 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 27 to the financial statements.
- b. Information on investees: See Table 8 below.
- c. Information on investments in mainland China:
 - 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: See Table 9 below.
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: See Tables 6 and 7 below.
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: None.

33. OTHER ITEMS

- 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 Zhonghe Digital Building. In the second quarter of 2022, the Company entered a contract and engaged ZEN RAY Construction Co., Ltd. to build on its own land. The total contract amount shall not exceed \$1,886,000 thousand.

- b. In order to carry on future business and the expansion of capacity, the Company's board of director resolved to build the second-phase plant of Kaohsiung Manufacturing center on October 28, 2022. The construction period will be from January 1, 2023 to September 30, 2026 and the budget for construction is \$6,242,013 thousand.
- c. In light of Company's strategy to focus on core businesses, and to enhance operation efficiency and competitiveness, the Company's board of directors passed a resolution to sell asset and operation of Image department to Guangzhou Luxvisions Innovation Technology Limited and Luxvisions Innovation Technology Limited on December 6, 2022. The target of the transaction is the Image department's asset and operation (inventory, equipment, technology, IP, client and supplier relationships). The consideration of the transaction is CNY910,000 thousand, and reasonable adjustments shall be made based on the actual condition of the assets on the date of the completion according to the terms specified in business transfer contract.
- d. The Company's board of directors approved the budget of \$2,805,284 thousand to construct the R&D building in Kaohsiung on February 21, 2023. The construction period will be from July 1, 2023 to January 31, 2026.

TABLE 1

LITE-ON TECHNOLOGY CORPORATION AND INVESTEEES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Amounts in Thousands of New Taiwan Dollars)

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate	Nature for Financing (Note 1)	Transaction Amount	Reasons for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 2)	Financing Company's Total Financing Amount Limits (Note 2)	Note
													Item	Value			
1	LITE-ON SINGAPORE PTE. LTD.	LITE-ON MOBILE PTE. LTD.	Receivables from related parties	Yes	\$ 771,525	\$ -	\$ -	0.84975%-5.95129%	b	\$ -	Operating capital	\$ -	None	\$ -	\$ 27,642,232	27,642,232	
2	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	CHANGZHOU LEOTEK NEW ENERGY TRADE LIMITED	Receivables from related parties	Yes	203,260	101,630	101,630	2.45%-2.65%	b	-	Operating capital	-	None	4,730,571	4,730,571		
3	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	LITE-ON GREEN TECHNOLOGIES (NANJING) CORPORATION	Receivables from related parties	Yes	30,023	16,791	16,791	2.5%-2.65%	b	-	Operating capital	-	None	3,267,138	3,267,138		
3	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	LITE-ON INTELLIGENT TECHNOLOGY (YENCHENG) CORP.	Receivables from related parties	Yes	124,351	57,443	57,443	2.5%-2.65%	b	-	Operating capital	-	None	3,267,138	3,267,138		
3	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	BEIJING LITE-ON MOBILE ELECTRONIC AND TELECOMMUNICATION COMPONENTS CO., LTD.	Receivables from related parties	Yes	89,640	88,374	88,374	2.50%	b	-	Operating capital	-	None	3,267,138	3,267,138		
4	GUANGZHOU LITE-ON MOBILE ENGINEERING PLASTICS CO., LTD.	BEIJING LITE-ON MOBILE ELECTRONIC AND TELECOMMUNICATION COMPONENTS CO., LTD.	Receivables from related parties	Yes	63,203	-	-	2.65%	b	-	Operating capital	-	None	1,089,830	1,089,830		

Note 1: Reasons for financing are as follows:

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

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

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

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

LITE-ON TECHNOLOGY CORPORATION AND INVESTEEES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022
(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 Subsidiary A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship (Note 1)											
1	Lite-On Capital Corporation	Lite-On Green Energy B.V.	c	\$ 2,104,139	\$ 306,814	\$ 306,814	\$ 306,814	\$ -	0.38	\$ 2,104,139	No	No	No	

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

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

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

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

TABLE 3

LITE-ON TECHNOLOGY CORPORATION AND INVESTEEES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2022

(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, 2022			Note
				Shares/Units (In Thousands)	Carrying Value (In Thousands)	Percentage of Ownership (%)	
LITE-ON TECHNOLOGY CORPORATION	Ordinary shares ENNSTAR Inc.	-	Financial assets at FVTPL	224	\$ 10,045	0.03	\$ 10,045
	Wistron Corporation	-	Financial assets at FVTOCI	1,487	43,720	0.05	43,720
	Logah Technology Corp.	-	Financial assets at FVTOCI	7,578	101,169	8.14	101,169
	Com2B Corp.	-	Financial assets at FVTOCI	5,000	-	11.11	-
	Avamax Corp.	-	Financial assets at FVTPL	559	-	6.99	-
	Aetas Technology, Inc.	-	Financial assets at FVTPL	4,026	-	8.07	-
	AuriaSolar Co., Ltd.	-	Financial assets at FVTPL	41,400	-	19.71	-
	Z-Com, Inc.	-	Financial assets at FVTOCI	63	632	0.09	632
	Fong Han Electronics Co., Ltd.	-	Financial assets at FVTPL	1,167	-	6.67	-
	Xepex Electronics Co., Ltd.	-	Financial assets at FVTPL	-	-	-	-
	North America Micro-Electronic & Software, Incorporated	-	Financial assets at FVTOCI	5	-	2.67	-
	ACTION MEDIA TECHNOLOGIES, INC.	-	Financial assets at FVTPL	38	-	-	-
	Opink Communications, Inc.	-	Financial assets at FVTOCI	1	-	0.01	-
	Taiwan Changxing Technology Co., Ltd.	-	Financial assets at FVTOCI	462	-	15.40	-
	InSynerger Technology Co., Ltd.	Member of the board of directors	Financial assets at FVTOCI	1,710	23,435	15.05	23,435
	PlayNitride Inc.	Member of the board of directors	Financial assets at FVTOCI	4,235	421,780	3.95	421,780
	VISION DISPLAY SYSTEM CO., LTD.	-	Financial assets at FVTPL	322	-	2.68	-
	Inmolabs Corporation	-	Financial assets at FVTPL	320	-	0.89	-
	Airoha Technology Corp.	-	Financial assets at FVTOCI	258	136,964	0.18	136,964
	Preference shares	-	-	-	-	-	-
	Arklogic Holdings Limited	-	Financial assets at FVTPL	1,111	-	7.66	-
	PI-CORAL, INC.	-	Financial assets at FVTPL	1,139	-	10.65	-
	Kneron Holding Corporation	-	Financial assets at FVTPL	1,500	285,783	2.44	285,783
	@NETWORK, Inc.	-	Financial assets at FVTPL	200	-	-	-
	Advanced Reticle Technology, Inc.	-	Financial assets at FVTPL	1,200	-	-	-
	COMBRIO NETWORKS, INC.	-	Financial assets at FVTPL	600	-	1.00	-
	InterEMS.com, Inc.	-	Financial assets at FVTPL	100	-	0.75	-
	Lynuxworks, Incorporated	-	Financial assets at FVTPL	80	-	1.04	-
	Newera Communications, Inc.	-	Financial assets at FVTPL	1,538	-	33.92	-
	Nobex Corporation	-	Financial assets at FVTPL	300	-	0.66	-
	Single Chip Systems Corporation	-	Financial assets at FVTPL	294	-	0.56	-
	Stemeyte, Inc.	-	Financial assets at FVTPL	94	-	0.91	-
	Hotvoice Communications Technologies	-	Financial assets at FVTPL	125	-	30.49	-

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2022			Note
				Shares/Units (In Thousands)	Carrying Value (In Thousands)	Percentage of Ownership (%)	
LITE-ON TECHNOLOGY CORPORATION	Fund Arm IoT Fund, L.P.	-	Financial assets at FVTPL	-	\$ 62,229	10.33	\$ 62,229
	Esquare IoT Landing Fund	-	Financial assets at FVTPL	-	149,268	15.36	149,268
	PacRim Venture Partners	-	Financial assets at FVTPL	-	-	3.00	-
	Domestic convertible bond Xepex Electronics Co., Ltd.	-	Financial assets at FVTPL	150	-	-	-
Lite-On Capital Corporation	Ordinary shares LITE-ON TECHNOLOGY CORPORATION	The parent company	Financial assets at FVTOCI	15,116	964,392	0.65	964,392
	Lead Data, Inc.	-	Financial assets at FVTOCI	865	2,429	0.59	2,429
	Compound Solar Technology Co., Ltd.	-	Financial assets at FVTPL	2,000	-	2.86	-
	Z-Com, Inc.	-	Financial assets at FVTOCI	2,412	24,116	3.36	24,116
Lite-on Green Energy (HK) Limited	Ordinary shares Changzhou Binhu Thin Film Solar Greenhouse Co., Ltd.	-	Financial assets at FVTOCI	-	US\$ 140	19.90	US\$ 140
YET FOUNDATE LIMITED	Ordinary shares Northern Lights Semiconductor	-	Financial assets at FVTPL	3,000	-	5.91	-
LET (HK) LIMITED	Fund Innovation Works Development Fund, L.P.	-	Financial assets at FVTPL	-	HK\$ 3,288	0.55	HK\$ 3,288
LITE-ON TECHNOLOGY USA, INC.	Fund SMART WORLD INNOVATION FUND GP, LLC	-	Financial assets at FVTPL	-	US\$ 2,484	22.50	US\$ 2,484
	Amed Ventures II, L.P.	-	Financial assets at FVTPL	-	US\$ 1,033	2.27	US\$ 1,033
LITE-ON SINGAPORE PTE. LTD.	Foreign convertible preference shares MemryX Inc.	-	Financial assets at FVTPL	590	US\$ 425	1.76	US\$ 425
	Ordinary shares LuxVisions Innotech Limited	-	Financial assets at FVTOCI	12,000	US\$ 40,000	2.93	US\$ 40,000
LTC GROUP LTD.	Fund Grandfull Convergence Innovation Growth Fund, L.P.	-	Financial assets at FVTPL	-	US\$ 8,652	15.62	US\$ 8,652
	Ordinary shares VIZIO Holding Corp.	-	Financial assets at FVTPL	2,448	US\$ 18,134	1.26	US\$ 18,134
TITANIC CAPITAL SERVICES LTD.	Ordinary shares LITE-ON TECHNOLOGY CORPORATION	The parent company	Financial assets at FVTOCI	7,004	446,869	0.30	446,869
LITE-ON CHINA HOLDING CO., LTD.	Ordinary shares COMMIT Incorporated	-	Financial assets at FVTPL	4,962	-	1.87	-

(Concluded)

TABLE 4

LITE-ON TECHNOLOGY CORPORATION AND INVESTEEES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2022
(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	Gain (Loss) on Disposal		Ending Balance	
					Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount		Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount
LTC GROUP LTD.	The common stock of VIZIO HOLDING CORP.	Financial asset at fair value through profit or loss	-	-	3,433	\$ 1,842,491 (US\$ 66,697)	-	\$ -	\$ 276,645 (US\$ 9,446)	\$ - (283,557) (US\$ -9,701) (Note)	2,448	\$ 556,171 (US\$ 18,134)	

Note: During the disposal period (2021/3/30-2022/12/31), 1,487 thousand shares were disposed, the total monetary amount was US\$19,513 thousand, and the realized loss was \$3,973 thousand, of which \$279,584 thousand of profit had been transferred to unappropriated earnings in 2021, the loss recognized from January 1, 2022 to December 31, 2022 was \$283,557 thousand (accounted under the net gain on financial assets at fair value through profit or loss), and the ending amount is listed at fair value.

TABLE 5

LITE-ON TECHNOLOGY CORPORATION AND INVESTEEES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NTS300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party		Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship			
LITE-ON TECHNOLOGY CORPORATION	Buildings	June 9, 2022	Total contract amount shall not exceed \$1,886,000	Monthly settlement by the construction progress and acceptance	ZEN RAY Construction Co., Ltd.	-	Not applicable	Not applicable	Tendering, price comparison and price negotiation	Operation of LITEON Zhonghe Digttech Center	None

Note: The final transaction amount is based on the actual settlement.

TABLE 6

LITE-ON TECHNOLOGY CORPORATION AND INVESTEEES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2022
(Amounts in Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Purchase/ Sale	Transaction Details		Abnormal Transaction			Notes/Terms (Payable) or Receivable	Note	
				Amount	% of Total	Payment Terms	Unit Price	Payment Terms			Ending Balance
Lite-On Technology Corporation	Philips & Lite-On Digital Solutions Corporation	Subsidiary	Sale	\$ (6,218,803)	(5.38)	About 90 days	Cost-plus pricing	No significant difference	\$ 2,044,260	6.63	
	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Fourth-tier subsidiary	Sale	(830,469)	(0.72)	About 90 days	Cost-plus pricing	No significant difference	293,403	0.95	
	LITE-ON SINGAPORE PTE. LTD.	Subsidiary	Sale	(3,911,548)	(3.38)	About 90 days	Cost-plus pricing	No significant difference	1,203,498	3.90	
	Lite-On Japan Ltd.	Subsidiary	Sale	(641,726)	(0.56)	About 90 days	Cost-plus pricing	No significant difference	272,414	0.88	
	LITE-ON TRADING USA, INC.	Sub-subsidiary	Sale	(4,766,372)	(4.12)	About 90 days	Cost-plus pricing	No significant difference	2,225,104	7.22	
	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Fourth-tier subsidiary	Purchase	839,750	0.85	About 90 days	Cost-plus pricing	No significant difference	(203,414)	(0.62)	
	LITE-ON VIETNAM CO., LTD.	Subsidiary	Purchase	1,825,086	1.85	About 90 days	Cost-plus pricing	No significant difference	(887,567)	(2.71)	
	LITE-ON SINGAPORE PTE. LTD.	Subsidiary	Purchase	24,948,174	25.31	About 90 days	Cost-plus pricing	No significant difference	(8,705,126)	(26.57)	
	Lite-On Overseas Trading Co., Ltd.	Subsidiary	Purchase	59,044,842	59.91	About 90 days	Cost-plus pricing	No significant difference	(17,915,360)	(54.67)	
	LEOTEK CORPORATION	LEOTEK ELECTRONICS USA LLC	Subsidiary	Sale	(418,743)	(0.36)	About 90 days	Cost-plus pricing	No significant difference	254,956	0.84
Philips & Lite-On Digital Solutions Corporation	Philips & Lite-On Digital Solutions USA, Inc.	Subsidiary	Sale	(4,738,939)	(4.05)	About 90 days	Cost-plus pricing	No significant difference	521,328	1.52	
	LITE-ON ELECTRONICS (TIANJIN) CO., LTD.	Affiliate	Sale	(1,604,902)	(1.38)	About 90 days	Cost-plus pricing	No significant difference	235,813	0.72	
	LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	Affiliate	Sale	(13,158,873)	(11.32)	About 90 days	Cost-plus pricing	No significant difference	2,089,526	6.25	
	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	Affiliate	Sale	(5,470,054)	(4.68)	About 90 days	Cost-plus pricing	No significant difference	1,140,955	3.35	
	LITE-ON LI SHIN TECHNOLOGY (GANZHOU) LTD.	Affiliate	Sale	(672,432)	(0.57)	About 90 days	Cost-plus pricing	No significant difference	101,213	0.30	
	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Affiliate	Sale	(15,797,458)	(13.62)	About 90 days	Cost-plus pricing	No significant difference	4,038,708	11.95	
	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(8,238,868)	(7.07)	About 90 days	Cost-plus pricing	No significant difference	1,734,083	5.05	
	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(691,999)	(0.59)	About 90 days	Cost-plus pricing	No significant difference	120,772	0.35	
	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	Affiliate	Sale	(188,259)	(0.16)	About 90 days	Cost-plus pricing	No significant difference	50,578	0.14	
	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Affiliate	Sale	(127,573)	(0.11)	About 90 days	Cost-plus pricing	No significant difference	24,589	0.07	
LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(14,437,811)	(12.43)	About 90 days	Cost-plus pricing	No significant difference	1,595,912	4.55	
	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Affiliate	Sale	(362,530)	(0.31)	About 90 days	Cost-plus pricing	No significant difference	94,067	0.27	
	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Affiliate	Sale	(250,008)	(0.21)	About 90 days	Cost-plus pricing	No significant difference	132,246	0.38	
	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(9,805,211)	(8.49)	About 90 days	Cost-plus pricing	No significant difference	3,013,239	8.55	
	LITE-ON POWER TECHNOLOGY (DONGGUAN) CO., LTD.	Affiliate	Sale	(1,844,034)	(1.59)	About 90 days	Cost-plus pricing	No significant difference	139,491	0.39	
	LITE-ON ELECTRONICS H.K. LIMITED	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(156,228)	(0.13)	About 90 days	Cost-plus pricing	No significant difference	47,862	0.13
	HUIZHOU LI SHIN ELECTRONIC CO., LTD.	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(2,043,431)	(1.77)	About 90 days	Cost-plus pricing	No significant difference	290,932	0.83
	LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Affiliate	Sale	(1,139,598)	(0.98)	About 90 days	Cost-plus pricing	No significant difference	220,131	0.62
	LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	WUXI CHINA BRIDGE EXPRESS TRADING CO., LTD.	Affiliate	Sale	(177,146)	(0.15)	About 90 days	Cost-plus pricing	No significant difference	-	-
	LITE-ON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD.	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(20,000,340)	(17.36)	About 90 days	Cost-plus pricing	No significant difference	7,322,835	21.05
LITE-ON Auto Electric Technology (Guangzhou) Ltd.	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Affiliate	Sale	(173,493)	(0.15)	About 90 days	Cost-plus pricing	No significant difference	163,564	0.47	
	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(412,923)	(0.35)	About 90 days	Cost-plus pricing	No significant difference	138,292	0.38	
	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Affiliate	Sale	(157,916)	(0.13)	About 90 days	Cost-plus pricing	No significant difference	-	-	
	LITE-ON OVERSEAS TRADING CO., LTD.	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(4,627,314)	(4.00)	About 90 days	Cost-plus pricing	No significant difference	1,218,331	3.35
	LITE-ON HI OPTO TECH (BH) CO., LTD.	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(4,692,197)	(4.05)	About 90 days	Cost-plus pricing	No significant difference	648,268	1.83
	Lite-On Electronics (Thailand) Co., Ltd.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(123,209)	(0.10)	About 90 days	Cost-plus pricing	No significant difference	14,441	0.04
	LITE-ON ELECTRONICS (GUANGZHOU) CO., LTD.	LITE-ON JAPAN (Thailand) CO., LTD.	Affiliate	Sale	-	-	-	-	-	-	
	LITE-ON ELECTRONICS (GUANGZHOU) CO., LTD.	LITE-ON ELECTRONICS (GUANGZHOU) CO., LTD.	Affiliate	Sale	-	-	-	-	-	-	
	LITE-ON ELECTRONICS (GUANGZHOU) CO., LTD.	LITE-ON ELECTRONICS (GUANGZHOU) CO., LTD.	Affiliate	Sale	-	-	-	-	-	-	
	LITE-ON ELECTRONICS (GUANGZHOU) CO., LTD.	LITE-ON ELECTRONICS (GUANGZHOU) CO., LTD.	Affiliate	Sale	-	-	-	-	-	-	

(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	
LITE-ON VIETNAM CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	\$ (468,840)	(20.44)	About 90 days	Cost-plus pricing	\$ 84,388	8.68
LITE-ON SINGAPORE PTE. LTD.	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Subsidiary	Sale	(1,853,444)	(2.51)	About 90 days	Cost-plus pricing	631,931	2.99
LITE-ON SINGAPORE PTE. LTD.	LITE-ON ELECTRONICS H.K. LIMITED	Affiliate	Sale	(2,195,080)	(2.97)	About 90 days	Cost-plus pricing	544,734	2.58
Lite-On Japan Ltd.	Lite-On Japan Ltd.	Affiliate	Sale	(462,015)	(0.62)	About 90 days	Cost-plus pricing	119,806	0.57
LITE-ON, INC.	LITE-ON, INC.	Affiliate	Sale	(772,748)	(1.04)	About 90 days	Cost-plus pricing	131,282	0.62
LITE-ON TRADING USA, INC.	LITE-ON TRADING USA, INC.	Affiliate	Sale	(8,751,825)	(11.83)	About 90 days	Cost-plus pricing	3,770,052	17.86
LEOTEK ELECTRONICS USA, LLC	LEOTEK ELECTRONICS USA, LLC	Affiliate	Sale	(349,344)	(0.47)	About 90 days	Cost-plus pricing	(1,284)	(0.01)
LITE-ON MOBILE INDUSTRIA E COMÉRCIO DE PLÁSTICOS LTDA.	LITE-ON MOBILE INDUSTRIA E COMÉRCIO DE PLÁSTICOS LTDA.	Affiliate	Sale	(553,005)	(0.48)	About 90 days	Cost-plus pricing	36,830	0.17
Lite-On Japan Ltd.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(101,650)	(4.21)	About 90 days	Cost-plus pricing	27,239	5.46
LITE-ON AUTOMOTIVE ELECTRONICS MEXICO, S.A. DE C.V.	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(125,307)	(5.20)	About 90 days	Cost-plus pricing	12,221	2.45
LITE-ON AUTOMOTIVE ELECTRONICS MEXICO, S.A. DE C.V.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(538,036)	(100.00)	About 90 days	Cost-plus pricing	81,166	100.00
Lite-On Overseas Trading Co., Ltd.	LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	Affiliate	Sale	(10,932,848)	(7.96)	About 90 days	Cost-plus pricing	2,055,055	5.91
	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Affiliate	Sale	(12,239,849)	(8.91)	About 90 days	Cost-plus pricing	4,165,679	11.99
	LITE-ON TECHNOLOGY (XIANNING) CO., LTD.	Affiliate	Sale	(147,517)	(0.11)	About 90 days	Cost-plus pricing	22,019	0.06
	LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	Affiliate	Sale	(11,160,117)	(8.13)	About 90 days	Cost-plus pricing	1,633,457	4.70
	SILITEK ELEC. (DONGGUAN) CO., LTD.	Affiliate	Sale	(6,967,364)	(5.07)	About 90 days	Cost-plus pricing	556,486	1.60
	HUIZHOU LI SHIN ELECTRONIC CO., LTD.	Affiliate	Sale	(589,590)	(0.43)	About 90 days	Cost-plus pricing	78,290	0.23
	LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	Affiliate	Sale	(14,994,382)	(10.92)	About 90 days	Cost-plus pricing	4,224,504	12.16
	LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD.	Affiliate	Sale	(321,180)	(0.23)	About 90 days	Cost-plus pricing	197,318	0.57
	LITEON-IT OPTO TECH (BH) CO., LTD.	Affiliate	Sale	(3,772,411)	(2.75)	About 90 days	Cost-plus pricing	1,201,623	3.46
	LITE-ON VIETNAM CO., LTD.	Affiliate	Sale	(1,807,266)	(1.32)	About 90 days	Cost-plus pricing	747,328	2.15
	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(15,182,021)	(11.05)	About 90 days	Cost-plus pricing	1,910,396	5.50
Lite-On (Guangzhou) Automotive Electronics Limited	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Affiliate	Sale	(2,859,137)	(47.83)	About 90 days	Cost-plus pricing	1,224,520	64.87
	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(2,526,141)	(42.56)	About 90 days	Cost-plus pricing	284,902	15.09

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

(Continued)

TABLE 7

LITE-ON TECHNOLOGY CORPORATION AND INVESTEES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL.
DECEMBER 31, 2022
(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	\$ -	\$ 2,044,260	\$ 144	2.96	-	-	\$ 1,490,577	\$ -
	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Fourth-tier subsidiary	-	293,403	-	2.54	-	-	67,866	-
	LITE-ON SINGAPORE PTE. LTD.	Subsidiary	-	1,203,498	117,919	3.59	-	-	353,419	-
	Lite-On Japan LTD.	Subsidiary	-	272,414	35,600	2.96	-	-	69,347	-
	LITE-ON TRADING USA, INC.	Subsidiary	-	2,225,104	2,447	2.95	-	-	-	-
LEOTEK CORPORATION	Lite-On Overseas Trading Co., LTD.	Subsidiary	-	1,848,989	4,741	-	-	-	988,613	-
	LEOTEK ELECTRONICS USA LLC	Subsidiary	-	254,956	908	3.28	-	-	38,273	-
	Philips & Lite-On Digital Solutions Corporation	Subsidiary	-	521,328	-	8.48	-	-	497,761	-
	LITE-ON ELECTRONICS (TIANJIN) CO., LTD.	Affiliate	-	235,813	-	8.31	-	-	61,340	-
	LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	Affiliate	-	2,089,526	352	12.60	-	-	1,176,662	-
LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	1,140,955	9,442	4.23	-	-	469,888	-
	LITEON LI SHIN TECHNOLOGY (GANZHOU) LTD.	Affiliate	-	101,213	-	8.41	-	-	99,826	-
	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	The parent company	-	203,414	-	4.11	-	-	85,593	-
	CHANGZHOU LEOTEK NEW ENERGY TRADE LIMITED	Affiliate	-	-	102,177	-	-	-	22	-
	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	4,038,708	-	4.04	-	-	1,576,931	-
LITE-ON TECHNOLOGY (XIANNING) CO., LTD.	Lite-On Overseas Trading Co., LTD.	Affiliate	-	1,754,083	-	4.18	-	-	515,465	-
	LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	Affiliate	-	120,772	-	7.30	-	-	117,669	-
	LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	Affiliate	-	1,595,912	-	7.90	-	-	933,447	-
	SILITEK ELEC. (DONGGUAN) CO., LTD.	Affiliate	-	132,246	-	1.90	-	-	40,725	-
	LITE-ON POWER TECHNOLOGY (DONGGUAN) CO., LTD.	Affiliate	-	3,013,239	246	3.25	-	176,831	923,999	-
HUIZHOU LI SHIN ELECTRONIC CO., LTD.	Lite-On Overseas Trading Co., LTD.	Affiliate	-	139,491	-	11.73	-	-	139,491	-
	LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	Affiliate	-	290,932	-	7.65	-	-	158,641	-
	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Affiliate	-	220,131	-	2.93	-	-	81,339	-
	Lite-On Overseas Trading Co., LTD.	Affiliate	-	7,322,835	40,484	3.15	-	190,511	3,842,174	-
	LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD.	Affiliate	-	163,564	3,246	2.12	-	-	33,076	-
LITEON-IT OPTO TECH (BH) CO., LTD.	Lite-On Overseas Trading Co., LTD.	Affiliate	-	138,292	-	3.25	-	-	64,660	-
	Lite-On Overseas Trading Co., LTD.	Affiliate	-	1,218,331	-	3.58	-	-	728,998	-
	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	648,268	19,399	7.02	-	-	321,976	-

(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	\$ -	\$ 887,567	\$ 909	2.56	\$ -	-	\$ 166,594	\$ -
LITE-ON SINGAPORE PTE. LTD.	Lite-On Technology Corporation	The parent company	-	8,705,126	389,307	2.89	-	-	2,538,059	-
	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Subsidiary	-	631,931	-	3.52	-	-	270,508	-
	LITE-ON ELECTRONICS H.K. LIMITED	Affiliate	-	544,734	-	2.76	-	-	31,812	-
	Lite-On Japan LTD.	Affiliate	-	119,806	194	3.42	-	-	27,942	-
	LITE-ON, INC.	Affiliate	-	131,282	3,442	3.34	-	-	60,934	-
	LITE-ON TRADING USA, INC.	Affiliate	-	3,770,052	30,992	2.41	-	-	1,148,467	-
Lite-On International Holding Co., Ltd.	LITE-ON CHINA HOLDING CO., LTD.	Subsidiary	-	-	2,473,085	-	-	-	-	-
HIGH YIELD GROUP CO., LTD.	LITE-ON IT INTERNATIONAL (HK) LIMITED	Subsidiary	-	-	1,291,818	-	-	-	1,291,818	-
Lite-On Overseas Trading Co., LTD.	Lite-On Technology Corporation	The parent company	-	17,915,360	53,548	3.05	-	-	5,222,236	-
	LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	Affiliate	-	2,055,055	2,681	7.32	-	-	616,886	-
	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Affiliate	-	4,165,679	-	2.85	-	-	1,062,059	-
	LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	Affiliate	-	1,633,457	-	7.07	-	-	1,359,687	-
	SILITEK ELEC. (DONGGUAN) CO., LTD.	Affiliate	-	556,486	249	9.15	-	-	499,401	-
	LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	Affiliate	-	4,224,504	-	3.51	-	-	2,521,257	-
	LITE-ON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD.	Affiliate	-	197,318	4,323	1.99	-	-	97,922	-
	LITE-ON HI OPTO TECH (BH) CO., LTD.	Affiliate	-	1,201,623	-	2.87	-	-	673,300	-
	LITE-ON VIETNAM CO., LTD.	Affiliate	-	747,328	396	3.32	-	-	140,382	-
	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	1,910,396	-	8.94	-	-	8,366	-
LITE-ON CHINA HOLDING CO., LTD.	LITE-ON ELECTRONICS COMPANY LIMITED	Subsidiary	-	-	2,473,085	-	-	-	2,473,085	-
Lite-On (Guangzhou) Automotive Electronics Limited	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Affiliate	-	1,224,520	32,557	2.83	-	-	-	-
	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	284,902	5,332	9.60	-	-	-	-
Lite-On Automotive International (Cayman) Co., Ltd.	LITE-ON AUTOMOTIVE HOLDINGS (HONG KONG) CO., LIMITED	Subsidiary	-	-	396,227	-	-	-	-	-

Note: All intercompany transactions have been eliminated upon consolidation.

(Concluded)

TABLE 8

LITE-ON TECHNOLOGY CORPORATION AND INVESTEES

NAMES, LOCATIONS, AND RELATED INFORMATION ON INVESTEES

FOR THE YEAR ENDED DECEMBER 31, 2022

(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, 2022		Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Note
				December 31, 2022	December 31, 2021	Shares	Percentage of Ownership (%)			
Lite-On Technology Corporation	Silitech Technology Corporation	New Taipei City, Taiwan	Manufacture and sale of modules and plastic/rubber products	\$ 60,504	\$ 60,504	11,322,003	16.65	\$ 411,797	\$ 16,688	Associate (Note 1)
	Lite-On Integrated Service Inc.	Taipei City, Taiwan	Information outsourcing and system integration	-	25,886	-	-	-	3,052	Subsidiary (Note 2)
Lite-On Technology Corporation	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	438,141	20,534	Associate
	Lite-On Capital Corporation	Taipei City, Taiwan	Investment activities	3,707,984	3,707,984	170,706,763	100.00	1,150,486	60,505	Subsidiary
Lite-On Technology Corporation	LITE-ON ELECTRONICS H.K. LIMITED	Hong Kong	Sale of LED optical products	7,339,481	7,339,481	17,865,367	100.00	21,402,178	952,110	Subsidiary
	LITE-ON ELECTRONICS (THAILAND) Co., Ltd.	Thailand	Manufacture and sale of LED optical products	632,128	632,128	6,049,844	100.00	2,241,492	248,821	Subsidiary
Lite-On Technology Corporation	Lite-On Japan Ltd.	Japan	Sale of LED optical products and power supplies	679,856	679,856	12,451,058	100.00	881,530	(12,573)	Subsidiary
	Lite-On International Holding Co., Ltd.	British Virgin Islands	Investment activities	US\$ 363,725	US\$ 363,725	363,725,483	100.00	24,349,246	2,187,763	Subsidiary
Lite-On Technology Corporation	LTC GROUP LTD.	British Virgin Islands	Investment activities	1,098,752	1,098,752	32,915,855	100.00	1,395,488	(1,095,664)	Subsidiary
	LITE-ON TECHNOLOGY USA, INC.	USA	Investment activities	US\$ 55,172	US\$ 55,172	470,239	100.00	2,166,987	54,369	Subsidiary
Lite-On Technology Corporation	LITE-ON ELECTRONICS (EUROPE) LIMITED	United Kingdom	Manufacture and sale of power supplies	44,559	44,559	300,000	100.00	74,779	4,628	Subsidiary
	Lite-On Technology (Europe) B.V.	Netherlands	Market research and after-sales services	2,322,039	2,322,039	330,896	54.00	275,831	61,816	Subsidiary
Lite-On Technology Corporation	Lite-On Overseas Trading Co., Ltd.	British Virgin Islands	Investment activities	168,947	168,947	5,142,962	100.00	1,493,477	(299,749)	Subsidiary
	LITE-ON SINGAPORE PTE. LTD.	Singapore	Manufacture and supply of computer peripheral products	US\$ 63,788	US\$ 63,788	51,776,500	100.00	28,203,803	4,149,909	Subsidiary
Lite-On Technology Corporation	LITE-ON VIETNAM CO., LTD.	Vietnam	Electronic contract manufacturing	US\$ 52,000	US\$ 52,000	10,000	100.00	1,923,755	11,564	Subsidiary
	EAGLE ROCK INVESTMENT LTD.	British Virgin Islands	Import and export and investment activities	341	341	-	100.00	1,462,733	55,283	Subsidiary
Lite-On Technology Corporation	LITE-ON MOBILE PTE. LTD.	Singapore	Manufacture and sale of mobile phone modules and design of assembly lines	EUR 457,014	EUR 457,014	221,062,238	100.00	2,591,215	(55,760)	Subsidiary
	LET (HK) LIMITED	Hong Kong	Sale of optical disc drives	251,322	251,322	62,059,600	100.00	42,267	(9,452)	Subsidiary
Lite-On Technology Corporation	HIGH YIELD GROUP CO., LTD.	British Virgin Islands	Holding company	2,274,586	2,274,586	68,238,000	100.00	5,984,977	(94,915)	Subsidiary
	Philips & Lite-On Digital Solutions Corporation	Taipei City, Taiwan	Sale of optical disc drives	267,113	267,113	17,150,000	49.00	272,026	17,934	Subsidiary
Lite-On Technology Corporation	Lite-Space Technology Company Limited	Hong Kong	Sale of computer components	165,498	165,498	5,600,000	46.67	108,968	(974)	Associate
	LITE-ON AUTOMOTIVE ELECTRONICS MEXICO, S.A. DE C.V.	Mexico	Production, manufacture, sale, import and export of photovoltaic devices, key electronic components, telecommunications equipment, information technology equipment, semiconductor applications, general lighting, automotive electronics, renewable energy products and systems and maintenance of automotive industry	US\$ 8,910	US\$ 8,910	294,825	99.00	408,903	71,199	Subsidiary
Lite-On Technology Corporation	Lite-On Automotive International (Cayman) Co., Ltd.	Cayman	Investment activities	US\$ 100,626	US\$ 100,626	11,967,300	100.00	2,701,701	205,647	Subsidiary
	KBW-LEOTEK Jordan Private Shareholding Limited	Jordan	Investment activities	US\$ 69	US\$ 69	49,000	49.00	633	178	Subsidiary
Lite-On Technology Corporation	KBW-LITEON Jordan Private Shareholding Limited	Jordan	Production and manufacture of energy-saving lights and project construction and maintenance	US\$ 50,928	US\$ 50,928	36,056,975	99.86	466,605	(30,632)	Subsidiary
	LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED	India	Manufacture and sale of phone chargers and power supplies	INR 1,023,741	INR 1,023,741	102,374,058	99.00	270,249	(52,403)	Subsidiary
Lite-On Technology Corporation	SKYLA CORPORATION	Taiwan	Manufacture and sale of medical equipment	180,700	200,000	18,070,000	55.19	229,290	27,333	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2022			Share of Profit/Loss of Investee	Note
				December 31, 2022	December 31, 2021	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	\$ 50	60,000,000	100.00	\$ 586,374	\$ 54,076	Subsidiary
	LITE-ON MOBILE INDÚSTRIA E COMÉRCIO DE PLÁSTICOS LTDA.	Brazil	Manufacture and sale of mobile phone modules and design of assembly lines	US\$ 1,299	-	6,507,001	2.97	34,223	BRL 33,678	Subsidiary (Note 3)
LEOTEK CORPORATION	LEOTEK ELECTRONICS USA LLC	USA	Sale of LED products	293,452	-	-	100.00	323,843	US\$ 855	Subsidiary (Note 4)
Lite-On Capital Corporation	Slittech Technology Corporation	New Taipei City, Taiwan	Manufacture and sale of modules and plastic/rubber products	107,901	107,901	385,545	0.57	14,023	100,230	Associate (Note 1)
	Lite-On Green Technologies, Inc.	Taipei City, Taiwan	Manufacture and wholesale of electronic components and energy technology services	1,040,000	1,040,000	67,000,000	100.00	235,035	1,398	Subsidiary
	Lite-on Green Energy (HK) Limited	Hong Kong	Investment activities	US\$ 3,100	US\$ 3,100	3,100,000	100.00	6,205	US\$ (2)	Subsidiary
	Lite-On Technology (Europe) B.V.	Netherlands	Market research and after-sales services	1,938,096	1,938,096	281,875	46.00	233,116	EUR 3,629	Subsidiary
	LITE-ON GREEN ENERGY (SINGAPORE) PTE. LTD.	Singapore	Investment activities	227,434	227,434	3,457,760	100.00	103,919	EUR 141	Subsidiary
Lite-On Green Technologies, Inc.	Lite-On Green Technologies B.V.	Netherlands	Solar energy engineering	EUR 11,520	EUR 11,520	6,818,200	100.00	50,203	EUR 78	Subsidiary
LITE-ON GREEN ENERGY (SINGAPORE) PTE. LTD.	Lite-On Green Energy B.V.	Netherlands	Investment activities	EUR 2,500	EUR 2,500	9,139,785	100.00	EUR 595	EUR (9)	Subsidiary
Lite-On Green Technologies B.V.	KompaktSolar GmbH	Germany	Solar energy engineering	EUR 401	EUR 401	51,000	51.00	EUR -	EUR -	Associate
CHINA BRIDGE (CHINA) CO., LTD.	WUXI CHINA BRIDGE EXPRESS TRADING CO., LTD.	Wuxi, China	Assembly and sale of power supplies, printers, display devices and scanners	CNY 36,244	CNY 36,244	-	100.00	CNY 54,408	CNY 4,295	Subsidiary
	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	Changzhou, China	Development, manufacture and sale of new-type electronic components and LEDs and provision of technology consulting services, maintenance equipment and after-sales services	CNY 85,015	CNY 85,015	-	12.59	CNY 93,089	CNY 40,221	Subsidiary
LITE-ON TECHNOLOGY (JIANGSU) CO., LTD.	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Changzhou, China	Development, manufacture, sale and installation of power supplies and transformers and provision of technology consulting services, maintenance equipment and after-sales services	CNY 527,134	CNY 527,134	-	100.00	CNY 1,070,580	CNY 194,571	Subsidiary
	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	Changzhou, China	Development, manufacture and sale of new-type electronic components and LEDs and provision of technology consulting services, maintenance equipment and after-sales services	CNY 503,977	CNY 503,977	-	87.41	CNY 646,300	CNY 40,221	Subsidiary
	LITE-ON MEDICAL DEVICE (CHANGZHOU) LTD.	Changzhou, China	Manufacture and sale of medical equipment	CNY 30,640	CNY 30,640	-	100.00	CNY 20,833	CNY (4,029)	Subsidiary
	LITE-ON AUTOMOTIVE ELECTRONICS (CHANGZHOU) CO., LTD.	Changzhou, China	Manufacture, sale and processing of electronic products	CNY 223,746	CNY 223,746	-	100.00	CNY 225,400	CNY 7,625	Subsidiary
Lite-On Automotive International (Cayman) Co., Ltd.	LITE-ON AUTOMOTIVE HOLDINGS (HONG KONG) CO., LIMITED	Hong Kong	Investment activities	HK\$ 42,009	HK\$ 42,009	101,250,185	100.00	US\$ 65,879	HK\$ 54,216	Subsidiary
HIGH YIELD GROUP CO., LTD.	LITE-ON IT INTERNATIONAL (HK) LIMITED	Hong Kong	Sale of optical disc drives	US\$ 102,400	US\$ 102,400	102,400,000	100.00	US\$ 127,140	US\$ (2,752)	Subsidiary
Philips & Lite-On Digital Solutions Corporation	Philips & Lite-On Digital Solutions USA, Inc. PLDS Germany GmbH	USA Germany	Sale of optical disc drives Development and sale of modules of automotive recorders	33 1,326,996	33 1,326,996	1,000	100.00 100.00	277,241 1,035,064	US\$ 219 EUR 2,999	Subsidiary Subsidiary
	Philips & Lite-On Digital Solutions Korea Ltd.	South Korea	Sale of optical disc drives	15,376	15,376	17,823	100.00	31,894	KRW 16,042	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2022		Share of Profit/Loss of Investee	Note		
				December 31, 2022	December 31, 2021	Shares	Percentage of Ownership (%)			Carrying Amount	Net Income (Loss) of the Investee
KBW-LEOTEK Jordan Private Shareholding Limited	LEOTEK, PSC	Jordan	Production, manufacture energy-saving lights	JOD 30	JOD 30	30,000	60.00	JOD 66	17	-	Subsidiary
	LITE-ON, INC.	USA	Sales data processing business of optoelectronic products and power supplies	US\$ 3,000	US\$ 3,000	3,000,000	100.00	US\$ 9,443	821	-	Subsidiary
LITE-ON TECHNOLOGY USA, INC.	LITE-ON TRADING USA, INC.	USA	Sale of optical products	US\$ 31,500	US\$ 31,500	315,000	100.00	US\$ 42,599	1,540	-	Subsidiary
	LEOTEK ELECTRONICS USA LLC	USA	Sale of LED products	US\$ -	US\$ 5,792	-	-	US\$ -	855	-	Subsidiary (Note 4)
Lite-On International Holding Co., Ltd.	POWER INNOVATIONS INTERNATIONAL, INC.	USA	Development, design and manufacture of power controls and energy management	US\$ 15,756	US\$ 15,756	12,916,109	100.00	US\$ 4,539	(1,448)	-	Subsidiary
	LITE-ON TECHNOLOGY SERVICE, INC.	USA	After-sales services of optical products	US\$ 1,500	US\$ 1,500	1,000	100.00	US\$ 1,977	47	-	Subsidiary
LITE-ON SINGAPORE PTE. LTD.	LITE-ON CHINA HOLDING CO., LTD.	British Virgin Islands	Investment activities	US\$ 427,342	US\$ 427,342	427,341,532	100.00	US\$ 633,146	66,623	-	Subsidiary
	LiteStar JV Holding (BVI) Co., Ltd.	British Virgin Islands	Investment activities	US\$ 27,000	US\$ 27,000	2,323	17.59	US\$ 24,825	\$ (203,142)	-	Associate
LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	LITE-ON AUTOMOTIVE ELECTRONICS MEXICO, S.A. DE C.V.	Mexico	Production, manufacture, sale, import and export of photovoltaic devices, key electronic components, telecommunications equipment, information technology equipment, semiconductor applications, general lighting, automotive electronics, renewable energy products and systems and maintenance of automotive industry	US\$ 90	US\$ 90	2,978	1.00	US\$ 135	46,683	-	Subsidiary
	LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED	India	Manufacture and sale of phone chargers and power supplies	INR 10,341	INR 10,341	1,034,082	1.00	US\$ 89	INR (139,715)	-	Subsidiary
LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	LITE-ON INTELLIGENT TECHNOLOGY (YENCHENG) CORP.	Yancheng, China	Wholesale, import, export and installation of street lights, signal lights, scenery lights and new-type electronic components	CNY 19,427	CNY 19,427	-	100.00	CNY 16,630	(1,206)	-	Subsidiary
	LTC GROUP LTD.	British Virgin Islands	Investment activities	1,014,620	1,014,620	8,655,240	100.00	US\$ 19,503	464	-	Subsidiary
Lite-On Technology (Europe) B.V.	Lite-On (Finland) Oy	Finland	Manufacture and sale of mobile phone modules and design of assembly lines	EUR 64,891	EUR 64,891	2,500	100.00	EUR 11,786	3,433	-	Subsidiary
	Lite-On (Finland) Oy	Finland	Manufacture and sale of mobile phone modules and design of assembly lines	EUR 196,618	EUR 196,618	52,937,148	100.00	EUR 11,488	3,425	-	Subsidiary
LITE-ON CHINA HOLDING CO., LTD.	LITE-ON ELECTRONICS COMPANY LIMITED	Hong Kong	Investment activities	US\$ 375,760	US\$ 375,760	3,083,467,107	100.00	US\$ 587,771	HK\$ 496,666	-	Subsidiary
	YET FOUNDATE LIMITED	Hong Kong	Manufacture of plastic and computer peripheral products	CNY 73,220	CNY 73,220	68,429,663	100.00	US\$ 18,879	CNY 6,900	-	Subsidiary
G&W TECHNOLOGY (BVI) LIMITED	FORDGOOD ELECTRONIC LIMITED	Hong Kong	Import and export and real estate business	US\$ 12,666	US\$ 12,666	100,150,100	100.00	US\$ 20,128	HK\$ 16,922	-	Subsidiary
	G&W TECHNOLOGY (BVI) LIMITED	British Virgin Islands	Real estate management	US\$ 3,900	US\$ 3,900	3,900,000	50.00	US\$ 4,691	US\$ 107	-	Subsidiary
Lite-On Japan Ltd.	G&W TECHNOLOGY LIMITED	Hong Kong	Leasing business	US\$ 65	US\$ 65	499,998	100.00	US\$ 2,088	US\$ 583	-	Subsidiary
	L&K Industries Philippines, Inc.	Philippines	Import and export of electronic components	JPY -	JPY 91,681	-	-	JPY -	US\$ (5)	-	Associate (Note 5)
Lite-On Japan Ltd.	Lite-On Japan (H.K.) Limited	Hong Kong	Import and export of electronic components	JPY 70,000	JPY 70,000	50,000	100.00	JPY 70,000	US\$ 2,425	-	Subsidiary (Note 6)
	Lite-On Japan (Korea) Co., Ltd.	South Korea	Import and export of electronic components	JPY -	JPY 22,593	-	-	JPY -	KRW -	-	Subsidiary (Note 7)
LITE-ON JAPAN (Thailand) CO., LTD.	LITE-ON JAPAN (Thailand) CO., LTD.	Thailand	Import and export of electronic components	JPY 64,992	JPY 64,992	199,998	100.00	JPY 64,992	THB 9,783	-	Subsidiary (Note 6)

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Note
				December 31, 2022	December 31, 2021	Shares	Percentage of Ownership (%)	Carrying Amount			
Lite-On Mobile Oyj	LITE-ON MOBILE INDÚSTRIA E COMÉRCIO DE PLÁSTICOS LTDA.	Brazil	Manufacture and sale of mobile phone modules and design of assembly lines	EUR -	EUR 2,509	-	-	EUR -	BRL 33,678	-	Subsidiary (Note 3)
LITE-ON MOBILE PTE. LTD.	LITE-ON MOBILE INDÚSTRIA E COMÉRCIO DE PLÁSTICOS LTDA.	Brazil	Manufacture and sale of mobile phone modules and design of assembly lines	US\$ 108,302	US\$ 108,302	212,824,231	97.03	US\$ 36,454	BRL 33,678	-	Subsidiary

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

Note 2: Obtained the liquidation dissolution approval document in November 2022.

Note 3: In August 2022, the Group reorganized and transferred 2.97% of the shares held by LITE-ON MOBILE PTE. LTD. to the Company.

Note 4: In July 2022, the Group reorganized and transferred the shares held by LITE-ON TECHNOLOGY USA, INC. to LEOTEK CORPORATION.

Note 5: Disposed in December 2022.

Note 6: The investment income/losses and adjustment for changes in equities are recognized by the Group.

Note 7: Liquidated in July 2022.

Note 8: Refer to Table 9 for information on investments in mainland China.

(Concluded)

TABLE 9

LITE-ON TECHNOLOGY CORPORATION AND INVESTEEES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022

(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, 2022	Investment of Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net Income (Losses) of the Investee Company (Note 2)	Percentage of Ownership	Share of Profits/Losses (Note 2)	Carrying Amount of December 31, 2022 (Note 2)	Accumulated Inward Remittance of Earnings as of December 31, 2022	Note
						Outflow	Inflow							
LITE-ON TECHNOLOGY CORPORATION	LITE-ON COMPUTER TECHNOLOGY (DONGGUAN) CO., LTD.	Manufacture and sale of display device	\$ 502,988	a	\$ 873,158	\$ -	\$ -	\$ 873,158	-	100.00	\$ -	\$ -	-	Note 3
	LITE-ON ELECTRONICS (THANJIN) CO., LTD.	ODM services	(US\$ 16,400)	a	(US\$ 28,469)	(US\$ 2,039,494)	(US\$ 316,113)	(US\$ 2,039,494)	316,113	100.00	(CNY 68,567)	(HK\$ 2,393,060)	-	-
LITE-ON TECHNOLOGY CORPORATION	LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	Manufacture of electronic components	(US\$ 69,500)	a	(US\$ 66,498)	(US\$ 1,085,718)	(US\$ 188,800)	(US\$ 1,085,718)	188,800	100.00	(CNY 40,952)	(HK\$ 749,014)	-	-
	SILITEK ELEC. (DONGGUAN) CO., LTD.	Manufacture and sale of keyboards	(US\$ 35,400)	a	(US\$ 35,400)	(US\$ 147,216)	(US\$ 623,045)	(US\$ 147,216)	623,045	100.00	(CNY 135,142)	(HK\$ 1,165,044)	-	-
LITE-ON TECHNOLOGY CORPORATION	LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	Manufacture and sale of printers and scanners	(US\$ 4,800)	a	(US\$ 4,800)	(US\$ 1,122,522)	(US\$ 36,600)	(US\$ 1,194,410)	1,065,287	100.00	(CNY 231,067)	(HK\$ 1,911,730)	-	-
	CHINA BRIDGE (CHINA) CO., LTD.	Investment activities, consulting services and acting as a sales agent	(US\$ 37,870)	a	(US\$ 36,600)	(US\$ 912,270)	(US\$ 76,574)	(US\$ 912,270)	76,574	100.00	(CNY 16,609)	(HK\$ 306,513)	-	-
LITE-ON TECHNOLOGY CORPORATION	LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	Manufacture and sale of IT products	(US\$ 30,000)	a	(US\$ 29,745)	(US\$ 1,321,722)	(US\$ 371,297)	(US\$ 1,321,722)	16,609	100.00	(CNY 371,297)	(HK\$ 2,249,527)	-	-
	LITE-ON COMMUNICATION (GUANGZHOU) COMPANY LIMITED	Manufacture and sale of mobile terminal equipment	(US\$ 44,416)	a	(US\$ 45,095)	(US\$ 753,255)	(US\$ 80,550)	(US\$ 484,893)	80,550	100.00	(CNY 80,550)	(HK\$ 571,860)	-	-
LITE-ON TECHNOLOGY CORPORATION	LITE-ON COMMUNICATION (GUANGZHOU) COMPANY LIMITED	Manufacture and sale of mobile terminal equipment	(US\$ 24,560)	a	(US\$ 24,560)	(US\$ 753,255)	(US\$ 24,560)	(US\$ 753,255)	-	100.00	-	-	-	Note 4
	LITE-ON TECHNOLOGY (GUANGZHOU) LIMITED	Manufacture and sale of computer case	(US\$ 1,018,244)	a	(US\$ 1,018,244)	(US\$ 33,200)	(US\$ 1,018,244)	(US\$ 33,200)	-	100.00	-	-	-	Note 4
LITE-ON TECHNOLOGY CORPORATION	COMMIT Incorporated	Manufacture and sale of application software and multimedia product design	(US\$ 984,078)	a	(US\$ 18,402)	(US\$ 600)	(US\$ 18,402)	(US\$ 600)	-	1.87	-	-	-	-
	WIRELESS (GUANGZHOU) LIMITED	Manufacture and sale of mobile terminal equipment	(US\$ 32,086)	a	(US\$ 600)	(US\$ 484,893)	(US\$ 15,810)	(US\$ 484,893)	-	100.00	-	-	-	Note 4
LITE-ON TECHNOLOGY CORPORATION	LITE-ON (GUANGZHOU) INFOTECH CO., LTD.	Information outsourcing	(US\$ 15,810)	a	(US\$ 15,810)	(US\$ 484,893)	(US\$ 15,810)	(US\$ 484,893)	-	100.00	-	-	-	Note 4
	TOOLING LTD.	Manufacture and sale of modules	-	a	(US\$ 71,888)	(US\$ 2,344)	(US\$ 71,888)	(US\$ 2,344)	-	-	-	-	-	Note 5
LITE-ON TECHNOLOGY CORPORATION	LITE-ON LI SHIN TECHNOLOGY (GANZHOU) LTD.	Manufacture and sale of electronic components	(US\$ 558,194)	a	(US\$ 18,200)	(US\$ 374,174)	(US\$ 12,200)	(US\$ 374,174)	65,248	100.00	(CNY 14,153)	(HK\$ 150,763)	-	-
	LITE-ON TECHNOLOGY (XIANNING) CO., LTD.	Manufacture and sale of electronic components	(US\$ 368,040)	a	(US\$ 409,025)	(US\$ 13,336)	(US\$ 409,025)	(US\$ 13,336)	14,153	100.00	(CNY 39,873)	(US\$ 435,215)	-	-
LITE-ON TECHNOLOGY CORPORATION	LITE-ON TECHNOLOGY (JIANGSU) CO., LTD.	Investment activities, consulting services and acting as a sales agent	(US\$ 199,355)	a	(US\$ 6,500)	(US\$ 199,355)	(US\$ 6,500)	(US\$ 199,355)	39,873	100.00	(CNY 8,649)	(US\$ 14,190)	-	-
	INVESTMENT COMPANY LIMITED (DONGGUAN) CO., LTD.	Development, manufacture and sale of electronic components, power supplies and provision of technology consulting services	(US\$ 5,091,220)	a	(US\$ 5,091,220)	(US\$ 166,000)	(US\$ 166,000)	(US\$ 166,000)	1,085,314	100.00	(CNY 235,411)	(HK\$ 2,392,310)	-	-
LITE-ON TECHNOLOGY CORPORATION	LITE-ON POWER TECHNOLOGY (DONGGUAN) CO., LTD.	Development, manufacture and sale of electronic components, power supplies and provision of technology consulting services	(US\$ 2,453,600)	a	(US\$ 80,000)	(US\$ 2,453,600)	(US\$ 80,000)	(US\$ 2,453,600)	49,820	100.00	(CNY 10,806)	(HK\$ 162,582)	-	-
	CHANGZHOU LIOTEK NEW ENERGY TRADE LIMITED	Wholesale, import, export and installation of street lights, signal lights, scenery lights and new-type electronic components	(US\$ 80,000)	a	(US\$ 489,855)	(US\$ 489,855)	(US\$ 489,855)	(US\$ 489,855)	335,396	100.00	(CNY 72,749)	(HK\$ 178,346)	-	-
LITE-ON TECHNOLOGY CORPORATION	LITE-ON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD.	Manufacture of automotive components	(US\$ 30,670)	a	(US\$ 30,670)	(US\$ 1,000)	(US\$ 30,670)	(US\$ 1,000)	(3,889)	100.00	(CNY (3,889))	(CNY (59,821))	-	-
	Lite-On Auto Electric Technology (Guangzhou) Ltd.	Manufacture and sale of optical disc drives	(US\$ 1,318,810)	a	(US\$ 43,000)	(US\$ 1,318,810)	(US\$ 43,000)	(US\$ 1,318,810)	(3,889)	100.00	(CNY (3,889))	(CNY (59,821))	-	-
LITE-ON TECHNOLOGY CORPORATION	LITE-ON-AT OPTO TECH (BH) CO., LTD.	Manufacture and sale of optical disc drives	(US\$ 61,340)	a	(US\$ 2,000)	(US\$ 61,340)	(US\$ 2,000)	(US\$ 61,340)	90,338	100.00	(CNY 90,338)	(US\$ 32,618)	-	-
	Lite-On (Guangzhou) Automotive Electronics Limited	Manufacture, sale and processing of electronic products	(US\$ 1,686,850)	a	(US\$ 55,000)	(US\$ 1,686,850)	(US\$ 55,000)	(US\$ 1,686,850)	161,340	100.00	(CNY 56,736)	(US\$ 140,939)	-	-
LITE-ON TECHNOLOGY CORPORATION	Lite-On (Guangzhou) Automotive Electronics Limited	Manufacture, sale and processing of electronic products	(US\$ 190,154)	a	(US\$ 180,037)	(US\$ 190,154)	(US\$ 180,037)	(US\$ 180,037)	195,890	100.00	(CNY 195,890)	(US\$ 2,139,992)	-	-
	Electronics Limited	Manufacture, sale and processing of electronic products	(US\$ 6,200)	a	(US\$ 5,870)	(US\$ 6,200)	(US\$ 5,870)	(US\$ 5,870)	265,694	100.00	(CNY 265,694)	(US\$ 1,786,877)	-	-

(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, 2022	Investment of Flows		Net Income (Losses) of Investee Company (Note 2)	Percentage of Ownership	Share of Profits/Losses (Note 2)	Carrying Amount as of December 31, 2022 (Note 2)	Accumulated Inward Remittance of Earnings as of December 31, 2022	Note
						Outflow	Inflow						
LITE-ON TECHNOLOGY CORPORATION	LITE-ON AUTOMOTIVE (WUXI) CO., LTD.	Manufacture, sale and processing of electronic products	\$ 153,350 (US\$ 5,000)	a	\$ 153,350 (US\$ 5,000)	\$ -	\$ -	\$ 25,935 (CNY 8,925)	100.00	\$ -	\$ 231,569 (HK\$ 58,668)	\$ -	
	HUIZHOU LI SHIN ELECTRONIC CO., LTD.	Manufacture of computer peripheral products	\$ 407,180 (US\$ 13,276)	a	\$ 197,573 (US\$ 6,442)	\$ -	\$ -	\$ 130,630 (CNY 28,334)	100.00	\$ -	\$ 759,634 (US\$ 24,768)	\$ -	
	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Manufacture and sale of energy-saving equipment	\$ 2,177,570 (US\$ 71,000)	a	\$ 2,177,570 (US\$ 71,000)	\$ -	\$ -	\$ 300,086 (CNY 65,090)	100.00	\$ -	\$ 3,014,608 (US\$ 98,292)	\$ -	
	BEIJING LITE-ON MOBILE ELECTRONIC AND TELECOMMUNICATION COMPONENTS CO., LTD.	Manufacture and sale of mobile phone modules and design of assembly lines	\$ 490,720 (US\$ 16,000)	a	\$ 1,246,502 (US\$ 40,643)	\$ -	\$ -	\$ 65,090 (CNY 12,804)	100.00	\$ -	\$ 200,699 (US\$ 6,544)	\$ -	
	GUANGZHOU LITE-ON MOBILE ENGINEERING PLASTICS CO., LTD.	Manufacture and sale of mobile phone modules and design of assembly lines	\$ 600,212 (US\$ 19,570)	a	\$ 1,836,987 (US\$ 59,895)	\$ -	\$ -	\$ 41,146 (CNY 8,925)	100.00	\$ -	\$ 1,089,830 (US\$ 35,534)	\$ -	
	LITE-ON GREEN TECHNOLOGIES (NANJING) CORPORATION	Solar energy engineering	\$ 23,003 (US\$ 750)	a	\$ 23,003 (US\$ 750)	\$ -	\$ -	\$ (1,367) (CNY -297)	100.00	\$ -	\$ (8,486) (CNY -1,921)	\$ -	
	Changzhou Bihui Thin Film Solar Greenhouse Co., Ltd.	Manufacture and sale of solar energy engineering	\$ 441,870 (CNY 100,000)	a	\$ 91,909 (US\$ 2,997)	\$ -	\$ -	\$ 91,909 (US\$ 2,997)	19.90	\$ -	\$ 4,279 (US\$ 140)	\$ -	
	Epicystal (Changzhou) Co., Ltd.	Design, manufacture and sale of light-emitting diode and related display	\$ 4,815,190 (US\$ 157,000)	a	\$ 828,090 (US\$ 27,000)	\$ -	\$ -	\$ (26,735) (CNY -49,180)	19.74	\$ -	\$ 916,918 (CNY 207,309)	\$ -	Note 6
	DONGGUAN LITE-ON COMPUTER CO., LTD.	Manufacture and sale of computer hosts and components, keyboards, scanners, mice and other peripheral devices	\$ 61,340 (US\$ 2,000)	a	\$ 61,340 (US\$ 2,000)	\$ -	\$ -	\$ 3,998 (CNY 867)	100.00	\$ -	\$ 60,178 (CNY 13,619)	\$ -	
	NI (SHANGHAI) CO., LTD.	Import and export of electronic components	\$ 9,201 (US\$ 300)	a	\$ 95,015 (US\$ 3,098)	\$ -	\$ -	\$ 4,896 (CNY 1,062)	100.00	\$ -	\$ 8,251 (JPY 35,655)	\$ -	Note 7
Philips & Lite-On Digital Solutions Corporation	Philips & Lite-On Digital Solutions (Shanghai) Co., Ltd.	Sale of optical disc drives	\$ 30,670 (US\$ 1,000)	a	\$ 30,670 (US\$ 1,000)	\$ -	\$ -	\$ (26,562) (CNY -5,762)	100.00	\$ -	\$ 396,736 (CNY -5,762)	\$ -	

Investor Company	Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	
		Upper Limit on Investment	Upper Limit on Investment
LITE-ON TECHNOLOGY CORPORATION	\$ 28,855,057 (US\$ 940,824)	\$ 38,359,736 (US\$ 1,250,725)	Note 8
Philips & Lite-On Digital Solutions Corporation	\$ 30,670 (US\$ 1,000)	\$ 30,670 (US\$ 1,000)	\$ 333,093 (Note 9)

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

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

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

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

Note 4: LITE-ON ELECTRONICS (GUANGZHOU) LIMITED merged with LITE-ON TECHNOLOGY (GUANGZHOU) LIMITED, LITE-ON COMMUNICATION (GUANGZHOU) COMPANY LIMITED, and LITE-ON 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 (GUANGZHOU) INFOTECH CO., LTD. merged with LITE-ON ELECTRONICS (GUANGZHOU) LIMITED, with LITE-ON ELECTRONICS (GUANGZHOU) LIMITED as the surviving entity. It was approved by the Ministry of Economic Affairs on December 21, 2022 under Order No. 11100196680.

Note 6: Under Letter No. 11000338140 on January 6, 2022, the Ministry of Economic Affairs Investment Review Committee approved the deregistration of Epicystal (Changzhou) Co., Ltd. for not implementing the investment and releasing the project control, with the amount of US\$8,196 thousand.

Note 7: Investment profits or losses and adjustments for changes in equity investment were recognized by the Company.

Note 8: Under Order No. 10920439200 issued by the Ministry of Economic Affairs on January 4, 2021, the Company acquired a certification approved by the Industrial Development Bureau and valid from December 18, 2020 to December 17, 2023 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.

(Concluded)



LITE-ON Technology Corporation



Chairman: Tom Soong

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