

**LITE-ON TECHNOLOGY CORPORATION
and Subsidiaries**

**Consolidated Financial Statements for the
Six Months Ended June 30, 2023 and 2022 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
LITE-ON TECHNOLOGY CORPORATION

Introduction

We have reviewed the accompanying consolidated balance sheets of LITE-ON TECHNOLOGY CORPORATION and its subsidiaries (collectively, the "Group") as of June 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, the consolidated statements of changes in equity and cash flows for the six months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as 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 International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Note 13 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements were not reviewed. As of June 30, 2023 and 2022, the combined total assets of these non-significant subsidiaries were NT\$65,594,103 thousand and NT\$70,957,141 thousand, representing 35.08% and 36.73%, respectively, of the consolidated total assets; the combined total liabilities of these non-significant subsidiaries were NT\$12,574,208 thousand and NT\$14,035,070 thousand, representing 11.94% and 11.99%, respectively, of the consolidated total liabilities. For the three months ended June 30, 2023 and 2022, the amounts of the combined comprehensive income of these non-significant subsidiaries were NT\$989,382 thousand and NT\$933,266 thousand, representing 23.88% and 23.50% of the consolidated total comprehensive income, respectively; for the six months ended June 30, 2023 and 2022, the amounts of combined comprehensive income of these non-significant subsidiaries were NT\$1,388,115 thousand and NT\$2,930,091 thousand, representing 21.88% and 32.74% of the consolidated total comprehensive income, respectively. In addition, as disclosed in Note 14 to the consolidated financial statements, the total carrying amounts of the investments

accounted for using the equity method were NT\$1,850,860 thousand and NT\$1,868,630 thousand as of June 30, 2023 and 2022, respectively. The share of profit of associates accounted for using the equity method was NT\$535 thousand and NT\$9,823 thousand for the three months ended June 30, 2023 and 2022, respectively; the share of profit (loss) of associates accounted for using the equity method was NT\$(2,210) thousand and NT\$8,242 thousand for the six months ended June 30, 2023 and 2022, respectively. The amounts of the related equity-method investments as well as the additional disclosures in Note 35 to the consolidated financial statements were based on the equity-method investees' unreviewed financial statements for the same reporting periods.

Qualified Conclusion

Based on our reviews, except for adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and the equity-method investees as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2023 and 2022, its consolidated financial performance for the three months ended June 30, 2023 and 2022 and its consolidated financial performance and its consolidated cash flows for the six months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

Meng-Chieh, Chiu

Deloitte & Touche
Taipei, Taiwan
Republic of China

July 28, 2023

Shih-Ran Cheng

Notice to Readers

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

For the convenience of readers, the independent auditors' review 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' review report and consolidated financial statements shall prevail.

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

| ASSETS | June 30, 2023 | | December 31, 2022 | | June 30, 2022 | |
|--|-----------------------|------------|-----------------------|------------|-----------------------|------------|
| | Amount | % | Amount | % | Amount | % |
| CURRENT ASSETS | | | | | | |
| Cash and cash equivalents (Note 6) | \$ 83,711,457 | 45 | \$ 91,065,529 | 46 | \$ 70,467,676 | 36 |
| Financial assets at fair value through profit or loss (Note 7) | 8,406,244 | 4 | 2,799,938 | 1 | 10,230,573 | 5 |
| Financial assets at amortized cost (Note 9) | - | - | - | - | 3,042 | - |
| Contract assets (Note 24) | 430,184 | - | 484,791 | - | 499,959 | - |
| Notes receivable, net (Note 11) | 690,895 | - | 609,573 | - | 535,054 | - |
| Trade receivables, net (Note 11) | 32,929,431 | 18 | 38,127,682 | 19 | 41,528,434 | 21 |
| Trade receivables from related parties (Note 31) | - | - | - | - | 13,063 | - |
| Other receivables (Note 11) | 1,280,025 | 1 | 1,562,769 | 1 | 1,004,040 | 1 |
| Other receivables from related parties (Note 31) | 22,487 | - | 17,710 | - | 32,870 | - |
| Inventories, net (Note 12) | 23,302,729 | 12 | 27,747,465 | 14 | 30,738,086 | 16 |
| Other current assets (Note 19) | <u>2,556,771</u> | <u>1</u> | <u>2,537,757</u> | <u>1</u> | <u>2,912,681</u> | <u>2</u> |
| Total current assets | <u>153,330,223</u> | <u>82</u> | <u>164,953,214</u> | <u>83</u> | <u>157,965,478</u> | <u>82</u> |
| NON-CURRENT ASSETS | | | | | | |
| Financial assets at fair value through profit or loss (Note 7) | 1,174,335 | 1 | 1,462,668 | 1 | 1,506,959 | 1 |
| Financial assets at fair value through other comprehensive income (Note 8) | 2,101,414 | 1 | 1,985,324 | 1 | 2,012,091 | 1 |
| Financial assets at amortized cost (Notes 9 and 32) | 464,552 | - | 465,790 | - | 312,529 | - |
| Investments accounted for using the equity method (Note 14) | 1,850,860 | 1 | 1,888,176 | 1 | 1,868,630 | 1 |
| Property, plant and equipment, net (Notes 15 and 31) | 18,276,312 | 10 | 19,078,678 | 10 | 19,269,404 | 10 |
| Right-of-use assets, net (Note 16) | 1,829,154 | 1 | 1,648,994 | 1 | 1,664,876 | 1 |
| Investment properties, net (Note 17) | 1,185,983 | 1 | 1,236,643 | 1 | 1,258,019 | 1 |
| Intangible assets, net (Note 18) | 3,701,475 | 2 | 3,692,521 | 2 | 3,663,850 | 2 |
| Deferred tax assets | 2,551,612 | 1 | 2,804,527 | 1 | 3,229,486 | 2 |
| Refundable deposits | 275,760 | - | 350,419 | - | 279,600 | - |
| Net defined benefit assets (Note 22) | 111,402 | - | 107,332 | - | 43,559 | - |
| Other non-current assets (Note 19) | <u>107,075</u> | <u>-</u> | <u>107,451</u> | <u>-</u> | <u>105,351</u> | <u>-</u> |
| Total non-current assets | <u>33,629,934</u> | <u>18</u> | <u>34,828,523</u> | <u>17</u> | <u>35,214,354</u> | <u>18</u> |
| TOTAL | <u>\$ 186,960,157</u> | <u>100</u> | <u>\$ 199,781,737</u> | <u>100</u> | <u>\$ 193,179,832</u> | <u>100</u> |
| LIABILITIES AND EQUITY | | | | | | |
| CURRENT LIABILITIES | | | | | | |
| Short-term borrowings (Note 20) | \$ 30,178,505 | 16 | \$ 32,628,984 | 16 | \$ 38,386,028 | 20 |
| Financial liabilities at fair value through profit or loss (Note 7) | 224,120 | - | 253,441 | - | 561,253 | - |
| Contract liabilities (Note 24) | 42,694 | - | 79,782 | - | 20,595 | - |
| Notes payable | 7 | - | 59 | - | 402 | - |
| Trade payables | 36,592,036 | 20 | 44,883,340 | 22 | 42,339,694 | 22 |
| Trade payables to related parties (Note 31) | 298 | - | 15,842 | - | 284 | - |
| Other payables | 19,981,950 | 11 | 22,630,490 | 11 | 20,350,757 | 11 |
| Other payables to related parties (Note 31) | 480 | - | 19,378 | - | 447 | - |
| Current tax liabilities | 6,304,123 | 3 | 5,609,887 | 3 | 7,292,508 | 4 |
| Provisions (Note 21) | 1,087,237 | 1 | 1,125,550 | 1 | 1,124,529 | 1 |
| Lease liabilities (Note 16) | 389,286 | - | 359,221 | - | 422,105 | - |
| Advance received | <u>4,651,295</u> | <u>2</u> | <u>4,175,135</u> | <u>2</u> | <u>3,592,998</u> | <u>2</u> |
| Total current liabilities | <u>99,452,031</u> | <u>53</u> | <u>111,781,109</u> | <u>56</u> | <u>114,091,600</u> | <u>59</u> |
| NON-CURRENT LIABILITIES | | | | | | |
| Long-term borrowings (Note 20) | 3,000,000 | 2 | 3,000,000 | 2 | - | - |
| Deferred tax liabilities | 1,835,003 | 1 | 2,212,812 | 1 | 2,170,627 | 1 |
| Lease liabilities (Note 16) | 861,840 | - | 691,734 | - | 621,447 | - |
| Guarantee deposits | <u>126,471</u> | <u>-</u> | <u>108,955</u> | <u>-</u> | <u>145,127</u> | <u>-</u> |
| Total non-current liabilities | <u>5,823,314</u> | <u>3</u> | <u>6,013,501</u> | <u>3</u> | <u>2,937,201</u> | <u>2</u> |
| Total liabilities | <u>105,275,345</u> | <u>56</u> | <u>117,794,610</u> | <u>59</u> | <u>117,028,801</u> | <u>61</u> |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY | | | | | | |
| Share capital | | | | | | |
| Ordinary shares | <u>23,683,522</u> | <u>13</u> | <u>23,630,830</u> | <u>12</u> | <u>23,508,670</u> | <u>12</u> |
| Capital surplus | <u>23,117,644</u> | <u>12</u> | <u>22,706,153</u> | <u>11</u> | <u>21,934,461</u> | <u>11</u> |
| Retained earnings | | | | | | |
| Legal reserve | 17,596,179 | 9 | 16,780,649 | 8 | 16,174,270 | 8 |
| Special reserve | 2,620,202 | 1 | 3,214,551 | 2 | 6,056,988 | 3 |
| Unappropriated earnings | <u>21,169,873</u> | <u>11</u> | <u>21,736,118</u> | <u>11</u> | <u>14,810,370</u> | <u>8</u> |
| Total retained earnings | <u>41,386,254</u> | <u>22</u> | <u>41,731,318</u> | <u>21</u> | <u>37,041,628</u> | <u>19</u> |
| Other equity | <u>(3,701,921)</u> | <u>(2)</u> | <u>(3,243,884)</u> | <u>(2)</u> | <u>(3,214,552)</u> | <u>(2)</u> |
| Treasury shares | <u>(3,445,820)</u> | <u>(2)</u> | <u>(3,468,412)</u> | <u>(2)</u> | <u>(3,700,808)</u> | <u>(2)</u> |
| Total equity attributable to owners of the Company | 81,039,679 | 43 | 81,356,005 | 41 | 75,569,399 | 39 |
| NON-CONTROLLING INTERESTS | <u>645,133</u> | <u>-</u> | <u>631,122</u> | <u>-</u> | <u>581,632</u> | <u>-</u> |
| Total equity | <u>81,684,812</u> | <u>44</u> | <u>81,987,127</u> | <u>41</u> | <u>76,151,031</u> | <u>39</u> |
| TOTAL | <u>\$ 186,960,157</u> | <u>100</u> | <u>\$ 199,781,737</u> | <u>100</u> | <u>\$ 193,179,832</u> | <u>100</u> |

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

(With Deloitte & Touche review report dated July 28, 2023)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| | For the Three Months Ended June 30 | | | | For the Six Months Ended June 30 | | | |
|--|------------------------------------|------|---------------|------|----------------------------------|------|---------------|------|
| | 2023 | | 2022 | | 2023 | | 2022 | |
| | Amount | % | Amount | % | Amount | % | Amount | % |
| OPERATING REVENUE (Notes 24 and 31) | | | | | | | | |
| Sales | \$ 37,957,136 | 102 | \$ 43,885,940 | 102 | \$ 72,514,192 | 101 | \$ 86,035,717 | 102 |
| Less: Sales allowance | 564,322 | 2 | 835,674 | 2 | 846,736 | 1 | 1,665,749 | 2 |
| Sales returns | 99,794 | - | 92,961 | - | 200,256 | - | 182,715 | - |
| Total operating revenue | 37,293,020 | 100 | 42,957,305 | 100 | 71,467,200 | 100 | 84,187,253 | 100 |
| COST OF GOODS SOLD (Notes 12, 25 and 31) | (28,614,792) | (77) | (34,180,094) | (80) | (56,367,170) | (79) | (68,343,185) | (81) |
| GROSS PROFIT | 8,678,228 | 23 | 8,777,211 | 20 | 15,100,030 | 21 | 15,844,068 | 19 |
| OPERATING EXPENSES (Notes 25 and 31) | | | | | | | | |
| Selling and marketing expenses | (1,471,933) | (4) | (1,546,392) | (4) | (2,788,488) | (4) | (2,974,332) | (4) |
| General and administrative expenses | (952,867) | (3) | (1,109,614) | (3) | (2,045,957) | (3) | (2,146,278) | (3) |
| Research and development expenses | (1,945,452) | (5) | (1,750,492) | (4) | (3,811,026) | (5) | (3,369,789) | (4) |
| Expected credit loss reversal | 17,057 | - | (667) | - | 24,024 | - | (2,386) | - |
| Total operating expenses | (4,353,195) | (12) | (4,407,165) | (10) | (8,621,447) | (12) | (8,492,785) | (10) |
| OPERATING INCOME | 4,325,033 | 12 | 4,370,046 | 10 | 6,478,583 | 9 | 7,351,283 | 9 |
| NON-OPERATING INCOME AND EXPENSES | | | | | | | | |
| Share of profit (loss) of associates accounted for using the equity method (Note 14) | 535 | - | 9,823 | - | (2,210) | - | 8,242 | - |
| Interest income | 707,545 | 2 | 237,007 | 1 | 1,310,764 | 2 | 384,613 | - |
| Dividend income | 2,127 | - | 3,714 | - | 2,127 | - | 3,714 | - |
| Other income (Note 31) | 256,018 | 1 | 162,093 | - | 493,780 | 1 | 305,353 | - |
| Net gain on disposal of property, plant and equipment | 1,145 | - | 6,228 | - | 4,489 | - | 11,781 | - |
| Net loss on foreign currency exchange | (534,851) | (1) | (315,559) | (1) | (126,726) | - | (1,092,347) | (1) |
| Net gain on financial assets at fair value through profit or loss | 1,025,717 | 3 | 715,540 | 2 | 1,075,167 | 2 | 1,007,570 | 1 |
| Finance costs (Note 25) | (386,351) | (1) | (130,916) | - | (712,909) | (1) | (189,665) | - |
| Other expenses | (101,500) | - | (64,274) | - | (253,061) | - | (139,975) | - |
| Impairment loss (Note 15) | (518) | - | (482) | - | (518) | - | (482) | - |
| Total non-operating income and expenses | 969,867 | 3 | 623,174 | 1 | 1,790,903 | 3 | 298,804 | - |
| PROFIT BEFORE INCOME TAX | 5,294,900 | 14 | 4,993,220 | 12 | 8,269,486 | 12 | 7,650,087 | 9 |
| INCOME TAX EXPENSE (Note 26) | (1,085,455) | (3) | (1,023,610) | (2) | (1,695,245) | (2) | (1,568,263) | (2) |
| NET PROFIT FOR THE PERIOD | 4,209,445 | 11 | 3,969,610 | 9 | 6,574,241 | 9 | 6,081,824 | 7 |

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LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| | For the Three Months Ended June 30 | | | | For the Six Months Ended June 30 | | | |
|--|------------------------------------|-----------|---------------------|----------|----------------------------------|----------|---------------------|-----------|
| | 2023 | | 2022 | | 2023 | | 2022 | |
| | Amount | % | Amount | % | Amount | % | Amount | % |
| OTHER COMPREHENSIVE INCOME (LOSS) (Notes 23 and 26) | | | | | | | | |
| Items not reclassified subsequently to profit or loss: | | | | | | | | |
| Unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income | \$ 97,964 | - | \$ (9,941) | - | \$ 161,658 | - | \$ (728) | - |
| Share of other comprehensive gain (loss) of associates accounted for using the equity method | (177) | - | (77) | - | 264 | - | (77) | - |
| | <u>97,787</u> | - | <u>(10,018)</u> | - | <u>161,922</u> | - | <u>(805)</u> | - |
| Items that may be reclassified subsequently to profit or loss: | | | | | | | | |
| Exchange differences on translating the financial statements of foreign operations | (191,070) | (1) | 37,033 | - | (486,924) | (1) | 3,530,560 | 4 |
| Share of other comprehensive income (loss) of associates accounted for using the equity method | (21,559) | - | (15,694) | - | (13,427) | - | 38,130 | - |
| Income tax relating to items that may be reclassified subsequently to profit or loss | 49,094 | - | (9,784) | - | 108,830 | - | (701,191) | (1) |
| | <u>(163,535)</u> | - | <u>11,555</u> | - | <u>(391,521)</u> | (1) | <u>2,867,499</u> | 3 |
| Other comprehensive income (loss) for the period, net of income tax | <u>(65,748)</u> | - | <u>1,537</u> | - | <u>(229,599)</u> | - | <u>2,866,694</u> | 3 |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | <u>\$ 4,143,697</u> | <u>11</u> | <u>\$ 3,971,147</u> | <u>9</u> | <u>\$ 6,344,642</u> | <u>9</u> | <u>\$ 8,948,518</u> | <u>11</u> |
| NET PROFIT | | | | | | | | |
| ATTRIBUTABLE TO: | | | | | | | | |
| Owners of the Company | \$ 4,200,086 | 11 | \$ 3,960,039 | 9 | \$ 6,553,059 | 9 | \$ 6,063,789 | 7 |
| Non-controlling interests | 9,359 | - | 9,571 | - | 21,182 | - | 18,035 | - |
| | <u>\$ 4,209,445</u> | <u>11</u> | <u>\$ 3,969,610</u> | <u>9</u> | <u>\$ 6,574,241</u> | <u>9</u> | <u>\$ 6,081,824</u> | <u>7</u> |
| TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO: | | | | | | | | |
| Owners of the Company | \$ 4,123,784 | 11 | \$ 3,966,987 | 9 | \$ 6,307,499 | 9 | \$ 8,906,225 | 11 |
| Non-controlling interests | 19,913 | - | 4,160 | - | 37,143 | - | 42,293 | - |
| | <u>\$ 4,143,697</u> | <u>11</u> | <u>\$ 3,971,147</u> | <u>9</u> | <u>\$ 6,344,642</u> | <u>9</u> | <u>\$ 8,948,518</u> | <u>11</u> |

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LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| | For the Three Months Ended June 30 | | | | For the Six Months Ended June 30 | | | |
|--------------------|------------------------------------|---|---------|---|----------------------------------|---|---------|---|
| | 2023 | | 2022 | | 2023 | | 2022 | |
| | Amount | % | Amount | % | Amount | % | Amount | % |
| EARNINGS PER SHARE | | | | | | | | |
| (NEW TAIWAN | | | | | | | | |
| DOLLARS; Note 27) | | | | | | | | |
| Basic | \$ 1.84 | | \$ 1.74 | | \$ 2.86 | | \$ 2.66 | |
| Diluted | \$ 1.82 | | \$ 1.72 | | \$ 2.84 | | \$ 2.63 | |

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

(With Deloitte & Touche review report dated July 28, 2023)

(Concluded)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

| | Equity Attributable to Owners of the Company | | | | | | | | Other Equity (Note 23) | | | | | | |
|--|--|----------------------|----------------------------------|------------------------------|-----------------------------|---------------------|----------------------------|----------------------|--|---|--|-----------------------|------------------------------|---|----------------------|
| | Issue of Share Capital (Note 23) | | | Capital Surplus (Note 23) | Retained Earnings (Note 23) | | | | Exchange Differences on Translating Foreign Operations | Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income | | | Treasury Shares (Note 23) | Non-controlling Interests (Note 23) | Total Equity |
| | Shares (In Thousands) | Amount | Share Capital To Be Cancelled | | Legal Reserve | Special Reserve | Unappropriated Earnings | Total | | Total | Unearned Employees' Compensation | Total | | | |
| BALANCE AT JANUARY 1, 2022 | 2,350,867 | \$ 23,508,670 | \$ - | \$ 21,836,342 | \$ 15,613,679 | \$ 5,940,218 | \$ 15,199,955 | \$ 36,753,852 | \$ (5,820,080) | \$ (236,908) | \$ - | \$ (6,056,988) | \$ (3,700,808) | \$ 532,459 | \$ 72,873,527 |
| Appropriation of earnings: | | | | | | | | | | | | | | | |
| Legal reserve | - | - | - | - | 560,591 | - | (560,591) | - | - | - | - | - | - | - | - |
| Special reserve | - | - | - | - | - | 116,770 | (116,770) | - | - | - | - | - | - | - | - |
| Cash dividends | - | - | - | - | - | - | (5,776,013) | (5,776,013) | - | - | - | - | - | - | (5,776,013) |
| Changes in non-controlling interests | - | - | - | - | - | - | - | - | - | - | - | - | - | 6,880 | 6,880 |
| Difference between subsidiaries' disposal of consideration and carrying amount | - | - | - | 30,549 | - | - | - | - | - | - | - | - | - | - | 30,549 |
| Changes in capital surplus from investments in associates accounted for using the equity method | - | - | - | 6,622 | - | - | - | - | - | - | - | - | - | - | 6,622 |
| Changes in capital surplus from cash dividends of the Company paid to subsidiaries | - | - | - | 60,948 | - | - | - | - | - | - | - | - | - | - | 60,948 |
| Net profit for the six months ended June 30, 2022 | - | - | - | - | - | - | 6,063,789 | 6,063,789 | - | - | - | - | - | 18,035 | 6,081,824 |
| Other comprehensive income (loss) for the six months ended June 30, 2022 | - | - | - | - | - | - | - | - | 2,843,241 | (805) | - | 2,842,436 | - | 24,258 | 2,866,694 |
| Total comprehensive income (loss) for the six months ended June 30, 2022 | - | - | - | - | - | - | 6,063,789 | 6,063,789 | 2,843,241 | (805) | - | 2,842,436 | - | 42,293 | 8,948,518 |
| BALANCE AT JUNE 30, 2022 | <u>2,350,867</u> | <u>\$ 23,508,670</u> | <u>\$ -</u> | <u>\$ 21,934,461</u> | <u>\$ 16,174,270</u> | <u>\$ 6,056,988</u> | <u>\$ 14,810,370</u> | <u>\$ 37,041,628</u> | <u>\$ (2,976,839)</u> | <u>\$ (237,713)</u> | <u>\$ -</u> | <u>\$ (3,214,552)</u> | <u>\$ (3,700,808)</u> | <u>\$ 581,632</u> | <u>\$ 76,151,031</u> |
| BALANCE AT JANUARY 1, 2023 | 2,363,083 | \$ 23,630,830 | \$ - | \$ 22,706,153 | \$ 16,780,649 | \$ 3,214,551 | \$ 21,736,118 | \$ 41,731,318 | \$ (2,315,737) | \$ (304,465) | \$ (623,682) | \$ (3,243,884) | \$ (3,468,412) | \$ 631,122 | \$ 81,987,127 |
| Appropriation of earnings: | | | | | | | | | | | | | | | |
| Legal reserve | - | - | - | - | 815,530 | - | (815,530) | - | - | - | - | - | - | - | - |
| Cash dividends | - | - | - | - | - | - | (6,966,279) | (6,966,279) | - | - | - | - | - | - | (6,966,279) |
| Special reserve reversed | - | - | - | - | - | (594,349) | 594,349 | - | - | - | - | - | - | - | - |
| Changes in capital surplus from investments in associates accounted for using the equity method | - | - | - | 25 | - | - | - | - | - | - | - | - | - | - | 25 |
| Cancellation of treasury shares | (462) | (4,620) | - | (17,972) | - | - | - | - | - | - | - | - | 22,592 | - | - |
| Changes in capital surplus from cash dividends of the Company paid to subsidiaries | - | - | - | 61,948 | - | - | - | - | - | - | - | - | - | - | 61,948 |
| Disposal of subsidiaries | - | - | - | - | - | - | - | - | 25,303 | - | - | 25,303 | - | - | 25,303 |
| Share-based payment transactions | 5,731 | 58,600 | (1,288) | 367,490 | - | - | 288 | 288 | - | - | (169,912) | (169,912) | - | - | 255,178 |
| Changes in non-controlling interests | - | - | - | - | - | - | - | - | - | - | - | - | - | (23,132) | (23,132) |
| Disposal of investments in equity instruments designated as at fair value through other comprehensive income | - | - | - | - | - | - | 67,868 | 67,868 | - | (67,868) | - | (67,868) | - | - | - |
| Net profit for the six months ended June 30, 2023 | - | - | - | - | - | - | 6,553,059 | 6,553,059 | - | - | - | - | - | 21,182 | 6,574,241 |
| Other comprehensive income (loss) for the six months ended June 30, 2023 | - | - | - | - | - | - | - | - | (407,482) | 161,922 | - | (245,560) | - | 15,961 | (229,599) |
| Total comprehensive income (loss) for the six months ended June 30, 2023 | - | - | - | - | - | - | 6,553,059 | 6,553,059 | (407,482) | 161,922 | - | (245,560) | - | 37,143 | 6,344,642 |
| BALANCE AT JUNE 30, 2023 | <u>2,368,352</u> | <u>\$ 23,684,810</u> | <u>\$ (1,288)</u> | <u>\$ 23,117,644</u> | <u>\$ 17,596,179</u> | <u>\$ 2,620,202</u> | <u>\$ 21,169,873</u> | <u>\$ 41,386,254</u> | <u>\$ (2,697,916)</u> | <u>\$ (210,411)</u> | <u>\$ (793,594)</u> | <u>\$ (3,701,921)</u> | <u>\$ (3,445,820)</u> | <u>\$ 645,133</u> | <u>\$ 81,684,812</u> |

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

(With Deloitte & Touche review report dated July 28, 2023)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

| | For the Six Months Ended June 30 | |
|---|-------------------------------------|--------------|
| | 2023 | 2022 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Income before income tax | \$ 8,269,486 | \$ 7,650,087 |
| Adjustments for: | | |
| Depreciation expenses | 2,115,625 | 2,164,645 |
| Amortization expenses | 83,388 | 72,811 |
| Expected credit loss (reversal) | (24,024) | 2,386 |
| Net gain on fair value change of financial assets and liabilities as at fair value through profit or loss | (1,075,167) | (1,007,570) |
| Finance costs | 712,909 | 189,665 |
| Interest income | (1,310,764) | (384,613) |
| Dividend income | (2,127) | (3,714) |
| Share of loss (profit) of associates accounted for using the equity method | 2,210 | (8,242) |
| Net gain on disposal of property, plant and equipment | (4,489) | (11,781) |
| Impairment (gain) loss recognized on non-financial assets | (157,236) | 320,903 |
| Unrealized net loss on foreign currency exchange | 618,380 | 839,841 |
| Recognition of provisions | 36,094 | 38,824 |
| Changes in operating assets and liabilities | | |
| Financial assets mandatorily classified as at fair value through profit or loss | 2,333,355 | 9,751 |
| Contract assets | 200,647 | 175,426 |
| Notes receivable | (100,480) | (68,602) |
| Trade receivables | 5,113,866 | 699,883 |
| Trade receivables from related parties | - | (924) |
| Other receivables | 459,181 | (146,407) |
| Other receivables from related parties | (4,777) | (29,605) |
| Inventories | 4,472,525 | 2,314,444 |
| Other current assets | (25,127) | (160,796) |
| Contract liabilities | (37,088) | - |
| Notes payable | (52) | 358 |
| Trade payables | (8,240,939) | (6,382,395) |
| Trade payables to related parties | (15,544) | (38,058) |
| Other payables | (2,487,032) | (476,723) |
| Other payables to related parties | (18,898) | (1,258) |
| Provisions | (72,428) | (75,156) |
| Advance receipts | 500,083 | 564,686 |
| Net defined benefit assets | (4,070) | (5,627) |
| Cash generated from operations | 11,337,507 | 6,242,239 |
| Interest received | 1,134,439 | 352,552 |
| Dividends received | 2,127 | 3,265 |
| Interest paid | (719,124) | (145,564) |
| Income tax paid | (999,402) | (996,508) |
| Net cash generated from operating activities | 10,755,547 | 5,455,984 |

(Continued)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

| | For the Six Months Ended June 30 | |
|--|-------------------------------------|----------------------|
| | 2023 | 2022 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of financial assets at fair value through other comprehensive income | \$ (47,108) | \$ (195,347) |
| Proceeds from disposal of financial assets at fair value through other comprehensive income | 109,133 | - |
| Purchases of financial assets at amortized cost | (16) | (22,138) |
| Proceeds from disposal of financial assets at amortized cost | - | 168 |
| Purchases of financial assets at fair value through profit and loss | (17,428,310) | (22,446,059) |
| Proceeds from disposal of financial assets at fair value through profit and loss | 10,633,865 | 15,185,633 |
| Acquisition of property, plant and equipment | (1,299,870) | (2,165,128) |
| Proceeds from disposal of property, plant and equipment | 5,061 | 15,658 |
| Decrease in refundable deposits | 79,368 | 7,317 |
| Acquisition of intangible assets | (73,181) | (54,601) |
| Increase in other non-current assets | - | (2,887) |
| Decrease in other non-current assets | <u>235</u> | <u>-</u> |
| Net cash used in investing activities | <u>(8,020,823)</u> | <u>(9,677,384)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from short-term borrowings | - | 9,780,736 |
| Repayments of short-term borrowings | (2,428,273) | - |
| Proceeds from guarantee deposits received | 19,493 | 6,438 |
| Repayments of the principal portion of lease liabilities | (246,626) | (209,736) |
| Dividends paid to owners of the Company | (6,904,043) | (5,715,065) |
| Proceeds from of partial interests in subsidiaries without a loss of control | - | 54,840 |
| Changes in non-controlling interests | <u>(21,931)</u> | <u>(20,275)</u> |
| Net cash generated from (used in) financing activities | <u>(9,581,380)</u> | <u>3,896,938</u> |
| EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES | | |
| | <u>(507,416)</u> | <u>2,516,303</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (7,354,072) | 2,191,841 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD | <u>91,065,529</u> | <u>68,275,835</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | <u>\$ 83,711,457</u> | <u>\$ 70,467,676</u> |

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

(With Deloitte & Touche review report dated July 28, 2023)

(Concluded)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

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

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

The consolidated financial statements of the Company and its subsidiaries, hereinafter forth 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 and issued on July 28, 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 material impact on the Group’s accounting policies.

- b. The 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 |
| Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements” | January 1, 2024 |
| Amendments to IAS 12 “International Tax Reform - Pillar Two Model Rules” | Note 3 |

Note 1: Unless stated otherwise, the above 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.

Note 3: The requirement that the Group applies the exception and the requirement to disclose that fact is applied immediately upon issuance of the amendments and retrospectively in accordance with IAS 8. The remaining disclosure requirements are applied for annual reporting periods beginning on or after January 1, 2023, but not for any interim period ending on or before December 31, 2023.

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 MATERIAL ACCOUNTING POLICY INFORMATION

- a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual financial statements.

- 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. 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).

d. Other significant accounting policies

Except for the following, for the summary of other significant accounting policies, refer to the consolidated financial statements for the year ended December 31, 2022.

1) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2) Taxation expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Except for the following, refer to the consolidated financial statements for the year ended December 31, 2022 for the material accounting judgments and key sources of estimation uncertainty.

6. CASH AND CASH EQUIVALENTS

| | June 30, 2023 | December 31, 2022 | June 30, 2022 |
|-------------------|----------------------|----------------------|----------------------|
| Cash on hand | \$ 1,645 | \$ 1,750 | \$ 2,144 |
| Checking accounts | 691,090 | 1,075,010 | 736,463 |
| Demand deposits | 22,440,138 | 33,243,220 | 27,786,623 |
| Time deposits | <u>60,578,584</u> | <u>56,745,549</u> | <u>41,942,446</u> |
| | <u>\$ 83,711,457</u> | <u>\$ 91,065,529</u> | <u>\$ 70,467,676</u> |

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

| | June 30, 2023 | December 31, 2022 | June 30, 2022 |
|-----------------|---------------|----------------------|---------------|
| Demand deposits | 0%-5.00% | 0%-4.12% | 0%-3.30% |
| Time deposits | 0.4%-14.06% | 0.4%-14.06% | 0.3%-13.65% |

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

| | June 30, 2023 | December 31, 2022 | June 30, 2022 |
|---|---------------------|----------------------|----------------------|
| <u>Financial assets at FVTPL - current</u> | | | |
| Financial assets mandatorily classified as at FVTPL | | | |
| Derivative financial instruments (not under hedge accounting) | | | |
| Forward exchange contracts (a) | \$ 1,300,442 | \$ 2,393,303 | \$ 2,782,553 |
| Currency swaps (a) | - | 406,635 | 53,985 |
| Hybrid financial assets | | | |
| Structured deposits (b) | <u>7,105,802</u> | <u>-</u> | <u>7,394,035</u> |
| | <u>\$ 8,406,244</u> | <u>\$ 2,799,938</u> | <u>\$ 10,230,573</u> |

(Continued)

| | June 30, 2023 | December 31, 2022 | June 30, 2022 |
|---|---------------------|----------------------|---------------------|
| <u>Financial assets at FVTPL - non-current</u> | | | |
| Financial assets mandatorily classified as at FVTPL | | | |
| Non-derivative financial assets | | | |
| Foreign listed shares | \$ 251,874 | \$ 556,171 | \$ 607,151 |
| Mutual funds | 616,624 | 597,647 | 595,189 |
| Domestic listed shares | 11,673 | 10,045 | 11,381 |
| Hybrid financial assets | | | |
| Foreign convertible preferred stocks | 294,164 | 298,805 | 278,400 |
| Foreign convertible bonds | <u>-</u> | <u>-</u> | <u>14,838</u> |
| | <u>\$ 1,174,335</u> | <u>\$ 1,462,668</u> | <u>\$ 1,506,959</u> |

Financial liabilities at FVTPL - current

| | | | |
|---|-------------------|-------------------|-------------------|
| Financial liabilities held for trading | | | |
| Derivative financial instruments (not under hedge accounting) | | | |
| Forward exchange contracts (a) | \$ 5,456 | \$ 248,584 | \$ 126,593 |
| Currency swaps (a) | <u>218,664</u> | <u>4,857</u> | <u>434,660</u> |
| | <u>\$ 224,120</u> | <u>\$ 253,441</u> | <u>\$ 561,253</u> |
| | | | (Concluded) |

- a. 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>June 30, 2023</u> | | | |
| The Company | | | |
| Forward exchange contracts | USD/NTD | 2023.07.05-2024.06.06 | USD1,070,000/NTD31,707,867 |
| Currency swaps | USD/NTD | 2023.07.10-2023.08.14 | USD470,000/NTD14,341,870 |
| LITE-ON SINGAPORE PTE. LTD. | | | |
| Forward exchange contracts | USD/NTD | 2023.08.14-2023.12.21 | USD381,000/NTD11,341,528 |
| Forward exchange contracts | USD/INR | 2023.07.12 | USD13,000/INR1,074,639 |
| Forward exchange contracts | USD/MXN | 2023.07.17 | USD11,000/MXN190,872 |

December 31, 2022

| | | | |
|------------------------------------|---------|-----------------------|----------------------------|
| 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>June 30, 2022</u> | | | |
| The Company | | | |
| Forward exchange contracts | USD/NTD | 2022.07.06-2023.06.15 | USD1,656,000/NTD45,669,646 |
| Currency swaps | USD/NTD | 2022.07.07-2022.09.26 | USD890,000/NTD26,033,820 |
| Lite-On Overseas Trading Co., Ltd. | | | |
| Forward exchange contracts | USD/CNY | 2022.07.06-2022.09.30 | USD150,000/CNY1,000,302 |
| Forward exchange contracts | USD/INR | 2022.07.12 | USD4,000/INR311,607 |
| Forward exchange contracts | USD/THB | 2022.07.11 | USD3,000/THB103,350 |
| Currency swaps | USD/CNY | 2022.07.21-2022.07.29 | USD83,000/CNY551,059 |
| LITE-ON SINGAPORE PTE. LTD. | | | |
| Forward exchange contracts | USD/NTD | 2022.07.25-2022.11.17 | USD130,000/NTD3,752,510 |
| Forward exchange contracts | USD/INR | 2022.07.08-2022.08.17 | USD19,000/INR1,482,575 |
| Forward exchange contracts | EUR/USD | 2022.07.11 | EUR33,000/USD35,112 |
| Forward exchange contracts | USD/CAD | 2022.07.07 | USD1,595/CAD2,000 |
| Forward exchange contracts | USD/BRL | 2022.08.31 | USD3,000/BRL15,948 |
| Forward exchange contracts | USD/MXN | 2022.07.08 | USD8,500/MXN166,940 |
| Forward exchange contracts | USD/CNY | 2022.07.07-2022.10.11 | USD70,000/CNY465,435 |
| Forward exchange contracts | USD/HKD | 2022.11.30 | USD55,000/HKD429,710 |
| Currency swaps | USD/CNY | 2022.07.05-2022.10.11 | USD353,500/CNY2,355,515 |
| Philip & Lite-On Digital Solutions Corp. | | | |
| Currency swaps | USD/NTD | 2022.07.12 | USD20,000/NTD577,140 |
| | | | (Concluded) |

The Group entered into derivative contracts 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.

- b. The Group entered into structured time deposits contract with banks for a period of less than one year. The structured time deposit contract includes an embedded derivative which is not closely related to the host contract. The entire contract was assessed and mandatorily classified as at FVTPL since it contained a host that is an asset within the scope of IFRS 9.

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

Investments in Equity Instruments at FVTOCI

| | June 30, 2023 | December 31, 2022 | June 30, 2022 |
|--|---------------------|----------------------|---------------------|
| <u>Non-current</u> | | | |
| Domestic investments | | | |
| Listed shares and emerging market shares | \$ 278,982 | \$ 309,030 | \$ 337,002 |
| Listed Taiwan Innovation Board shares | 501,816 | 421,780 | - |
| Unlisted shares | <u>73,080</u> | <u>23,435</u> | <u>16,133</u> |
| | <u>853,878</u> | <u>754,245</u> | <u>353,135</u> |
| Foreign investments | | | |
| Unlisted shares | <u>1,247,536</u> | <u>1,231,079</u> | <u>1,658,956</u> |
| | <u>\$ 2,101,414</u> | <u>\$ 1,985,324</u> | <u>\$ 2,012,091</u> |

The above domestic and foreign investments in equity instruments are held for medium to long-term strategic purposes and expected to generate returns over 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 COST

| | June 30, 2023 | December 31, 2022 | June 30, 2022 |
|------------------|-------------------|----------------------|-------------------|
| Pledged deposits | <u>\$ 464,552</u> | <u>\$ 465,790</u> | <u>\$ 315,571</u> |
| Current | \$ - | \$ - | \$ 3,042 |
| Non-current | <u>464,552</u> | <u>465,790</u> | <u>312,529</u> |
| | <u>\$ 464,552</u> | <u>\$ 465,790</u> | <u>\$ 315,571</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 as at amortized cost.

| | June 30, 2023 | December 31, 2022 | June 30, 2022 |
|-------------------------------------|-------------------|----------------------|-------------------|
| <u>At amortized cost</u> | | | |
| Gross carrying amount | \$ 464,552 | \$ 465,790 | \$ 315,571 |
| Less: Allowance for impairment loss | <u>-</u> | <u>-</u> | <u>-</u> |
| Amortization cost | <u>\$ 464,552</u> | <u>\$ 465,790</u> | <u>\$ 315,571</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 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. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES, NET

| | June 30, 2023 | December 31, 2022 | June 30, 2022 |
|-------------------------------|----------------------|----------------------|----------------------|
| <u>Notes receivable</u> | | | |
| Notes receivable - operating | \$ 690,895 | \$ 609,573 | \$ 535,054 |
| <u>Trade receivables</u> | | | |
| At amortized cost | | | |
| Gross carrying amount | \$ 33,935,848 | \$ 38,908,084 | \$ 42,010,174 |
| Allowance for impairment loss | (1,006,417) | (780,402) | (481,740) |
| | <u>\$ 32,929,431</u> | <u>\$ 38,127,682</u> | <u>\$ 41,528,434</u> |

a. Notes receivable

The aging of notes receivable was as follows:

| | June 30, 2023 | December 31, 2022 | June 30, 2022 |
|--------------|---------------|----------------------|---------------|
| Not past due | \$ 690,895 | \$ 609,573 | \$ 535,054 |

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

b. Trade receivables

The average credit period on the 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:

June 30, 2023

| | Not Past Due | Past Due Within 60 Days | Past Due 61 to 210 Days | Past Due 211 to 240 Days | Past Due Over 240 Days | Total |
|---------------------------|----------------------|-------------------------|-------------------------|--------------------------|------------------------|----------------------|
| Expected credit loss rate | 0% | 0.1%-5% | 40%-70% | 50%-100% | 100% | |
| Gross carrying amount | \$ 32,565,250 | \$ 191,133 | \$ 295,753 | \$ 8,033 | \$ 875,679 | \$ 33,935,848 |
| Loss allowance | - | (327) | (126,137) | (4,274) | (875,679) | (1,006,417) |
| Amortized cost | <u>\$ 32,565,250</u> | <u>\$ 190,806</u> | <u>\$ 169,616</u> | <u>\$ 3,759</u> | <u>\$ -</u> | <u>\$ 32,929,431</u> |

December 31, 2022

| | Not Past Due | Past Due Within 60 Days | Past Due 61 to 210 Days | Past Due 211 to 240 Days | Past Due Over 240 Days | Total |
|---------------------------|----------------------|-------------------------|-------------------------|--------------------------|------------------------|----------------------|
| Expected credit loss rate | 0% | 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> |

June 30, 2022

| | Not Past Due | Past Due Within 60 Days | Past Due 61 to 210 Days | Past Due 211 to 240 Days | Past Due Over 240 Days | Total |
|---------------------------|----------------------|-------------------------|-------------------------|--------------------------|------------------------|----------------------|
| Expected credit loss rate | 0% | 0.1%-5% | 25%-70% | 50%-100% | 100% | |
| Gross carrying amount | \$ 41,019,363 | \$ 342,534 | \$ 210,604 | \$ 47,699 | \$ 389,974 | \$ 42,010,174 |
| Loss allowance | - | (3,048) | (60,099) | (28,619) | (389,974) | (481,740) |
| Amortized cost | <u>\$ 41,019,363</u> | <u>\$ 339,486</u> | <u>\$ 150,505</u> | <u>\$ 19,080</u> | <u>\$ -</u> | <u>\$ 41,528,434</u> |

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

| | For the Six Months Ended June 30 | |
|--|-------------------------------------|-------------------|
| | 2023 | 2022 |
| Balance at January 1 | \$ 780,402 | \$ 449,802 |
| Expected credit loss | 65,300 | 2,308 |
| Transfers from loss allowance of contract assets | 150,119 | - |
| Foreign exchange translation | <u>10,596</u> | <u>29,630</u> |
| Balance at June 30 | <u>\$ 1,006,417</u> | <u>\$ 481,740</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 that the credit risk of part of the other receivables for the six months ended June 30, 2023 had decreased significantly since initial recognition, and therefore reversed the lifetime expected credit loss of \$91,540 thousand.

12. INVENTORIES, NET

| | June 30, 2023 | December 31, 2022 | June 30, 2022 |
|----------------------|----------------------|----------------------|----------------------|
| Finished goods | \$ 13,392,300 | \$ 15,790,041 | \$ 16,751,657 |
| Raw materials | 7,860,431 | 9,510,424 | 11,350,490 |
| Work in progress | 1,831,084 | 2,366,517 | 2,387,707 |
| Inventory in transit | 216,380 | 79,418 | 248,232 |
| Merchandise | <u>2,534</u> | <u>1,065</u> | <u>-</u> |
| | <u>\$ 23,302,729</u> | <u>\$ 27,747,465</u> | <u>\$ 30,738,086</u> |

The costs of inventories recognized as cost of goods sold for the three months and the six months ended June 30, 2023 were \$28,614,792 thousand and \$56,367,170 thousand, respectively. The costs of inventories recognized as cost of goods sold for the three months and the six months ended June 30, 2022 were \$34,180,094 thousand and \$68,343,185 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the three months and the six months ended June 30, 2023 included a reduction in cost of goods sold amounting to \$120,717 thousand and \$157,754 thousand, respectively, due to the Group's write-off of part of its inventories that had been impaired.

The cost of inventories recognized as cost of goods sold for the three months and the six months ended June 30, 2022 included an increase in the cost of goods sold amounting to \$124,841 thousand and \$320,421 thousand, respectively, due to a decrease in the inventory's net realizable value.

13. SUBSIDIARIES

a. Subsidiaries included in consolidated financial statements

| Investor | Investee | Main Business | % of Ownership | | | Remark |
|-------------|---|--|----------------|-------------------|--------------|--------|
| | | | June 30 2023 | December 31, 2022 | June 30 2022 | |
| The Company | Lite-On Integrated Service Inc. Corporation | Information outsourcing and system integration | - | - | 100.00 | 1), 8) |
| | Lite-On Capital Corporation | Investment activities | 100.00 | 100.00 | 100.00 | 1) |
| | SKYLA CORPORATION | Manufacture and sale of medical equipment | 55.19 | 55.19 | 56.56 | 1), 2) |
| | LITE-ON ELECTRONICS H.K. LIMITED | Sale of LED optical products | 100.00 | 100.00 | 100.00 | 1) |
| | Lite-On Electronics (Thailand) Co., Ltd. | Manufacture and sale of LED optical products | 100.00 | 100.00 | 100.00 | 1) |
| | Lite-On Japan Ltd. | Sale of LED optical products and power supplies | 100.00 | 100.00 | 100.00 | 1) |
| | Lite-On International Holding Co., Ltd. | Investment activities | 100.00 | 100.00 | 100.00 | - |
| | LTC GROUP LTD. | Investment activities | 100.00 | 100.00 | 100.00 | 1) |
| | LITE-ON TECHNOLOGY USA, INC. | Investment activities | 100.00 | 100.00 | 100.00 | 1) |
| | LITE-ON ELECTRONICS (EUROPE) LIMITED | Manufacture and sale of power supplies | 100.00 | 100.00 | 100.00 | 1) |
| | Lite-On Technology (Europe) B.V. | Market research and after-sales services | 54.00 | 54.00 | 54.00 | 1) |
| | Lite-On Overseas Trading Co., Ltd. | Investment activities | 100.00 | 100.00 | 100.00 | - |
| | LITE-ON SINGAPORE PTE. LTD. | Manufacture and supply of computer peripheral products | 100.00 | 100.00 | 100.00 | - |
| | LITE-ON VIETNAM CO., LTD. | Electronic contract manufacturing | 100.00 | 100.00 | 100.00 | 1) |
| | EAGLE ROCK INVESTMENT LTD. | Import and export and investment activities | 100.00 | 100.00 | 100.00 | 1) |
| | LITE-ON MOBILE PTE. LTD. | Manufacture and sale of mobile phone modules and design of assembly line | 100.00 | 100.00 | 100.00 | 1) |
| | HIGH YIELD GROUP CO., LTD. | Holding company | 100.00 | 100.00 | 100.00 | 1) |

(Continued)

| Investor | Investee | Main Business | % of Ownership | | | Remark |
|--|---|--|-----------------|----------------------|-----------------|--------|
| | | | June 30 2023 | December 31, 2022 | June 30 2022 | |
| LEOTEK CORPORATION | Philips & Lite-On Digital Solutions Corporation | Sale of optical disc drives | 49.00 | 49.00 | 49.00 | - |
| | LET (HK) LIMITED | Sale of optical disc drives | 100.00 | 100.00 | 100.00 | 1) |
| | Lite-On Automotive International (Cayman) Co., Ltd. | Investment activities | 100.00 | 100.00 | 100.00 | 1) |
| | LITE-ON AUTOMOTIVE ELECTRONICS MEXICO, S.A. DE C.V. | Production, manufacture, sale, import and export of photovoltaic device, key electronic components, telecommunications equipment, information technology equipment, semiconductor applications, general lighting, automotive electronics, renewable energy products and systems and maintenance within the automotive industry | 99.00 | 99.00 | 99.00 | 1) |
| | LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED | Manufacture and sale of phone chargers and power supplies | 99.00 | 99.00 | 99.00 | 1) |
| | KBW-LITEON Jordan Private Shareholding Limited | Production and manufacture of energy-saving lights and project construction and maintenance | 99.86 | 99.86 | 99.86 | 1) |
| | KBW-LEOTEK Jordan Private Shareholding Limited | Investment activities | 49.00 | 49.00 | 49.00 | 1) |
| | 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 | 100.00 | 1) |
| | LITE-ON MOBILE INDÚSTRIA E COMÉRCIO DE PLÁSTICOS LTDA. | Manufacture and sale of mobile phone modules and design of assembly line | 2.97 | 2.97 | - | 1), 4) |
| | LEOTEK ELECTRONICS USA LLC. | Sale of LED products | 100.00 | 100.00 | - | 1), 5) |
| | Lite-On Capital Corporation | Manufacture and wholesale of electronic components and energy technology services | 100.00 | 100.00 | 100.00 | 1) |
| | Lite-On Green Energy (HK) Limited | Investment activities | 100.00 | 100.00 | 100.00 | 1) |
| | Lite-On Technology (Europe) B.V. | Market research and after-sales services | 46.00 | 46.00 | 46.00 | 1) |
| | LITE-ON GREEN ENERGY (SINGAPORE) PTE. LTD. | Investment activities | 100.00 | 100.00 | 100.00 | 1) |
| CHINA BRIDGE (CHINA) CO., LTD. | Lite-On Green Technologies, Inc. | Solar energy engineering | 100.00 | 100.00 | 100.00 | 1) |
| | LITE-ON GREEN ENERGY (SINGAPORE) PTE. LTD. | Investment activities | 100.00 | 100.00 | 100.00 | 1) |
| | LITE-ON ELECTRONICS H.K. LIMITED | ODM services | 100.00 | 100.00 | 100.00 | 1) |
| | LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED | Manufacture and sale of IT products | 100.00 | 100.00 | 100.00 | 1) |
| | CHINA BRIDGE (CHINA) CO., LTD. | Investment activities and acting as a sales agent | 100.00 | 100.00 | 100.00 | 1) |
| | LITE-ON ELECTRONICS (DONGGUAN) CO., LTD. | Manufacture of electronic components | 100.00 | 100.00 | 100.00 | 1) |
| | SILITEK ELEC. (DONGGUAN) CO., LTD. | Manufacture and sale of keyboards | 100.00 | 100.00 | 100.00 | 1) |
| | LITE-ON COMPUTER TECHNOLOGY (DONGGUAN) CO., LTD. | Manufacture and sale of display devices | 100.00 | 100.00 | 100.00 | 1), 6) |
| | LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD. | Development, manufacture of new-type electronic components and provision of technology consulting services, maintenance equipment and after-sales services | 12.59 | 12.59 | 12.59 | - |
| | WUXI CHINA BRIDGE EXPRESS TRADING CO., LTD. | Express and sale of power supplies, printers, display devices and scanners | 100.00 | 100.00 | 100.00 | 1) |
| | LITEON COMMUNICATION (GUANGZHOU) COMPANY LIMITED | Manufacture and sale of mobile terminal equipment | 100.00 | 100.00 | 100.00 | 1), 3) |
| | LITE-ON ELECTRONICS (GUANGZHOU) LIMITED | Manufacture and sale of printers and scanners | 100.00 | 100.00 | 100.00 | - |
| | LITE-ON (GUANGZHOU) INFORTECH CO., LTD. | Information outsourcing | - | - | 100.00 | 1), 7) |
| | LITEON ELECTRONICS AND WIRELESS (GUANGZHOU) LIMITED | Manufacture and sale of mobile terminal equipment | 100.00 | 100.00 | 100.00 | 1), 3) |
| LITE-ON TECHNOLOGY (GZ) INVESTMENT COMPANY LIMITED | LITE-ON (GUANGZHOU) PRECISION TOOLING LTD. | Manufacture and sale of modules | 67.03 | 67.03 | 67.03 | 1), 3) |
| | LITE-ON TECHNOLOGY (GUANGZHOU) LIMITED | Manufacture and sale of computer cases | 100.00 | 100.00 | 100.00 | 1), 3) |
| | LITE-ON TECHNOLOGY (JIANGSU) CO., LTD. | Investment activities and acting as a sales agent | 100.00 | 100.00 | 100.00 | 1) |
| | LITE-ON TECHNOLOGY (GZ) INVESTMENT COMPANY LIMITED | Investment activities | 100.00 | 100.00 | 100.00 | 1) |
| | 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 | 100.00 | 1) |
| | LITE-ON (GUANGZHOU) PRECISION TOOLING LTD. | Manufacture and sale of modules | 32.97 | 32.97 | 32.97 | 1), 3) |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |

(Continued)

| Investor | Investee | Main Business | % of Ownership | | | Remark |
|---|--|--|-----------------|----------------------|-----------------|---------|
| | | | June 30 2023 | December 31, 2022 | June 30 2022 | |
| 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 | 100.00 | - |
| | LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD. | Development, manufacture of new-type electronic components and provision of technology consulting services, maintenance equipment and after-sales services | 87.41 | 87.41 | 87.41 | - |
| | LITE-ON MEDICAL DEVICE (CHANGZHOU) LTD. | Manufacture and sale of medical equipment | 100.00 | 100.00 | 100.00 | 1) |
| | 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 | 100.00 | 1) |
| | LITE-ON AUTOMOTIVE ELECTRONICS (CHANGZHOU) CO., LTD. | Manufacture, sale and processing of electronic products | 100.00 | 100.00 | 100.00 | 1) |
| | LITE-ON GREEN TECHNOLOGIES (NANJING) CORPORATION | Solar energy engineering | 100.00 | 100.00 | 100.00 | 1) |
| YET FOUNDATE LIMITED | DONGGUAN LITE-ON COMPUTER CO., LTD. | Manufacture and sale of computer hosts and components | 100.00 | 100.00 | 100.00 | 1) |
| FORDGOOD ELECTRONIC LIMITED | LITEON LI SHIN TECHNOLOGY (GANZHOU) LTD. | Manufacture and sale of electronic components | 100.00 | 100.00 | 100.00 | 1) |
| LITE-ON TECHNOLOGY USA, INC. | LITE-ON, INC. | Sales data processing of optoelectronic products and power supplies | 100.00 | 100.00 | 100.00 | 1) |
| | LITE-ON TRADING USA, INC. | Sale of optical products | 100.00 | 100.00 | 100.00 | - |
| | LEOTEK ELECTRONICS USA LLC. | Sale of LED products | - | - | 100.00 | 1), 5) |
| | POWER INNOVATIONS INTERNATIONAL, INC. | Development, design and manufacture of power controls and energy management | 100.00 | 100.00 | 95.25 | 1), 9) |
| | LITE-ON TECHNOLOGY SERVICE, INC. | After-sales service of optical products | 100.00 | 100.00 | 100.00 | 1) |
| Lite-On International Holding Co., Ltd. | LITE-ON CHINA HOLDING CO. LTD. | Investment activities | 100.00 | 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 | 100.00 | 1) |
| | LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD. | Manufacture and sale of energy saving equipment | 100.00 | 100.00 | 100.00 | 1) |
| | LITE-ON AUTOMOTIVE ELECTRONICS MEXICO, S.A. DE C.V. | Production, manufacture, sale, import and export of photovoltaic device, key electronic components, telecommunications equipment, information technology equipment, semiconductor applications, general lighting, automotive electronics, renewable energy products and systems and maintenance within the automotive industry | 1.00 | 1.00 | 1.00 | 1) |
| | LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED | Manufacture and sale of phone chargers and power supplies | 1.00 | 1.00 | 1.00 | 1) |
| 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 | 100.00 | 1) |
| LTC GROUP LTD. | TITANIC CAPITAL SERVICES LTD. | Investment activities | 100.00 | 100.00 | 100.00 | 1) |
| Lite-On Technology (Europe) B.V. | Lite-On (Finland) Oy | Manufacture and sale of mobile phone modules and design of assembly line | 100.00 | 100.00 | 100.00 | 1) |
| Lite-On (Finland) Oy | Lite-On Mobile Oyj | Manufacture and sale of mobile phone modules and design of assembly line | - | 100.00 | 100.00 | 1), 11) |
| LITE-ON CHINA HOLDING CO. LTD. | LITE-ON ELECTRONICS COMPANY LIMITED | Investment activities | 100.00 | 100.00 | 100.00 | - |
| | YET FOUNDATE LIMITED | Manufacture of plastic and computer peripheral products | 100.00 | 100.00 | 100.00 | 1) |
| | FORDGOOD ELECTRONIC LIMITED | Import and export and real estate | 100.00 | 100.00 | 100.00 | 1) |
| | G&W TECHNOLOGY (BVI) LIMITED | Real estate management | 50.00 | 50.00 | 50.00 | 1) |
| G&W TECHNOLOGY (BVI) LIMITED | G&W TECHNOLOGY LIMITED | Leasing | 100.00 | 100.00 | 100.00 | 1) |
| EAGLE ROCK INVESTMENT LTD. | HUIZHOU LI SHIN ELECTRONIC CO., LTD. | Manufacture of computer peripheral products | 100.00 | 100.00 | 100.00 | 1) |
| HIGH YIELD GROUP CO., LTD. | LITE-ON IT INTERNATIONAL (HK) LIMITED | Sale of optical disc drives | 100.00 | 100.00 | 100.00 | 1) |
| LITE-ON IT INTERNATIONAL (HK) LIMITED | LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD. | Manufacture and sales of optical disc drives | 100.00 | 100.00 | 100.00 | 1) |
| | LiteON Auto Electric Technology (Guangzhou) Ltd. | Manufacture and sale of optical disc drives | 100.00 | 100.00 | 100.00 | 1), 12) |
| | LITEON-IT OPTO TECH (BH) CO., LTD. | Manufacture and sale of optical disc drives | 100.00 | 100.00 | 100.00 | 1) |
| Philips & Lite-On Digital Solutions Corporation | PLDS Germany GmbH | Development and sale of modules of automotive recorders | 100.00 | 100.00 | 100.00 | 1) |
| | Philips & Lite-On Digital Solutions USA, Inc. | Sale of optical disc drives | 100.00 | 100.00 | 100.00 | - |
| | Philips & Lite-On Digital Solutions Korea Ltd. | Sale of optical disc drives | 100.00 | 100.00 | 100.00 | 1) |
| | Philips & Lite-On Digital Solutions (Shanghai) Co., Ltd. | Sale of optical disc drives | 100.00 | 100.00 | 100.00 | 1) |

(Continued)

| Investor | Investee | Main Business | % of Ownership | | | Remark |
|--|--|--|-----------------|----------------------|-----------------|---------|
| | | | June 30 2023 | December 31, 2022 | June 30 2022 | |
| Lite-On Automotive International (Cayman) Co., Ltd | LITE-ON AUTOMOTIVE HOLDINGS (HONG KONG) CO., LIMITED | Investment activities | 100.00 | 100.00 | 100.00 | 1) |
| 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 | 100.00 | 1) |
| | Lite-On (Guangzhou) Automotive Electronics Limited | Manufacture, sale and processing of electronic products | 100.00 | 100.00 | 100.00 | 1) |
| Lite-On Japan Ltd. | Lite-On Japan (H.K.) Limited | Import and export of electronic components | 100.00 | 100.00 | 100.00 | 1) |
| | Lite-On Japan (Korea) Co., Ltd. | Import and export of electronic components | - | - | 100.00 | 1), 10) |
| | LITE-ON JAPAN (Thailand) CO., LTD. | Import and export of electronic components | 100.00 | 100.00 | 100.00 | 1) |
| Lite-On Japan (H.K.) Limited | NL (SHANGHAI) CO., LTD. | Import and export of electronic components | 100.00 | 100.00 | 100.00 | 1) |
| Lite-On Mobile Oyj | LITE-ON MOBILE INDÚSTRIA E COMÉRCIO DE PLÁSTICOS LTDA. | Manufacture and sale of mobile phone modules and design of assembly line | - | - | 2.97 | 1), 4) |
| LITE-ON MOBILE PTE. LTD. | GUANGZHOU LITE-ON MOBILE ENGINEERING PLASTICS CO., LTD. | Manufacture and sale of mobile phone modules and design of assembly line | 100.00 | 100.00 | 100.00 | 1) |
| | BEIJING LITE-ON MOBILE ELECTRONIC AND TELECOMMUNICATION COMPONENTS CO., LTD. | Manufacture and sale of mobile phone modules and design of assembly line | 100.00 | 100.00 | 100.00 | 1) |
| | LITE-ON MOBILE INDÚSTRIA E COMÉRCIO DE PLÁSTICOS LTDA. | Manufacture and sale of mobile phone modules and design of assembly line | 97.03 | 97.03 | 97.03 | 1) |
| KBW-LEOTEK Jordan Private Shareholding Limited | LEOTEK, PSC | Production and manufacture of energy-saving lights | 60.00 | 60.00 | 60.00 | 1) |

(Concluded)

Remark:

- 1) This is an immaterial subsidiary for which financial statements have not been reviewed by the Company's independent accountants.
- 2) SKYLA CORPORATION issued new shares by transferring employees' compensation to capital in September 2022.
- 3) Merged with LITE-ON ELECTRONICS (GUANGZHOU) LIMITED in 2013 and was under the procedures of statutory merger.
- 4) In August 2022, the Group reorganized and transferred 2.97% of the shares held by Lite-On MOBILE PTE. LTD. to the Company.
- 5) In July 2022, the Group reorganized and transferred the shares held by LITE-ON TECHNOLOGY USA, INC. to Leotek Corporation.
- 6) Merged with SILITEK ELEC. (GUANGZHOU) CO., LTD. in November 2020 and was under the procedures of statutory merger.
- 7) Merged with LITE-ON ELECTRONICS (GUANGZHOU) LIMITED in October 2021 and completed the deregistration process in July 2022.
- 8) Obtained the dissolution and liquidation approval document in November 2022.
- 9) Cancelled minority shares in July 2022.
- 10) Liquidated in July 2022.
- 11) Liquidated in March 2023.
- 12) Merged with LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD. in June 2023 and was under the procedures of statutory merger.

b. Subsidiaries excluded from the consolidated financial statements: None.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates

| | June 30, 2023 | December 31, 2022 | June 30, 2022 |
|---|---------------------|----------------------|---------------------|
| Associates that are not individually material | <u>\$ 1,850,860</u> | <u>\$ 1,888,176</u> | <u>\$ 1,868,630</u> |

Aggregate Information of Associates that Are Not Individually Material

| | For the Three Months Ended June 30 | | For the Six Months Ended June 30 | |
|---|---------------------------------------|-------------------|-------------------------------------|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| The Group's share of: | | | | |
| Profit (loss) for the period | \$ 535 | \$ 9,823 | \$ (2,210) | \$ 8,242 |
| Other comprehensive income (loss) for the period | <u>(21,736)</u> | <u>(16,503)</u> | <u>(13,847)</u> | <u>36,688</u> |
| Total comprehensive income (loss) for the period | <u>\$ (21,201)</u> | <u>\$ (6,680)</u> | <u>\$ (16,057)</u> | <u>\$ 44,930</u> |

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

| Name of Associate | June 30, 2023 | December 31, 2022 | June 30, 2022 |
|---------------------------------|-------------------|----------------------|-------------------|
| Silitech Technology Corporation | <u>\$ 406,837</u> | <u>\$ 387,520</u> | <u>\$ 382,837</u> |

15. PROPERTY, PLANT AND EQUIPMENT, NET

| | Freehold Land | Buildings | Machinery Equipment | Tooling Equipment | Transportation Equipment | Office Equipment | Other Equipment | Total |
|--|---------------------|----------------------|------------------------|----------------------|-----------------------------|---------------------|---------------------|----------------------|
| <u>Cost</u> | | | | | | | | |
| January 1, 2023 | \$ 2,813,770 | \$ 20,167,085 | \$ 27,758,644 | \$ 1,453,895 | \$ 34,193 | \$ 2,168,793 | \$ 5,316,436 | \$ 59,712,816 |
| Additions | - | 35,668 | 276,829 | 12,886 | - | 35,251 | 862,685 | 1,223,319 |
| Disposals | - | (51,926) | (418,925) | (37,721) | (2,592) | (34,367) | (90,710) | (636,241) |
| Reclassifications | - | 9,367 | 234,690 | 1,296 | - | 10,461 | (276,087) | (20,273) |
| Effects of foreign currency exchange differences | 267 | (307,033) | (628,821) | (19,887) | 25 | (18,084) | (58,766) | (1,032,299) |
| June 30, 2023 | <u>\$ 2,814,037</u> | <u>\$ 19,853,161</u> | <u>\$ 27,222,417</u> | <u>\$ 1,410,469</u> | <u>\$ 31,626</u> | <u>\$ 2,162,054</u> | <u>\$ 5,753,558</u> | <u>\$ 59,247,322</u> |
| <u>Accumulated depreciation</u> | | | | | | | | |
| January 1, 2023 | \$ - | \$ 11,161,407 | \$ 22,713,881 | \$ 1,304,557 | \$ 27,052 | \$ 1,875,544 | \$ 3,050,263 | \$ 40,132,704 |
| Additions | - | 409,723 | 1,168,018 | 42,868 | 1,739 | 89,449 | 138,334 | 1,850,131 |
| Disposals | - | (48,979) | (390,837) | (37,317) | (2,592) | (34,235) | (86,953) | (600,913) |
| Reclassifications | - | - | (1,439) | - | - | 1,439 | - | - |
| Effects of foreign currency exchange differences | - | (228,045) | (556,112) | (17,782) | (203) | (17,121) | (51,463) | (870,726) |
| June 30, 2023 | <u>\$ -</u> | <u>\$ 11,794,106</u> | <u>\$ 22,933,511</u> | <u>\$ 1,292,326</u> | <u>\$ 75,996</u> | <u>\$ 1,915,076</u> | <u>\$ 3,050,181</u> | <u>\$ 40,511,196</u> |
| <u>Accumulated impairment</u> | | | | | | | | |
| January 1, 2023 | \$ - | \$ 11,780 | \$ 391,008 | \$ 5,551 | \$ 45 | \$ 2,548 | \$ 90,502 | \$ 501,434 |
| Additions | - | - | 518 | - | - | - | - | 518 |
| Disposals | - | (2,566) | (28,016) | (403) | - | (27) | (3,744) | (34,756) |
| Effects of foreign currency exchange differences | - | (263) | (9,004) | (141) | (1) | (66) | 2,093 | (7,382) |
| June 30, 2023 | <u>\$ -</u> | <u>\$ 8,951</u> | <u>\$ 354,506</u> | <u>\$ 5,007</u> | <u>\$ 44</u> | <u>\$ 2,455</u> | <u>\$ 88,851</u> | <u>\$ 459,814</u> |
| December 31 2022 and January 1, 2023, 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> |
| June 30, 2023, net | <u>\$ 2,814,037</u> | <u>\$ 8,550,104</u> | <u>\$ 3,934,400</u> | <u>\$ 113,136</u> | <u>\$ 5,586</u> | <u>\$ 244,523</u> | <u>\$ 2,614,526</u> | <u>\$ 18,276,312</u> |

(Continued)

| | Freehold Land | Buildings | Machinery Equipment | Tooling Equipment | Transportation Equipment | Office Equipment | Other Equipment | Total |
|--|---------------------|----------------------|----------------------|---------------------|--------------------------|---------------------|---------------------|----------------------|
| <u>Cost</u> | | | | | | | | |
| 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 | - | 76,815 | 695,202 | 26,753 | 3,096 | 62,315 | 1,159,093 | 2,023,274 |
| Disposals | - | (136,922) | (438,285) | (42,846) | (1,478) | (25,624) | (113,175) | (758,330) |
| Reclassifications | - | 151,284 | 616,412 | 9,223 | 2,272 | 5,278 | (788,722) | (4,253) |
| Effects of foreign currency exchange differences | 2,032 | 347,153 | 565,536 | 14,100 | 972 | 45,474 | 110,190 | 1,085,457 |
| June 30, 2022 | <u>\$ 2,811,950</u> | <u>\$ 19,985,281</u> | <u>\$ 27,302,728</u> | <u>\$ 1,399,512</u> | <u>\$ 39,664</u> | <u>\$ 2,157,097</u> | <u>\$ 5,133,356</u> | <u>\$ 58,829,588</u> |
| <u>Accumulated depreciation</u> | | | | | | | | |
| January 1, 2022 | \$ - | \$ 10,230,712 | \$ 20,894,077 | \$ 1,267,984 | \$ 27,919 | \$ 1,739,836 | \$ 2,877,441 | \$ 37,037,969 |
| Additions | - | 451,035 | 1,212,001 | 41,672 | 2,117 | 89,226 | 134,420 | 1,930,471 |
| Disposals | - | (136,112) | (408,781) | (42,846) | (1,478) | (25,590) | (113,046) | (727,853) |
| Reclassifications | - | - | 53 | - | 40 | (53) | (40) | - |
| Effects of foreign currency exchange differences | - | 202,633 | 457,284 | 12,334 | 735 | 33,996 | 65,041 | 772,023 |
| June 30, 2022 | <u>\$ -</u> | <u>\$ 10,748,268</u> | <u>\$ 22,154,634</u> | <u>\$ 1,279,144</u> | <u>\$ 29,333</u> | <u>\$ 1,837,415</u> | <u>\$ 2,963,816</u> | <u>\$ 39,012,610</u> |
| <u>Accumulated impairment</u> | | | | | | | | |
| January 1, 2022 | \$ - | \$ 12,956 | \$ 445,347 | \$ 5,690 | \$ 44 | \$ 2,528 | \$ 89,319 | \$ 555,884 |
| Additions | - | - | 482 | - | - | - | - | 482 |
| Disposals | - | (533) | (26,060) | - | - | (7) | - | (26,600) |
| Effects of foreign currency exchange differences | - | 285 | 10,649 | 108 | 1 | 50 | 6,715 | 17,808 |
| June 30, 2022 | <u>\$ -</u> | <u>\$ 12,708</u> | <u>\$ 430,418</u> | <u>\$ 5,798</u> | <u>\$ 45</u> | <u>\$ 2,571</u> | <u>\$ 96,034</u> | <u>\$ 547,574</u> |
| June 30, 2022, net | <u>\$ 2,811,950</u> | <u>\$ 9,224,305</u> | <u>\$ 4,717,676</u> | <u>\$ 114,570</u> | <u>\$ 10,286</u> | <u>\$ 317,111</u> | <u>\$ 2,073,506</u> | <u>\$ 19,269,404</u> |

(Concluded)

Due to the decline in the Group's partial product sales in the markets, the estimated future cash flows generated by relevant machinery used in 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 an impairment loss of \$518 thousand for the three months and six months ended June 30, 2023, respectively. Also, the Group recognized an impairment loss of \$482 thousand for the three months and six months ended June 30, 2022, respectively. The impairment losses were recognized in the impairment loss of the consolidated statements of comprehensive income.

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

The above items of property, plant and equipment are depreciated on a straight-line basis over their 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

| | June 30, 2023 | December 31, 2022 | June 30, 2022 |
|------------------------------------|---------------------|---------------------|---------------------|
| <u>Carrying amount</u> | | | |
| Land (including right to use land) | \$ 778,531 | \$ 774,262 | \$ 783,674 |
| Buildings | 981,858 | 791,650 | 783,484 |
| Machinery | 48,527 | 63,511 | 74,548 |
| Transportation equipment | 15,171 | 12,692 | 14,613 |
| Other equipment | <u>5,067</u> | <u>6,879</u> | <u>8,557</u> |
| | <u>\$ 1,829,154</u> | <u>\$ 1,648,994</u> | <u>\$ 1,664,876</u> |

| | For the Three Months Ended June 30 | | For the Six Months Ended June 30 | |
|--|---------------------------------------|-------------------|-------------------------------------|-------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Additions to right-of-use assets | <u>\$ 165,037</u> | <u>\$ 41,046</u> | <u>\$ 443,458</u> | <u>\$ 124,094</u> |
| Depreciation charge for right-of-use assets | | | | |
| Land (including right to use land) | \$ 8,086 | \$ 7,605 | \$ 16,192 | \$ 15,019 |
| Buildings | 110,564 | 92,704 | 213,954 | 182,808 |
| Machinery | 7,500 | 7,299 | 15,006 | 14,484 |
| Transportation equipment | 2,054 | 2,090 | 3,934 | 4,193 |
| Other equipment | <u>647</u> | <u>1,500</u> | <u>1,737</u> | <u>2,265</u> |
| | <u>\$ 128,851</u> | <u>\$ 111,198</u> | <u>\$ 250,823</u> | <u>\$ 218,769</u> |

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the six months ended June 30, 2023 and 2022.

b. Lease liabilities

| | June 30, 2023 | December 31, 2022 | June 30, 2022 |
|------------------------|-------------------|----------------------|-------------------|
| <u>Carrying amount</u> | | | |
| Current | <u>\$ 389,286</u> | <u>\$ 359,221</u> | <u>\$ 422,105</u> |
| Non-current | <u>\$ 861,840</u> | <u>\$ 691,734</u> | <u>\$ 621,447</u> |

Range of discount rates for lease liabilities was as follows:

| | June 30, 2023 | December 31, 2022 | June 30, 2022 |
|------------------------------------|---------------|----------------------|---------------|
| Land (including right to use land) | 1.00%-4.30% | 1.00%-4.30% | 1.79%-4.30% |
| Buildings | 1.00%-9.20% | 1.00%-9.20% | 1.00%-9.20% |
| Machinery | 1.67%-3.54% | 1.10%-3.54% | 1.10%-3.54% |
| Transportation equipment | 1.00%-4.08% | 1.00%-4.08% | 1.10%-4.08% |
| Other equipment | 1.00%-3.35% | 1.00%-3.35% | 1.00%-3.35% |

c. Other lease information

| | For the Three Months Ended June 30 | | For the Six Months Ended June 30 | |
|--|---------------------------------------|-------------------|-------------------------------------|-------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Expenses relating to short-term leases | <u>\$ 19,290</u> | <u>\$ 31,005</u> | <u>\$ 43,659</u> | <u>\$ 67,679</u> |
| Expenses relating to low-value asset leases | <u>\$ 2,867</u> | <u>\$ 2,728</u> | <u>\$ 5,919</u> | <u>\$ 5,524</u> |
| Expenses relating to variable lease payments not included in the measurement of lease liabilities | <u>\$ 33,837</u> | <u>\$ 41,062</u> | <u>\$ 68,188</u> | <u>\$ 75,549</u> |
| Total cash outflow for leases | <u>\$ 188,088</u> | <u>\$ 181,303</u> | <u>\$ 380,371</u> | <u>\$ 371,417</u> |

17. INVESTMENT PROPERTIES, NET

| | June 30, 2023 | December 31, 2022 | June 30, 2022 |
|---------------------------------|---------------------|----------------------|---------------------|
| Completed investment properties | <u>\$ 1,185,983</u> | <u>\$ 1,236,643</u> | <u>\$ 1,258,019</u> |

For the six months ended June 30, 2023 and 2022, there were no significant increases, disposals or impairment of the investment properties held by the Group, but depreciation expenses were recognized for these properties.

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

| | |
|-----------|-------------|
| Buildings | 15-50 years |
|-----------|-------------|

As evaluated by the management of the Group, there was no significant change in fair value as of June 30, 2023 and 2022 compared with December 31, 2022 and 2021.

18. INTANGIBLE ASSETS, NET

| | Goodwill | Patents | Patents Use Rights | Client Relationships | Software | Other Intangible Assets | Total |
|--|----------------------|------------------|-----------------------|-------------------------|---------------------|-------------------------------|----------------------|
| <u>Cost</u> | | | | | | | |
| January 1, 2023 | \$ 15,040,431 | \$ 92,605 | \$ 2,695,878 | \$ 163,819 | \$ 1,700,997 | \$ 1,254,131 | \$ 20,947,861 |
| Additions | - | 389 | - | - | 70,741 | 2,051 | 73,181 |
| Disposals | - | - | - | - | (20,515) | (21,041) | (41,556) |
| Reclassification | - | - | - | - | 20,357 | (84) | 20,273 |
| Effect of foreign currency exchange differences | - | 12 | - | - | (5,254) | (1,504) | (6,746) |
| June 30, 2023 | <u>\$ 15,040,431</u> | <u>\$ 93,006</u> | <u>\$ 2,695,878</u> | <u>\$ 163,819</u> | <u>\$ 1,766,326</u> | <u>\$ 1,233,553</u> | <u>\$ 20,993,013</u> |
| <u>Accumulated amortization</u> | | | | | | | |
| January 1, 2023 | \$ 77,234 | \$ 60,174 | \$ 2,695,878 | \$ 163,819 | \$ 1,471,806 | \$ 1,237,661 | \$ 5,706,572 |
| Additions | - | 6,828 | - | - | 71,479 | 5,081 | 83,388 |
| Disposals | - | - | - | - | (20,504) | (21,041) | (41,545) |
| Reclassification | - | - | - | - | 84 | (84) | - |
| Effect of foreign currency exchange differences | - | - | - | - | (4,032) | (1,578) | (5,610) |
| June 30, 2023 | <u>\$ 77,234</u> | <u>\$ 67,002</u> | <u>\$ 2,695,878</u> | <u>\$ 163,819</u> | <u>\$ 1,518,833</u> | <u>\$ 1,220,039</u> | <u>\$ 5,742,805</u> |
| <u>Accumulated impairment</u> | | | | | | | |
| January 1, 2023 | \$ 11,538,064 | \$ - | \$ - | \$ - | \$ 10,704 | \$ - | \$ 11,548,768 |
| Disposals | - | - | - | - | (11) | - | (11) |
| Effect of foreign currency exchange differences | - | - | - | - | (24) | - | (24) |
| June 30, 2023 | <u>\$ 11,538,064</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 10,669</u> | <u>\$ -</u> | <u>\$ 11,548,733</u> |
| December 31 2022 and January 1, 2023, 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> |
| June 30, 2023, net | <u>\$ 3,425,133</u> | <u>\$ 26,004</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 236,824</u> | <u>\$ 13,514</u> | <u>\$ 3,701,475</u> |

(Continued)

| | 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 | - | - | - | - | 54,221 | 380 | 54,601 |
| Disposals | - | - | - | - | (1,255) | (647) | (1,902) |
| Reclassification | - | - | - | - | 4,253 | - | 4,253 |
| Effect of foreign currency exchange differences | - | 20 | - | - | 3,601 | 3,906 | 7,527 |
| June 30, 2022 | <u>\$ 15,040,431</u> | <u>\$ 70,419</u> | <u>\$ 2,695,878</u> | <u>\$ 163,819</u> | <u>\$ 1,636,729</u> | <u>\$ 1,317,071</u> | <u>\$ 20,924,347</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 | - | 3,171 | - | - | 65,664 | 3,976 | 72,811 |
| Disposals | - | - | - | - | (1,255) | (647) | (1,902) |
| Effect of foreign currency exchange differences | - | - | - | - | 2,497 | 2,872 | 5,369 |
| June 30, 2022 | <u>\$ 77,234</u> | <u>\$ 56,396</u> | <u>\$ 2,695,878</u> | <u>\$ 163,819</u> | <u>\$ 1,416,190</u> | <u>\$ 1,301,814</u> | <u>\$ 5,711,331</u> |
| <u>Accumulated impairment</u> | | | | | | | |
| January 1, 2022 | \$ 11,538,064 | \$ - | \$ - | \$ - | \$ 11,075 | \$ - | \$ 11,549,139 |
| Effect of foreign currency exchange differences | - | - | - | - | 27 | - | 27 |
| June 30, 2022 | <u>\$ 11,538,064</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 11,102</u> | <u>\$ -</u> | <u>\$ 11,549,166</u> |
| June 30, 2022, net | <u>\$ 3,425,133</u> | <u>\$ 14,023</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 209,437</u> | <u>\$ 15,257</u> | <u>\$ 3,663,850</u> |

(Concluded)

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

| | |
|-------------------------|------------|
| Patents | 3-6 years |
| Patents use rights | 12 years |
| Client relationships | 4 years |
| Software | 1-6 years |
| Other intangible assets | 1-10 years |

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

| | June 30, 2023 | December 31, 2022 | June 30, 2022 |
|-------------|---------------------|---------------------|---------------------|
| The Company | \$ 3,369,590 | \$ 3,369,590 | \$ 3,369,590 |
| Others | <u>55,543</u> | <u>55,543</u> | <u>55,543</u> |
| | <u>\$ 3,425,133</u> | <u>\$ 3,425,133</u> | <u>\$ 3,425,133</u> |

19. OTHER ASSETS

| | June 30, 2023 | December 31, 2022 | June 30, 2022 |
|--------------------------------------|---------------------|----------------------|---------------------|
| Prepayments | \$ 2,084,670 | \$ 2,125,691 | \$ 2,203,308 |
| Offsets against business tax payable | 305,780 | 277,253 | 458,831 |
| Others | <u>273,396</u> | <u>242,264</u> | <u>355,893</u> |
| | <u>\$ 2,663,846</u> | <u>\$ 2,645,208</u> | <u>\$ 3,018,032</u> |
| Current | \$ 2,556,771 | \$ 2,537,757 | \$ 2,912,681 |
| Non-current | <u>107,075</u> | <u>107,451</u> | <u>105,351</u> |
| | <u>\$ 2,663,846</u> | <u>\$ 2,645,208</u> | <u>\$ 3,018,032</u> |

20. BORROWINGS

a. Short-term borrowings

| | June 30, 2023 | December 31, 2022 | June 30, 2022 |
|-----------------------------|----------------------|----------------------|----------------------|
| <u>Unsecured borrowings</u> | | | |
| Line of credit borrowings | <u>\$ 30,178,505</u> | <u>\$ 32,628,984</u> | <u>\$ 38,386,028</u> |

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

| | June 30, 2023 | December 31, 2022 | June 30, 2022 |
|---------------------------|---------------|----------------------|---------------|
| Line of credit borrowings | 1.49%-5.72% | 1.20%-5.40% | 0.84%-5.60% |

b. Long-term borrowings

| | June 30, 2023 | December 31, 2022 | June 30, 2022 |
|-----------------------------|---------------------|----------------------|---------------|
| <u>Unsecured borrowings</u> | | | |
| Line of credit borrowings | <u>\$ 3,000,000</u> | <u>\$ 3,000,000</u> | <u>\$ -</u> |

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

| | June 30, 2023 | December 31, 2022 | June 30, 2022 |
|---------------------------|---------------|----------------------|---------------|
| Line of credit borrowings | 1.61% | 1.49% | - |

21. PROVISIONS

| | June 30, 2023 | December 31, 2022 | June 30, 2022 |
|---|---------------------|---|---------------------|
| <u>Current</u> | | | |
| Warranties | <u>\$ 1,087,237</u> | <u>\$ 1,125,550</u> | <u>\$ 1,124,529</u> |
| | | For the Six Months Ended June 30 | |
| | | 2023 | 2022 |
| Balance at January 1 | | \$ 1,125,550 | \$ 1,152,812 |
| Recognition of provisions | | 36,094 | 38,824 |
| Usage | | (72,428) | (75,156) |
| Effect of foreign currency exchange differences | | <u>(1,979)</u> | <u>8,049</u> |
| Balance at June 30 | | <u>\$ 1,087,237</u> | <u>\$ 1,124,529</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

Employee benefits expense in respect of the Group's defined retirement benefit plans was \$5,352 thousand and \$5,721 thousand for the three months ended June 30, 2023 and 2022, respectively; employee benefits expense in respect of the Group's defined retirement benefit plans was \$10,812 thousand and \$11,603 thousand for the six months ended June 30, 2023 and 2022, respectively. Employee benefits expense was calculated using the prior year's actuarially determined pension cost discount rate as of December 31, 2022 and 2021.

23. EQUITY

a. Share capital

Ordinary shares

| | June 30, 2023 | December 31, 2022 | June 30, 2022 |
|---|----------------------|----------------------|----------------------|
| Number of shares authorized (in thousands) | <u>3,500,000</u> | <u>3,500,000</u> | <u>3,500,000</u> |
| Amount of shares authorized | <u>\$ 35,000,000</u> | <u>\$ 35,000,000</u> | <u>\$ 35,000,000</u> |
| Number of shares issued and fully paid (in thousands) | <u>2,368,481</u> | <u>2,363,083</u> | <u>2,350,867</u> |
| Amount of shares issued | <u>\$ 23,684,810</u> | <u>\$ 23,630,830</u> | <u>\$ 23,508,670</u> |
| Amount of shares to be cancelled | <u>\$ (1,288)</u> | <u>\$ -</u> | <u>\$ -</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 and May 19, 2023 to be the record dates of the issuance of new shares and the actual number of shares issued are 12,216 thousand and 6,484 thousand, respectively. Refer to Note 28 for the information on RSAs.

For the six months ended June 30, 2023, the Group withdrew the issued 753 thousand new stocks with RSAs for employees. Among the aforementioned withdrawal of issued new stocks RSAs for employees, 624 thousand shares were cancelled, the capital reduction has been approved by the Financial Supervisory Commission and the registration procedures were completed. Refer to Note 28 for the information on RSAs.

On February 21, 2023, the board of directors' meeting of the Company approved to cancel 462 thousand treasury stock, The aforementioned cancellation of treasury stock was approved by the Financial Supervisory Commission and the registration procedures were completed. Refer to Note 23(f) for the information on treasury shares.

b. Capital surplus

| | June 30, 2023 | December 31, 2022 | June 30, 2022 |
|---|----------------------|----------------------|----------------------|
| From business combinations | \$ 10,013,236 | \$ 10,015,194 | \$ 10,015,194 |
| Conversion of bonds | 7,460,679 | 7,462,138 | 7,462,138 |
| Issuance of ordinary shares | 3,441,356 | 3,442,029 | 3,471,812 |
| Treasury share transactions | 992,142 | 944,076 | 819,492 |
| Changes in equity of associates | 102,818 | 102,793 | 98,572 |
| Changes in ownership interests in subsidiaries | 86,927 | 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 | 30,549 | 30,549 |
| Employee restricted shares | <u>989,937</u> | <u>622,447</u> | <u>-</u> |
| | <u>\$ 23,117,644</u> | <u>\$ 22,706,153</u> | <u>\$ 21,934,461</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 dividends policy

Under the dividends policy as set forth in the Articles, the Company may distribute the surplus earnings or offset losses at the close of each quarter in accordance with the Company Act. While distributing surplus earnings, the Company shall estimate and reserve 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 distributes surplus earnings in the form of cash, it shall be approved by a meeting of the board of directors; if such surplus earnings is distributed in the form of new shares to be issued, it shall be approved by the shareholders in their meetings according to the regulations.

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

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

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

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

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

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

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

| | Fourth Quarter of 2022 | Second Quarter of 2022 |
|---------------------------------|-----------------------------------|-----------------------------------|
| Board of directors' meeting | February 21, 2023 | July 28, 2022 |
| Legal reserve | <u>\$ 815,530</u> | <u>\$ 606,379</u> |
| Special reserve | <u>\$ (594,349)</u> | <u>\$ (2,842,437)</u> |
| Cash dividends | <u>\$ 6,966,279</u> | <u>\$ 3,465,608</u> |
| Cash dividends per share (NT\$) | \$ 3.0 | \$ 1.5 |

| | Fourth Quarter of 2021 | Second Quarter of 2021 |
|---------------------------------|-----------------------------------|-----------------------------------|
| Board of directors' meeting | February 24, 2022 | July 29, 2021 |
| Legal reserve | <u>\$ 560,591</u> | <u>\$ 829,247</u> |
| Special reserve | <u>\$ 116,770</u> | <u>\$ 117,525</u> |
| Cash dividends | <u>\$ 5,776,013</u> | <u>\$ 4,700,810</u> |
| Cash dividends per share (NT\$) | \$ 2.5 | \$ 2.0 |

The 2022 and 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 17, 2023 and May 20, 2022, respectively.

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

| | Second Quarter of 2023 |
|---------------------------------|-----------------------------------|
| Board of directors' meeting | July 28, 2023 |
| Legal reserve | <u>\$ 662,121</u> |
| Special reserve | <u>\$ 288,124</u> |
| Cash dividends | <u>\$ 4,656,704</u> |
| Cash dividends per share (NT\$) | \$ 2.0 |

d. Other equity items

Movements in other equity items were as follows:

| For the Six Months Ended June 30, 2023 | | | | |
|--|---|---|---|-----------------------|
| | Foreign Currency Translation Reserve | Unrealized Gain (Loss) from Financial Assets at FVTOCI | Unearned Employees' Compensation | Total |
| Balance at January 1 | \$ (2,315,737) | \$ (304,465) | \$ (623,682) | \$ (3,243,884) |
| Exchange differences on translating foreign operations | (502,885) | - | - | (502,885) |
| Unrealized gain on equity instruments designated as at FVTOCI | - | 161,658 | - | 161,658 |
| Share of associates accounted for using the equity method | (13,427) | 264 | - | (13,163) |
| Disposal of interest in subsidiaries | 25,303 | - | - | 25,303 |
| Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal | - | (67,868) | - | (67,868) |
| Grant of employee restricted stocks in current period | - | - | (424,802) | (424,802) |
| Recognition of share-based payment expense | - | - | 254,890 | 254,890 |
| Income tax expense | <u>108,830</u> | <u>-</u> | <u>-</u> | <u>108,830</u> |
| Balance at June 30 | <u>\$ (2,697,916)</u> | <u>\$ (210,411)</u> | <u>\$ (793,594)</u> | <u>\$ (3,701,921)</u> |

| For the Six Months Ended June 30, 2022 | | | |
|--|---|---|-----------------------|
| | Foreign Currency Translation Reserve | Unrealized Gain (Loss) from Financial Assets at FVTOCI | Total |
| Balance at January 1 | \$ (5,820,080) | \$ (236,908) | \$ (6,056,988) |
| Exchange differences on translating foreign operations | 3,506,302 | - | 3,506,302 |
| Unrealized loss on equity instruments designated as at FVTOCI | - | (728) | (728) |
| Share of associates accounted for using the equity method | 38,130 | (77) | 38,053 |
| Income tax effect | <u>(701,191)</u> | <u>-</u> | <u>(701,191)</u> |
| Balance at June 30 | <u>\$ (2,976,839)</u> | <u>\$ (237,713)</u> | <u>\$ (3,214,552)</u> |

e. Non-controlling interests

| | For the Six Months Ended June 30 | |
|--|---|-------------------|
| | 2023 | 2022 |
| Balance at January 1 | \$ 631,122 | \$ 532,459 |
| Attributable to non-controlling interests: | | |
| Share of net profit for the period | 21,182 | 18,035 |
| Exchange differences on translating foreign operations | 15,961 | 24,258 |
| Changes on non-controlling interests | <u>(23,132)</u> | <u>6,880</u> |
| Balance at June 30 | <u>\$ 645,133</u> | <u>\$ 581,632</u> |

f. Treasury shares

| | Unit: In Thousands of Shares | | | |
|---|--|---|---|--|
| Purpose of Buy Back | Number of Shares at January 1 | Increase During the Period | Decrease During the Period | Number of Shares at June 30 |
| For the six months ended <u>June 30, 2023</u> | | | | |
| Shares held by subsidiaries | 22,120 | - | - | 22,120 |
| Buyback of dissenting shareholders' shares in accordance with the Business Mergers and Acquisitions Act | 462 | - | (462) | - |
| Transfer shares to employees | <u>40,000</u> | <u>-</u> | <u>-</u> | <u>40,000</u> |
| | <u>62,582</u> | <u>-</u> | <u>(462)</u> | <u>62,120</u> |
| For the six months ended <u>June 30, 2022</u> | | | | |
| Shares held by subsidiaries | 26,841 | - | - | 26,841 |
| Buyback of dissenting shareholders' shares in accordance with the Business Mergers and Acquisitions Act | 462 | - | - | 462 |
| Shares held by subsidiaries | <u>40,000</u> | <u>-</u> | <u>-</u> | <u>40,000</u> |
| | <u>67,303</u> | <u>-</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>June 30, 2023</u> | | | |
| Lite-On Capital Corporation | 15,116 | \$ 718,857 | \$ 1,564,492 |
| TITANIC CAPITAL SERVICES LTD. | 7,004 | <u>297,469</u> | <u>724,937</u> |
| | | <u>\$ 1,016,326</u> | <u>\$ 2,289,429</u> |
| <u>December 31, 2022</u> | | | |
| Lite-On Capital Corporation | 15,116 | \$ 718,857 | \$ 964,392 |
| TITANIC CAPITAL SERVICES LTD. | 7,004 | <u>297,469</u> | <u>446,869</u> |
| | | <u>\$ 1,016,326</u> | <u>\$ 1,411,261</u> |
| <u>June 30, 2022</u> | | | |
| Lite-On Capital Corporation | 15,116 | \$ 718,857 | \$ 875,209 |
| TITANIC CAPITAL SERVICES LTD. | 7,004 | 297,469 | 405,544 |
| YET FOUNDATE LIMITED | 2,271 | 126,881 | 131,493 |
| LITE-ON ELECTRONICS COMPANY LIMITED | 2,450 | <u>105,515</u> | <u>141,876</u> |
| | | <u>\$ 1,248,722</u> | <u>\$ 1,554,122</u> |

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

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 Three Months Ended June 30 | | For the Six Months Ended June 30 | |
|---------------------------------------|---------------------------------------|----------------------|-------------------------------------|----------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Revenue from contracts with customers | | | | |
| Revenue from the sale of goods | \$ 37,265,531 | \$ 42,927,487 | \$ 71,409,289 | \$ 84,125,597 |
| Rental income from property | <u>27,489</u> | <u>29,818</u> | <u>57,911</u> | <u>61,656</u> |
| | <u>\$ 37,293,020</u> | <u>\$ 42,957,305</u> | <u>\$ 71,467,200</u> | <u>\$ 84,187,253</u> |

a. Contract balances

| | June 30, 2023 | December 31, 2022 | June 30, 2022 | January 1, 2022 |
|-----------------------------|----------------------|------------------------------|----------------------|----------------------------|
| Trade receivables (Note 11) | <u>\$ 32,929,431</u> | <u>\$ 38,127,682</u> | <u>\$ 41,528,434</u> | <u>\$ 41,245,921</u> |
| Contract assets - current | | | | |
| Sales of goods | <u>\$ 430,184</u> | <u>\$ 484,791</u> | <u>\$ 499,959</u> | <u>\$ 654,423</u> |
| Contract liabilities | | | | |
| Sales of goods | <u>\$ 42,694</u> | <u>\$ 79,782</u> | <u>\$ 20,595</u> | <u>\$ 98</u> |

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

| | June 30, 2023 | December 31, 2022 | June 30, 2022 |
|---|----------------------|------------------------------|----------------------|
| Gross carrying amount | \$ 1,127,406 | \$ 1,321,763 | \$ 1,557,384 |
| Allowance for impairment loss (lifetime ECLs) | <u>(697,222)</u> | <u>(836,972)</u> | <u>(1,057,425)</u> |
| | <u>\$ 430,184</u> | <u>\$ 484,791</u> | <u>\$ 499,959</u> |

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

| | For the Six Months Ended June 30 | |
|---|---|---------------------|
| | 2023 | 2022 |
| Balance at January 1 | \$ 836,972 | \$ 984,873 |
| Add: Net remeasurement of loss allowance | 2,216 | 78 |
| Loss: Transfer to loss allowance of trade receivables | (150,119) | - |
| Foreign exchanges gains and losses | <u>8,153</u> | <u>72,474</u> |
| Balance at June 30 | <u>\$ 697,222</u> | <u>\$ 1,057,425</u> |

The Group recognized revenue from the beginning balance of contract liability, which amounted to \$7,051 thousand and \$98 thousand for the six months ended June 30, 2023 and 2022, respectively.

b. Disaggregation of revenue

Refer to Note 36 for segment revenue information.

25. ADDITIONAL INFORMATION ON EXPENSES

| | For the Three Months Ended June 30 | | For the Six Months Ended June 30 | |
|---|---------------------------------------|---------------------|-------------------------------------|----------------------|
| | 2023 | 2022 | 2023 | 2022 |
| a. Finance costs | | | | |
| Interest on borrowings | \$ 377,883 | \$ 124,614 | \$ 696,930 | \$ 176,736 |
| Interest on lease liabilities | <u>8,468</u> | <u>6,302</u> | <u>15,979</u> | <u>12,929</u> |
| | <u>\$ 386,351</u> | <u>\$ 130,916</u> | <u>\$ 712,909</u> | <u>\$ 189,665</u> |
| b. Depreciation and amortization | | | | |
| Property, plant and equipment | \$ 920,030 | \$ 978,486 | \$ 1,850,131 | \$ 1,930,471 |
| Right-of-use assets | 128,851 | 111,198 | 250,823 | 218,769 |
| Intangible assets | 42,966 | 36,456 | 83,388 | 72,811 |
| Investment properties | <u>7,318</u> | <u>7,756</u> | <u>14,671</u> | <u>15,405</u> |
| | <u>\$ 1,099,165</u> | <u>\$ 1,133,896</u> | <u>\$ 2,199,013</u> | <u>\$ 2,237,456</u> |
| An analysis of depreciation by function | | | | |
| Recognized in operating costs | \$ 739,299 | \$ 814,091 | \$ 1,498,455 | \$ 1,613,577 |
| Recognized in operating expenses | <u>316,900</u> | <u>283,349</u> | <u>617,170</u> | <u>551,068</u> |
| | <u>\$ 1,056,199</u> | <u>\$ 1,097,440</u> | <u>\$ 2,115,625</u> | <u>\$ 2,164,645</u> |
| An analysis of amortization by function | | | | |
| Recognized in operating costs | \$ 3,671 | \$ 3,914 | \$ 6,865 | \$ 7,811 |
| Recognized in operating expenses | <u>39,295</u> | <u>32,542</u> | <u>76,523</u> | <u>65,000</u> |
| | <u>\$ 42,966</u> | <u>\$ 36,456</u> | <u>\$ 83,388</u> | <u>\$ 72,811</u> |
| c. Employee benefits expense | | | | |
| Post-employment benefits | | | | |
| Defined contribution plans | \$ 135,713 | \$ 144,545 | \$ 276,626 | \$ 286,049 |
| Defined benefit plans (Note 22) | <u>5,352</u> | <u>5,721</u> | <u>10,812</u> | <u>11,603</u> |
| | 141,065 | 150,266 | 287,438 | 297,652 |
| Share-based payment - equity-settled | 161,666 | - | 254,890 | - |
| Termination benefits | 37,295 | 37,743 | 57,321 | 75,168 |
| Other employee benefits | <u>4,799,069</u> | <u>5,454,208</u> | <u>9,556,718</u> | <u>10,560,593</u> |
| | <u>\$ 5,139,095</u> | <u>\$ 5,642,217</u> | <u>\$ 10,156,367</u> | <u>\$ 10,933,413</u> |

(Continued)

| | For the Three Months Ended June 30 | | For the Six Months Ended June 30 | |
|---|---------------------------------------|---------------------|-------------------------------------|----------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Employee benefits expense summarized by function | | | | |
| Recognized in operating costs | \$ 2,675,734 | \$ 3,222,030 | \$ 5,220,728 | \$ 6,327,665 |
| Recognized in operating expenses | <u>2,463,361</u> | <u>2,420,187</u> | <u>4,935,639</u> | <u>4,605,748</u> |
| | <u>\$ 5,139,095</u> | <u>\$ 5,642,217</u> | <u>\$ 10,156,367</u> | <u>\$ 10,933,413</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. For the three months and six months ended June 30, 2023 and 2022, the compensation of employees and the remuneration of directors were as follows:

| | For the Three Months Ended June 30 | | For the Six Months Ended June 30 | |
|---------------------------|---------------------------------------|-------------------|-------------------------------------|-------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Employees' compensation | <u>\$ 571,631</u> | <u>\$ 538,962</u> | <u>\$ 891,871</u> | <u>\$ 825,282</u> |
| Remuneration of directors | <u>\$ 58,382</u> | <u>\$ 55,045</u> | <u>\$ 91,088</u> | <u>\$ 84,287</u> |

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.

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, were as follows:

| | For the Year Ended December 31 | | | |
|---------------------------|--------------------------------|--------------------|-------------------|--------------------|
| | 2022 | | 2021 | |
| | Cash Dividends | Share Dividends | Cash Dividends | Share Dividends |
| Employees' compensation | \$ 1,925,953 | \$ - | \$ 1,909,002 | \$ - |
| Remuneration of directors | 196,699 | - | 173,980 | - |

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

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

26. INCOME TAX

a. Income tax recognized in profit or loss

Major components of tax expense were as follows:

| | For the Three Months Ended June 30 | | For the Six Months Ended June 30 | |
|--|---------------------------------------|---------------------|-------------------------------------|---------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Current tax expense | \$ 919,807 | \$ 451,026 | \$ 1,718,088 | \$ 950,647 |
| Deferred tax expense | <u>165,648</u> | <u>572,584</u> | <u>(22,843)</u> | <u>617,616</u> |
| Income tax expense recognized in profit or loss | <u>\$ 1,085,455</u> | <u>\$ 1,023,610</u> | <u>\$ 1,695,245</u> | <u>\$ 1,568,263</u> |

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

| | For the Three Months Ended June 30 | | For the Six Months Ended June 30 | |
|--------------------------------------|---------------------------------------|-----------------|-------------------------------------|-------------------|
| | 2023 | 2022 | 2023 | 2022 |
| <u>Deferred tax</u> | | | | |
| In respect of the current period: | | | | |
| Translation of foreign operations | <u>\$ (49,094)</u> | <u>\$ 9,784</u> | <u>\$ (108,830)</u> | <u>\$ 701,191</u> |

c. 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

| | For the Three Months Ended June 30 | | For the Six Months Ended June 30 | |
|----------------------------|---------------------------------------|----------------|-------------------------------------|----------------|
| | 2023 | 2022 | 2023 | 2022 |
| Basic earnings per share | <u>\$ 1.84</u> | <u>\$ 1.74</u> | <u>\$ 2.86</u> | <u>\$ 2.66</u> |
| Diluted earnings per share | <u>\$ 1.82</u> | <u>\$ 1.72</u> | <u>\$ 2.84</u> | <u>\$ 2.63</u> |

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

Net Profit for the Period

| | For the Three Months Ended June 30 | | For the Six Months Ended June 30 | |
|--|---------------------------------------|---------------------|-------------------------------------|---------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Earnings used in the computation of basic earnings per share | \$ 4,200,086 | \$ 3,960,039 | \$ 6,553,059 | \$ 6,063,789 |
| Effect of potentially dilutive ordinary shares: | | | | |
| Compensation of employees | - | - | - | - |
| Earnings used in the computation of diluted earnings per share | <u>\$ 4,200,086</u> | <u>\$ 3,960,039</u> | <u>\$ 6,553,059</u> | <u>\$ 6,063,789</u> |

Weighted Average Number of Ordinary Shares Outstanding

| | For the Three Months Ended June 30 | | For the Six Months Ended June 30 | |
|---|---------------------------------------|------------------|-------------------------------------|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Weighted average number of ordinary shares outstanding used in computation of basic earnings per share | 2,288,285 | 2,283,564 | 2,288,285 | 2,283,564 |
| Effect of potentially dilutive ordinary shares: | | | | |
| Compensation of employees | 8,617 | 14,254 | 16,326 | 23,639 |
| Employee restricted shares | <u>7,111</u> | <u>-</u> | <u>6,564</u> | <u>-</u> |
| Weighted average number of ordinary shares outstanding used in computation of dilutive earnings per share | <u>2,304,013</u> | <u>2,297,818</u> | <u>2,311,175</u> | <u>2,307,203</u> |

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

28. SHARE-BASED PAYMENT ARRANGEMENTS

Employee restricted stock awards (RSAs)

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

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

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

b. Restrictions applicable prior to vesting:

- 1) Recipient shall have no right to sell, transfer (other than by laws of inheritance), pledge, mortgage, hypothecate, gift or otherwise dispose of the Shares prior to such Shares being fully vested.
- 2) Unvested Shares shall have the same rights to attend the Company's shareholders' meeting, submit proposals, or speak and vote at the meeting as those attached to other issued shares of the Company's common stock. However, the exercise of such rights shall be performed in accordance with the trust agreement.
- 3) Unvested Shares shall have the same rights to receive cash, stock dividends and distributions from capital reserve, as well as the same share subscription rights as those attached to other issued shares of the Company's common stock. However, with respect to unvested Shares, the Recipients shall have no right to withdraw the cash and stock dividends received on such Shares; such dividends shall be kept in trust in accordance with the trust agreement.

c. Failure to meet vesting conditions:

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

Details of granted 2022 RSAs are as follows:

| Number of Stocks (In Thousands) for the Six Months Ended June 30, 2023 | | | |
|---|--|--|---------------|
| | <u>Approval Date</u> <u>September 20,</u> <u>2022</u> | <u>Approval Date</u> <u>April 27,</u> <u>2023</u> | Total |
| Balance, beginning of period | 12,216 | - | 12,216 |
| Issuance of stocks | - | 6,484 | 6,484 |
| Withdrawal (expired amount) (Note) | <u>(753)</u> | <u>-</u> | <u>(753)</u> |
| Balance, end of period | <u>11,463</u> | <u>6,484</u> | <u>17,947</u> |
| Weighted-average fair value of RSAs granted (in dollars) | <u>\$ 67.73</u> | <u>\$ 72.80</u> | |

Note: Capital reduction of 129,000 shares has not been processed.

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

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

29. 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

June 30, 2023

| | Level 1 | Level 2 | Level 3 | Total |
|---|-------------------|---------------------|---------------------|---------------------|
| Financial assets at FVTPL | | | | |
| Derivative instruments | \$ - | \$ 1,300,442 | \$ - | \$ 1,300,442 |
| Mutual funds | - | 616,624 | - | 616,624 |
| Foreign listed shares | 251,874 | - | - | 251,874 |
| Domestic listed shares | 11,673 | - | - | 11,673 |
| Structured deposits | - | 7,105,802 | - | 7,105,802 |
| Foreign convertible preferred stocks | - | - | 294,164 | 294,164 |
| | <u>\$ 263,547</u> | <u>\$ 9,022,868</u> | <u>\$ 294,164</u> | <u>\$ 9,580,579</u> |
| Financial assets at FVTOCI | | | | |
| Investments in equity instruments | | | | |
| Foreign unlisted shares | \$ - | \$ - | \$ 1,247,536 | \$ 1,247,536 |
| Domestic listed shares and emerging market shares | 278,982 | - | - | 278,982 |
| Domestic innovation board listed shares | 501,816 | - | - | 501,816 |
| Domestic unlisted shares | - | - | 73,080 | 73,080 |
| | <u>\$ 780,798</u> | <u>\$ -</u> | <u>\$ 1,320,616</u> | <u>\$ 2,101,414</u> |
| Financial liabilities at FVTPL | | | | |
| Derivative instruments | <u>\$ -</u> | <u>\$ 224,120</u> | <u>\$ -</u> | <u>\$ 224,120</u> |

December 31, 2022

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

(Continued)

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

June 30, 2022

| | Level 1 | Level 2 | Level 3 | Total |
|--------------------------------------|-------------------|----------------------|---------------------|----------------------|
| Financial assets at FVTPL | | | | |
| Derivative instruments | \$ - | \$ 2,836,538 | \$ - | \$ 2,836,538 |
| Mutual funds | - | 595,189 | - | 595,189 |
| Foreign listed shares | 607,151 | - | - | 607,151 |
| Domestic listed shares | 11,381 | - | - | 11,381 |
| Structured deposits | - | 7,394,035 | - | 7,394,035 |
| Foreign convertible preferred stocks | - | - | 278,400 | 278,400 |
| Foreign convertible bond | - | - | 14,838 | 14,838 |
| | <u>\$ 618,532</u> | <u>\$ 10,825,762</u> | <u>\$ 293,238</u> | <u>\$ 11,737,532</u> |
| Financial assets at FVTOCI | | | | |
| Investments in equity instruments | | | | |
| Foreign unlisted shares | \$ - | \$ - | \$ 1,658,956 | \$ 1,658,956 |
| Domestic listed shares | 337,002 | - | - | 337,002 |
| Domestic unlisted shares | - | - | 16,133 | 16,133 |
| | <u>\$ 337,002</u> | <u>\$ -</u> | <u>\$ 1,675,089</u> | <u>\$ 2,012,091</u> |
| Financial liabilities at FVTPL | | | | |
| Derivative instruments | <u>\$ -</u> | <u>\$ 561,253</u> | <u>\$ -</u> | <u>\$ 561,253</u> |

There were no transfers between Levels 1 and 2 for the six months ended June 30, 2023 and 2022.

There were transfers between Levels 3 and 2 for the year ended December 31, 2022. The investment in an equity instrument held by the Group was originally an investment in foreign unlisted shares, classified as financial assets at fair value through other comprehensive income and evaluated by the market approach. This investee has become 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.

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 six months ended June 30, 2023 and 2022 were as follows:

| | For the Six Months Ended June 30 | |
|--|---|---------------------|
| | 2023 | 2022 |
| Balance, beginning of period | \$ 1,553,319 | \$ 1,826,985 |
| Total gains or losses | | |
| Recognized in income (loss) | (4,641) | - |
| Recognized in other comprehensive income | 18,994 | 98,857 |
| Addition | <u>47,108</u> | <u>42,485</u> |
| Balance, end of period | <u>\$ 1,614,780</u> | <u>\$ 1,968,327</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. |
| 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. |
| Structured deposits | The fair value is measured based on the amount provided by the counterparty. |

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

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

c. Categories of financial instruments

| | June 30, 2023 | December 31, 2022 | June 30, 2022 |
|--|---------------|----------------------|---------------|
| <u>Financial assets</u> | | | |
| FVTPL | | | |
| Mandatorily classified as at FVTPL | \$ 9,580,579 | \$ 4,262,606 | \$ 11,737,532 |
| Financial assets at amortized cost (1) | 119,374,607 | 132,199,472 | 114,176,308 |
| Investment in equity instruments at FVTOCI | 2,101,414 | 1,985,324 | 2,012,091 |
| <u>Financial liabilities</u> | | | |
| FVTPL | | | |
| Held for trading | 224,120 | 253,441 | 561,253 |
| Amortized cost | | | |
| Short-term borrowings | 30,178,505 | 32,628,984 | 38,386,028 |
| Payables (2) | 56,701,242 | 67,658,064 | 62,836,711 |
| Long-term borrowings | 3,000,000 | 3,000,000 | - |

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

d. Financial risk management objectives and policies

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

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

1) Market risk

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

There was no change 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 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 the New Taiwan dollar (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 dollar, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

| | USD Impact | |
|----------------|---------------------------------|---------------------|
| | For the Six Months Ended | |
| | June 30 | |
| | 2023 | 2022 |
| Profit or loss | <u>\$ 1,000,897</u> | <u>\$ 1,023,758</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:

| | June 30, 2023 | December 31, 2022 | June 30, 2022 |
|-------------------------------|----------------------|--------------------------|----------------------|
| Fair value interest rate risk | | | |
| Financial assets (i) | \$ 60,816,587 | \$ 56,984,806 | \$ 42,020,575 |
| Financial liabilities (ii) | 31,429,631 | 31,679,939 | 39,429,580 |
| Cash flow interest rate risk | | | |
| Financial assets (iii) | 29,772,489 | 33,469,753 | 35,418,100 |
| Financial liabilities (iv) | 3,000,000 | 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 that 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 six months ended June 30, 2023 and 2022 would have increased by \$33,466 thousand and \$44,273 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 for 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 six months ended June 30, 2023 and 2022 would have increased by \$26,355 thousand and \$61,853 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL. The pre-tax other comprehensive income for the six months ended June 30, 2023 and 2022 would have increased by \$78,080 thousand and increase \$33,700 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 a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk from trade receivables, deposits, and other financial instruments. Credit risk on business-related exposures is managed separately from that on financial-related exposures.

a) Business related credit risk

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

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

b) Financial related credit risk

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

3) Liquidity risk

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

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

June 30, 2023

| | Weighted Average Effective Interest Rate (%) | On Demand or Less than 1 Year | 1-3 Years | Over 3 Years to 5 Years | 5+ Years |
|---|--|-------------------------------------|---------------------|----------------------------|-------------------|
| <u>Non-derivative financial liabilities</u> | | | | | |
| Non-interest bearing liabilities | - | \$ 56,574,771 | \$ 126,471 | \$ - | \$ - |
| Lease liabilities | 1.00%-9.20% | 475,362 | 475,554 | 246,653 | 158,235 |
| Floating interest rate liabilities | 1.61% | 48,300 | 3,057,166 | - | - |
| Fixed interest rate liabilities | 1.49%-5.72% | <u>30,258,202</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | | <u>\$ 87,356,635</u> | <u>\$ 3,659,191</u> | <u>\$ 246,653</u> | <u>\$ 158,235</u> |

December 31, 2022

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

June 30, 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 | - | \$ 62,691,584 | \$ 145,127 | \$ - | \$ - |
| Lease liabilities | 1.00%-9.20% | 447,426 | 462,310 | 132,239 | 125,568 |
| Fixed interest rate liabilities | 0.84%-5.60% | <u>38,442,590</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | | <u>\$ 101,581,600</u> | <u>\$ 607,437</u> | <u>\$ 132,239</u> | <u>\$ 125,568</u> |

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

June 30, 2023

| | On Demand or Less than 1 Year | 1-3 Years | Over 3 Years to 5 Years | 5+ Years |
|----------------------------|--|------------------|------------------------------------|-----------------|
| Forward exchange contracts | | | | |
| Inflows | \$ 45,853,193 | \$ - | \$ - | \$ - |
| Outflows | <u>(43,790,293)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>2,062,900</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Currency swaps | | | | |
| Inflows | 14,341,870 | - | - | - |
| Outflows | <u>(14,444,400)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>(102,530)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 1,960,370</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

December 31, 2022

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

June 30, 2022

| | On Demand or Less than 1 Year | 1-3 Years | Over 3 Years to 5 Years | 5+ Years |
|----------------------------|--|------------------|------------------------------------|-----------------|
| Forward exchange contracts | | | | |
| Inflows | \$ 63,313,379 | \$ - | \$ - | \$ - |
| Outflows | <u>(59,763,307)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>3,550,072</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Currency swaps | | | | |
| Inflows | 39,536,721 | - | - | - |
| Outflows | <u>(39,631,843)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>(95,122)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 3,454,950</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

31. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Group and its subsidiaries, which were related parties of the Group, had been eliminated upon 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

| Related Parties | Relationships with the Group |
|----------------------------------|---|
| L&K Industries Philippines, Inc. | Associate (non-related party since December 2022) |
| Silitech Technology Corporation | Associate |
| DragonJet Corporation | Associate |
| Silport Technology Corp. | Related party in substance |
| Lite-On Cultural Foundation | Related party in substance |

b. Sales of goods

| Related Party Category | For the Three Months Ended June 30 | | For the Six Months Ended June 30 | |
|-------------------------------|---|------------------|---|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Associate | \$ - | \$ 9,993 | \$ - | \$ 17,722 |
| Related party in substance | <u>100</u> | <u>100</u> | <u>200</u> | <u>277</u> |
| | <u>\$ 100</u> | <u>\$ 10,093</u> | <u>\$ 200</u> | <u>\$ 17,999</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 were not significantly different as those between the Group and non-related parties.

c. Purchases of goods

| Related Party Category | For the Three Months Ended June 30 | | For the Six Months Ended June 30 | |
|------------------------|---------------------------------------|---------------|-------------------------------------|---------------|
| | 2023 | 2022 | 2023 | 2022 |
| Associate | \$ <u>67</u> | \$ <u>270</u> | \$ <u>1,206</u> | \$ <u>674</u> |

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

d. Receivables from related parties

| Related Party Category | June 30, 2023 | December 31, 2022 | June 30, 2022 |
|----------------------------|------------------|----------------------|------------------|
| Trade receivables | | | |
| Associate | \$ - | \$ - | \$ 12,982 |
| Related party in substance | <u>-</u> | <u>-</u> | <u>81</u> |
| | \$ <u>-</u> | \$ <u>-</u> | \$ <u>13,063</u> |
| Other receivables | | | |
| Associate | \$ <u>22,487</u> | \$ <u>17,710</u> | \$ <u>32,870</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 six months ended June 30, 2023 and 2022.

e. Payables to related parties

| Related Party Category | June 30, 2023 | December 31, 2022 | June 30, 2022 |
|----------------------------|---------------|----------------------|---------------|
| Trade payables | | | |
| Associate | \$ <u>298</u> | \$ <u>15,842</u> | \$ <u>284</u> |
| Other payables | | | |
| Associate | \$ - | \$ 18,469 | \$ 34 |
| Related party in substance | <u>480</u> | <u>909</u> | <u>413</u> |
| | \$ <u>480</u> | \$ <u>19,378</u> | \$ <u>447</u> |

The outstanding trade payables to related parties are unsecured.

f. Operating expenses

| Related Party Category | For the Three Months Ended June 30 | | For the Six Months Ended June 30 | |
|----------------------------|---------------------------------------|---------------|-------------------------------------|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Associate | \$ - | \$ 32 | \$ - | \$ 32 |
| Related party in substance | <u>327</u> | <u>317</u> | <u>10,507</u> | <u>10,343</u> |
| | \$ <u>327</u> | \$ <u>349</u> | \$ <u>10,507</u> | \$ <u>10,375</u> |

The Group recognized and paid associated donation expenses of \$10,000 thousand for the six months ended June 30, 2023 and 2022 to help Lite-On Cultural Foundation, a related party in substance, facilitate communal, culture and educational projects.

g. Other revenue

| Related Party Category | For the Three Months Ended June 30 | | For the Six Months Ended June 30 | |
|----------------------------|---------------------------------------|-----------------|-------------------------------------|-----------------|
| | 2023 | 2022 | 2023 | 2022 |
| Associate | \$ 1,422 | \$ 1,533 | \$ 1,422 | \$ 1,533 |
| Related party in substance | <u>12</u> | <u>7</u> | <u>19</u> | <u>13</u> |
| | <u>\$ 1,434</u> | <u>\$ 1,540</u> | <u>\$ 1,441</u> | <u>\$ 1,546</u> |

h. Acquisition of property, plant and equipment

| Related Party Category | Purchase Price For the Three Months Ended June 30 | | For the Six Months Ended June 30 | |
|----------------------------|---|-------------|-------------------------------------|-------------|
| | 2023 | 2022 | 2023 | 2022 |
| Related party in substance | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 87</u> | <u>\$ -</u> |

i. Remuneration of key management personnel

| | For the Three Months Ended June 30 | | For the Six Months Ended June 30 | |
|------------------------------|---------------------------------------|-------------------|-------------------------------------|-------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Short-term employee benefits | \$ 103,094 | \$ 101,114 | \$ 178,785 | \$ 177,460 |
| Post-employment benefits | 357 | 358 | 713 | 716 |
| Share-based payment | <u>62,731</u> | <u>-</u> | <u>111,801</u> | <u>-</u> |
| | <u>\$ 166,182</u> | <u>\$ 101,472</u> | <u>\$ 291,299</u> | <u>\$ 178,176</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

| | June 30, 2023 | December 31, 2022 | June 30, 2022 |
|--|-------------------|----------------------|-------------------|
| Pledged time deposits (classified as financial assets at amortized cost) | <u>\$ 464,552</u> | <u>\$ 465,790</u> | <u>\$ 315,571</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 AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Group at June 30, 2023, December 31, 2022 and June 30, 2022 were as follows:

a. Significant unrecognized commitments

- 1) In order to effectively utilize assets and to improve the safety of the plant structure and the efficiency of building bulk, the Company's board of director passed an urban renewal resolution on October 28, 2021 to rebuild the original Zhonghe factory into Zhonghe Digital Building. In the second quarter of 2022, the Company entered a contract and engaged ZEN RAY Construction Co., Ltd. to build on its own land. The total contract amount did not exceed \$1,886,000 thousand.
- 2) In order to carry on future business and expansion of capacity, the Company's board of director resolved to build the second-phase plant of Kaohsiung Manufacturing Center on October 28, 2022. In the second quarter of 2023, the Company signed a contract with RUENTEX ENGINEERING & CONSTRUCTION CO., LTD. to construct on the leased land. The total contract amount did not exceed \$4,395,000 thousand.

b. Contingencies

- 1) 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. The Company has reached a settlement and signed a settlement agreement with Nitride Semiconductors Co., Ltd. and has filed a motion to dismiss the lawsuit with the court. There was no material impact on the operations and financial performance of the Group at the time of the evaluation.
- 2) 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. The Company has reached a settlement and signed a settlement agreement with Sensor Electronic Technology, Inc. and has filed a motion to dismiss the lawsuit with the court. There was no material impact on the operation and financial performance of the Group at the time of the evaluation.
- 3) Nitek, 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. The Company has reached a settlement and signed a settlement agreement with Nitek, Inc. and has filed a motion to dismiss the lawsuit with the court. There was no material impact on the operation and financial performance of the Group at the time of the 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 the respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

June 30, 2023

| | Foreign Currency (In Thousands) | Exchange Rate | Carrying Amount (In Thousands) |
|--|--|----------------------|---|
| <u>Financial assets</u> | | | |
| Monetary items | | | |
| USD | \$ 1,172,711 | 7.2464 (USD:CNY) | \$ 36,447,850 |
| USD | 943,561 | 31.0800 (USD:NTD) | 29,325,873 |
| USD | 63,599 | 7.8362 (USD:HKD) | 1,976,665 |
| USD | 34,892 | 35.6000 (USD:THB) | <u>1,084,444</u> |
| | | | <u>\$ 68,834,832</u> |
| Non-monetary items | | | |
| Investments in associates and joint ventures accounted for using the equity method | | | |
| USD | 3,616 | 31.0800 (USD:NTD) | <u>\$ 112,388</u> |
| <u>Financial liabilities</u> | | | |
| Monetary items | | | |
| USD | 1,587,639 | 31.0800 (USD:NTD) | \$ 49,343,809 |
| USD | 648,975 | 7.2464 (USD:CNY) | 20,170,140 |
| USD | 33,472 | 35.6000 (USD:THB) | <u>1,040,309</u> |
| | | | <u>\$ 70,554,258</u> |

December 31, 2022

| | Foreign Currency (In Thousands) | Exchange Rate | Carrying Amount (In Thousands) |
|-------------------------|--|----------------------|---|
| <u>Financial assets</u> | | | |
| Monetary items | | | |
| USD | \$ 1,242,850 | 6.9404 (USD:CNY) | \$ 38,118,205 |
| USD | 1,202,830 | 30.6700 (USD:NTD) | 36,890,795 |
| USD | 227,525 | 7.7967 (USD:HKD) | 6,978,197 |
| USD | 34,108 | 34.4700 (USD:THB) | <u>1,046,087</u> |
| | | | <u>\$ 83,033,284</u> |

Non-monetary items

Investments in associates and joint ventures accounted for using the equity method

| | | | |
|-----|-------|-------------------|-------------------|
| USD | 3,553 | 30.6700 (USD:NTD) | <u>\$ 108,968</u> |
|-----|-------|-------------------|-------------------|

Financial liabilities

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> |

\$ 85,337,126June 30, 2022

| | Foreign Currency (In Thousands) | Exchange Rate | Carrying Amount (In Thousands) |
|-------------------------|--|----------------------|---|
| <u>Financial assets</u> | | | |
| Monetary items | | | |
| USD | \$ 1,409,976 | 6.6819 (USD:CNY) | \$ 41,841,028 |
| USD | 1,258,806 | 29.6750 (USD:NTD) | 37,355,076 |
| USD | 94,395 | 7.8457 (USD:HKD) | 2,801,174 |
| USD | 52,986 | 35.2500 (USD:THB) | 1,572,366 |
| USD | 45,001 | 0.9581 (USD:EUR) | <u>1,335,405</u> |
| | | | <u>\$ 84,905,049</u> |

Non-monetary items

Investments in associates and joint ventures accounted for using the equity method

| | | | |
|-----|-------|-------------------|-------------------|
| USD | 3,572 | 29.6750 (USD:NTD) | <u>\$ 105,985</u> |
|-----|-------|-------------------|-------------------|

(Continued)

| | Foreign Currency (In Thousands) | Exchange Rate | Carrying Amount (In Thousands) |
|------------------------------|--|----------------------|---|
| <u>Financial liabilities</u> | | | |
| Monetary items | | | |
| USD | \$ 1,948,786 | 29.6750 (USD:NTD) | \$ 57,830,231 |
| USD | 872,157 | 6.6819 (USD:CNY) | 25,881,270 |
| USD | 56,838 | 35.2500 (USD:THB) | <u>1,686,675</u> |
| | | | <u>\$ 85,398,176</u> (Concluded) |

For the three months ended June 30, 2023 and 2022, net foreign exchange losses were \$534,851 thousand and \$315,559 thousand, respectively; for the six months ended June 30, 2023 and 2022, net foreign exchange losses were \$126,726 thousand and \$1,092,347 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 about significant transactions:

- 1) Financing provided to others: See Table 1 below.
- 2) Endorsements/guarantees provided: See Table 2 below.
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): See Table 3 below.
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: See Table 4 below.
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: See Table 5 below.
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: See Table 6 below.
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: See Table 7 below.
- 9) Trading in derivative instruments: See Notes 7 and 30 to the financial statements.
- 10) Others: Intercompany relationships and significant intercompany transactions: See Table 10 below.

b. Information on investees: See Table 8 below.

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: See Table 9 below.
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: See Tables 6, 7 and 10 below.
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: None.

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.

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 Six Months Ended June 30, 2023 | | | | |
|-------------------------------|--|---|----------------|-------------|---------------|
| | Opto-electronics | Information Technology and Consumer Electronics | Cloud and AIoT | Elimination | Total |
| Sales from external customers | \$ 15,580,220 | \$ 30,517,708 | \$ 25,369,272 | \$ - | \$ 71,467,200 |
| Sales among segments | 123,899 | 561,556 | 5,304 | (690,759) | - |
| Operating profit | 1,237,864 | 4,640,182 | 2,406,892 | - | 8,284,938 |

| | For the Six Months Ended June 30, 2022 | | | | |
|-------------------------------|--|--|----------------|-------------|---------------|
| | | Information Technology and Consumer Electronics | Cloud and AIoT | Elimination | Total |
| Sales from external customers | \$ 17,367,371 | \$ 40,052,709 | \$ 26,767,173 | \$ - | \$ 84,187,253 |
| Sales among segments | 171,275 | 662,656 | 6,035 | (839,966) | - |
| Operating profit | 2,235,408 | 4,558,937 | 2,002,430 | - | 8,796,775 |

d. 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 Six Months Ended June 30 | |
|-----------------------------------|-------------------------------------|---------------------|
| | 2023 | 2022 |
| Reportable segments' profit | \$ 8,284,938 | \$ 8,796,775 |
| Unclassified loss | (1,806,355) | (1,445,492) |
| Non-operating income and expenses | <u>1,790,903</u> | <u>298,804</u> |
| Profit before income tax | <u>\$ 8,269,486</u> | <u>\$ 7,650,087</u> |

- 3) Segment profit represented the profit before tax earned by each segment without unclassified headquarter administration costs, new business research and development related costs, share of profit or loss of associates accounted for using the equity method, interest income, dividend income, other income, net loss on foreign currency exchange, net valuation gain on financial instruments at FVTPL, finance costs, other expenses, net gain on disposal of property, plant and equipment, 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. OTHERS

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 SUBSIDIARIES

FINANCING PROVIDED
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(Amounts in Thousands of New Taiwan Dollars)

| No. | Financing Company | Counterparty | Financial Statement Account | Related Party | Maximum Balance for the Period | Ending Balance | Amount Actually Drawn | Interest Rate | Nature of Financing (Note 1) | Transaction Amount | Reasons for Financing | Allowance for Bad Debt | Collateral | | Financing Limits for Each Borrowing Company (Note 2) | Financing Company's Total Financing Amount Limits (Note 2) | Note |
|-----|---|--|----------------------------------|---------------|--------------------------------|----------------|-----------------------|---------------|------------------------------|--------------------|-----------------------|------------------------|------------|-------|--|--|------|
| | | | | | | | | | | | | | Item | Value | | | |
| 1 | LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD. | CHANGZHOU LEOTEK NEW ENERGY TRADE LIMITED | Receivables from related parties | Yes | \$ 102,276 | \$ 98,647 | \$ 98,647 | 2.45% | b | \$ - | Operating capital | \$ - | - | \$ - | \$ 5,010,895 | \$ 5,010,895 | |
| 2 | LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD. | LITE-ON INTELLIGENT TECHNOLOGY (YENCHENG) CORP. | Receivables from related parties | Yes | 98,647 | 42,890 | 42,890 | 2.45%-2.50% | b | - | Operating capital | - | - | - | 3,312,308 | 3,312,308 | |
| 3 | LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD. | LITE-ON GREEN TECHNOLOGIES (NANJING) CORPORATION | Receivables from related parties | Yes | 16,898 | 16,298 | 16,298 | 2.50% | b | - | Operating capital | - | - | - | 3,312,308 | 3,312,308 | |
| 4 | LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD. | BEIJING LITE-ON MOBILE ELECTRONIC AND TELECOMMUNICATION COMPONENTS CO., LTD. | Receivables from related parties | Yes | 88,936 | 85,780 | 85,780 | 2.50% | b | - | Operating capital | - | - | - | 3,312,308 | 3,312,308 | |

- 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 reviewed 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 SIX MONTHS ENDED JUNE 30, 2023
(Amounts in Thousands of New Taiwan Dollars)

| No. | Endorsement/ Guarantee Provider | Guaranteed Party | | Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 2) | Maximum Balance for the Period | Ending Balance | Amount Actually Drawn | Amount of Endorsement/ Guarantee Collateralized by Properties | Ratio of Accumulated Endorsement/ Guarantee to Net Equity Per Latest Financial Statements (%) | Maximum Endorsement/ Guarantee Amount Allowable (Note 2) | Guarantee Provided by Parent Company | Guarantee Provided by A Subsidiary | Guarantee Provided to Subsidiaries in Mainland China | Note |
|-----|------------------------------------|---------------------------|---------------------------------------|---|--------------------------------------|----------------|--------------------------|---|--|--|---|--|--|------|
| | | Name | Nature of Relationship (Note 1) | | | | | | | | | | | |
| 1 | Lite-On Capital Corporation | Lite-On Green Energy B.V. | c | \$ 2,104,139 | \$ 317,397 | \$ 317,396 | \$ 317,396 | \$ - | 0.39 | \$ 2,104,139 | N | N | N | |

- Note 1: Relationships 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 most current audited financial statements.

TABLE 3

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

JUNE 30, 2023

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

| Holding Company Name | Marketable Securities Type and Name | Relationship with the Holding Company | Financial Statement Account | June 30, 2023 | | | | Note |
|-----------------------------------|--|---------------------------------------|---|--------------------------------|--------------------|--------------------------------------|------------|--------|
| | | | | Shares/Units (In Thousands) | Carrying Amount | Percentage of Ownership (%) | Fair Value | |
| LITE-ON TECHNOLOGY | <u>Ordinary shares</u> | | | | | | | |
| | ENNOSTAR Inc. | - | Financial asset at FVTPL | 224 | \$ 11,673 | 0.03 | \$ 11,673 | |
| | Logah Technology Corp. | - | Financial asset at FVTOCI | 7,578 | 95,485 | 8.14 | 95,485 | |
| | Z-Com, Inc. | - | Financial asset at FVTOCI | 63 | 727 | 0.09 | 727 | |
| | InSynerger Technology Co., Ltd. | Member of the board of directors | Financial asset at FVTOCI | 1,710 | 25,972 | 15.05 | 25,972 | |
| | PlayNitride Inc. | Member of the board of directors | Financial asset at FVTOCI | 4,235 | 501,816 | 3.95 | 501,816 | |
| | Airoha Technology Corp. | - | Financial asset at FVTOCI | 258 | 152,019 | 0.18 | 152,019 | |
| | EMRIGHT TECHNOLOGY CO., LTD. | - | Financial asset at FVTOCI | 2,355 | 47,108 | 17.00 | 47,108 | |
| | Others | - | Financial asset at FVTPL and Financial asset at FVTOCI | 53,300 | - | - | - | Note 1 |
| | <u>Foreign convertible preferred stock</u> | | | | | | | |
| | Kneron Holding Corporation | - | Financial asset at FVTPL | 1,500 | 280,968 | 2.32 | 280,968 | |
| | <u>Preferred stock</u> | | | | | | | |
| | Others | - | Financial asset at FVTPL | 16,781 | - | - | - | Note 1 |
| | <u>Fund</u> | | | | | | | |
| | Arm IoT Fund, L.P. | - | Financial asset at FVTPL | - | 62,758 | 10.33 | 62,758 | |
| | Esquarre IoT Landing Fund | - | Financial asset at FVTPL | - | 165,061 | 17.02 | 165,061 | |
| | PacRim Venture Partners | - | Financial asset at FVTPL | - | - | 3.00 | - | |
| | <u>Domestic convertible bond</u> | | | | | | | |
| | Xepex Electronics Co., Ltd. | - | Financial asset at FVTPL | 150 | - | - | - | |
| Lite-on Capital Corporation | <u>Ordinary shares</u> | | | | | | | |
| | LITE-ON TECHNOLOGY CORPORATION | The Parent Company | Financial asset at FVTOCI | 15,116 | 1,564,492 | 0.64 | 1,564,492 | |
| | Lead Data, Inc. | - | Financial asset at FVTOCI | 865 | 3,018 | 0.59 | 3,018 | |
| | Compound Solar Technology Co., Ltd. | - | Financial asset at FVTPL | 2,000 | - | 2.86 | - | |
| Lite-On Green Energy (HK) Limited | <u>Ordinary shares</u> | | | | | | | |
| | Changzhou Binhu Thin Film Solar Greenhouse Co., Ltd. | - | Financial asset at FVTOCI | - | US\$ 140 | 19.90 | US\$ 140 | |
| YET FOUNDATE LIMITED | <u>Ordinary shares</u> | | | | | | | |
| | Northern Lights Semiconductor | - | Financial asset at FVTPL | 3,000 | - | 5.91 | - | |

(Continued)

| Holding Company Name | Marketable Securities Type and Name | Relationship with the Holding Company | Financial Statement Account | June 30, 2023 | | | | Note |
|---------------------------------|--|---------------------------------------|-----------------------------|--------------------------------|-----------------|-----------------------------|-------------|--------|
| | | | | Shares/Units (In Thousands) | Carrying Amount | Percentage of Ownership (%) | Fair Value | |
| LET (HK) LIMITED | <u>Fund</u> Innovation Works Development Fund, L.P. | - | Financial asset at FVTPL | - | HK\$ 3,376 | 0.55 | HK\$ 3,376 | |
| LITE-ON TECHNOLOGY USA, INC. | <u>Fund</u> SMART WORLD INNOVATION FUND LP | - | Financial asset at FVTPL | - | US\$ 2,392 | 18.61 | US\$ 2,392 | |
| | Amed Ventures II, L.P. | - | Financial asset at FVTPL | - | US\$ 1,052 | 2.27 | US\$ 1,052 | |
| | <u>Foreign convertible preferred stock</u> MemryX Inc. | - | Financial asset at FVTPL | 590 | US\$ 425 | 1.76 | US\$ 425 | |
| LITE-ON SINGAPORE PTE. LTD. | <u>Ordinary shares</u> LuxVisions Innotech Limited | - | Financial asset at FVTOCI | 12,000 | US\$ 40,000 | 2.93 | US\$ 40,000 | |
| | <u>Fund</u> Grandfull Convergence Innovation Growth Fund, L.P. | - | Financial asset at FVTPL | - | US\$ 8,635 | 15.62 | US\$ 8,635 | |
| LTC GROUP LTD. | <u>Ordinary shares</u> VIZIO Holding Corp. | - | Financial asset at FVTPL | 1,201 | US\$ 8,104 | 0.61 | US\$ 8,104 | |
| TITANIC CAPITAL SERVICES LTD. | <u>Ordinary shares</u> LITE-ON TECHNOLOGY CORPORATION | The Parent Company | Financial asset at FVTOCI | 7,004 | 724,937 | 0.30 | 724,937 | |
| LITE-ON CHINA HOLDING CO., LTD. | <u>Ordinary shares</u> COMMIT Incorporated | - | Financial asset at FVTPL | 4,962 | - | 1.87 | - | |
| LITE-ON MOBILE PTE. LTD. | <u>Ordinary shares</u> Jiangxi Firstar Panel Technology Co., Ltd. | - | Financial asset at FVTPL | 30,657 | - | 1.35 | - | Note 2 |

Note 1: As the amount is not significant, it would be disclosed under aggregation.

Note 2: In accordance with the restructuring plan of debtor, Jiangxi Firstar Panel Technology Co., Ltd., approved by court, LITE-ON MOBILE PTE. LTD. acquired the shares by debt-for-equity swap.

(Concluded)

TABLE 4

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(Amounts in Thousands of New Taiwan Dollars or in Thousands of Foreign Currencies)

| Holding Company | Type and Name of Marketable Securities | Financial Statement Account | Counterparty | Relationship | Beginning Balance | | Acquisition | | Disposal | | | | Ending Balance | |
|-----------------|---|--|--------------|--------------|-----------------------------|--------------------------|-----------------------------|--------|-----------------------------|-------------------------|-------------------------|----------------------------|-----------------------------|-------------------------|
| | | | | | Shares/Units (In Thousands) | Amount | Shares/Units (In Thousands) | Amount | Shares/Units (In Thousands) | Amount | Carrying Amount | Gain (Loss) on Disposal | Shares/Units (In Thousands) | Amount |
| LTC GROUP LTD. | The common stock of VIZIO HOLDING CORP. | Financial asset at fair value through profit or loss | - | - | 2,447 | \$ 556,171 (US\$ 18,134) | - | \$ - | 1,246 | \$ 285,972 (US\$ 9,361) | \$ 282,545 (US\$ 9,237) | \$ 3,427 (US\$ 124) (Note) | 1,201 | \$ 251,874 (US\$ 8,104) |

Note: During the disposal period (2022/3/31-2023/6/30), 2,132 thousand shares were disposed, the total monetary amount (deducting transaction fee) was US\$17,785 thousand, and the realized loss was \$254,846 thousand, of which \$258,273 thousand of loss had been transferred to unappropriated earnings in 2022, the gain recognized from January 1, 2023 to June 30, 2023 was \$3,427 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 SIX MONTHS ENDED JUNE 30, 2023
(Amounts in Thousands of New Taiwan Dollars)

| Buyer | Property | Event Date | Transaction Amount (Note) | Payment Status | Counterparty | Relationship | Information on Previous Title Transfer If Counterparty Is A Related Party | | | | Pricing Reference | Purpose of Acquisition | Other Terms |
|--------------------------------|-----------|--------------|--|---|--|--------------|---|----------------|------------------|----------------|---|---|-------------|
| | | | | | | | Property Owner | Relationship | Transaction Date | Amount | | | |
| LITE-ON TECHNOLOGY CORPORATION | Buildings | May 31, 2023 | Total contract amount shall not exceed \$4,395,000 thousand. | Monthly settlement by the construction progress and acceptance, paid by wire transfer 30 days after month-end | RUENTEX ENGINEERING & CONSTRUCTION CO., LTD. | - | Not applicable | Not applicable | Not applicable | Not applicable | Tendering, the most advantageous tender awarded | Operation of the second-phase plant of Kaohsiung Manufacturing Center | None |

Note: The final transaction amount will be based on the actual settlement.

TABLE 6

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(Amounts in Thousands of New Taiwan Dollars)

| Company Name | Related Party | Nature of Relationship | Transaction Details | | | | Abnormal Transaction | | Notes/Trade (Payable) or Receivable | | Note |
|---|---|------------------------|---------------------|----------------|---------------|---------------|----------------------|---------------------------|-------------------------------------|---------------|------|
| | | | Purchase/ Sale | Amount | % of Total | Payment Terms | Unit Price | Payment Terms | Ending Balance | % of Total | |
| LITE-ON TECHNOLOGY CORPORATION | Philips & Lite-On Digital Solutions Corporation | Subsidiary | Sale | \$ (3,228,668) | (7.18) | About 90 days | Cost-plus pricing | No significant difference | \$ 2,418,502 | 10.17 | |
| | LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD. | Fourth-tier subsidiary | Sale | (266,577) | (0.59) | About 90 days | Cost-plus pricing | No significant difference | 182,077 | 0.77 | |
| | LITE-ON SINGAPORE PTE. LTD. | Subsidiary | Sale | (1,523,135) | (3.39) | About 90 days | Cost-plus pricing | No significant difference | 628,560 | 2.64 | |
| | Lite-on Japan Ltd. | Subsidiary | Sale | (103,254) | (0.23) | About 90 days | Cost-plus pricing | No significant difference | 65,888 | 0.28 | |
| | LITE-ON, INC. | Sub-subsiary | Sale | (110,015) | (0.24) | About 90 days | Cost-plus pricing | No significant difference | 86,850 | 0.37 | |
| | LITE-ON TRADING USA, INC. | Sub-subsiary | Sale | (2,842,337) | (6.32) | About 90 days | Cost-plus pricing | No significant difference | 2,181,718 | 9.17 | |
| | LEOTEK CORPORATION | Subsidiary | Purchase | 109,141 | 0.29 | About 90 days | Cost-plus pricing | No significant difference | (96,865) | (0.38) | |
| | LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD. | Subsidiary | Purchase | 200,619 | 0.54 | About 90 days | Cost-plus pricing | No significant difference | (87,438) | (0.34) | |
| | LITE-ON VIETNAM CO., LTD. | Subsidiary | Purchase | 1,156,153 | 3.12 | About 90 days | Cost-plus pricing | No significant difference | (756,054) | (2.96) | |
| | LITE-ON SINGAPORE PTE. LTD. | Subsidiary | Purchase | 10,120,117 | 27.32 | About 90 days | Cost-plus pricing | No significant difference | (7,526,242) | (29.51) | |
| | Lite-On Overseas Trading Co., Ltd. | Subsidiary | Purchase | 18,521,613 | 50.01 | About 90 days | Cost-plus pricing | No significant difference | (12,296,862) | (48.22) | |
| LEOTEK CORPORATION | LEOTEK ELECTRONICS USA LLC | Subsidiary | Sale | (463,749) | (77.30) | About 90 days | Cost-plus pricing | No significant difference | 380,521 | 77.27 | |
| Philips & Lite-On Digital Solutions Corporation | Philips & Lite-On Digital Solutions USA, Inc. | Subsidiary | Sale | (1,730,108) | (51.38) | About 90 days | Cost-plus pricing | No significant difference | 4,063 | 0.40 | |
| LITE-ON ELECTRONICS (TIANJIN) CO., LTD. | LITE-ON SINGAPORE PTE. LTD. | Affiliate | Sale | (691,974) | (100.00) | About 90 days | Cost-plus pricing | No significant difference | 324,395 | 100.00 | |
| LITE-ON NETWORK COMMUNICATION | LITE-ON ELECTRONICS (GUANGZHOU) LIMITED Lite-On Overseas Trading Co., Ltd. | Affiliate | Sale | (322,821) | (6.70) | About 90 days | Cost-plus pricing | No significant difference | 242,681 | 14.37 | |
| | | Affiliate | Sale | (4,470,752) | (92.86) | About 90 days | Cost-plus pricing | No significant difference | 1,428,567 | 84.62 | |
| LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD. | LITE-ON SINGAPORE PTE. LTD. | Affiliate | Sale | (2,470,076) | (100.00) | About 90 days | Cost-plus pricing | No significant difference | 1,267,483 | 100.00 | |
| LITEON LI SHIN TECHNOLOGY (GANZHOU) LTD. | Lite-On Overseas Trading Co., Ltd. | Affiliate | Sale | (292,905) | (100.00) | About 90 days | Cost-plus pricing | No significant difference | 161,832 | 100.00 | |
| LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD. | LITE-ON SINGAPORE PTE. LTD. Lite-On Overseas Trading Co., Ltd. | Affiliate | Sale | (5,753,084) | (61.25) | About 90 days | Cost-plus pricing | No significant difference | 2,919,893 | 59.90 | |
| | | Affiliate | Sale | (3,439,264) | (36.62) | About 90 days | Cost-plus pricing | No significant difference | 1,867,337 | 38.31 | |
| LITE-ON TECHNOLOGY (XIANNING) CO., LTD. | Lite-On Overseas Trading Co., Ltd. | Affiliate | Sale | (237,546) | (100.00) | About 90 days | Cost-plus pricing | No significant difference | 53,022 | 100.00 | |
| LITE-ON ELECTRONICS (DONGGUAN) CO., LTD. | Lite-On Overseas Trading Co., Ltd. | Affiliate | Sale | (5,317,247) | (100.00) | About 90 days | Cost-plus pricing | No significant difference | 2,853,828 | 100.00 | |
| SILITEK ELEC. (DONGGUAN) CO., LTD. | Lite-On Overseas Trading Co., Ltd. | Affiliate | Sale | (3,382,908) | (94.78) | About 90 days | Cost-plus pricing | No significant difference | 2,479,278 | 94.24 | |
| LITE-ON POWER TECHNOLOGY (DONGGUAN) CO., LTD. | LITE-ON SINGAPORE PTE. LTD. | Affiliate | Sale | (775,317) | (100.00) | About 90 days | Cost-plus pricing | No significant difference | 544,592 | 100.00 | |
| HUIZHOU LI SHIN ELECTRONIC CO., LTD. | Lite-On Overseas Trading Co., Ltd. | Affiliate | Sale | (843,799) | (88.32) | About 90 days | Cost-plus pricing | No significant difference | 277,654 | 80.84 | |
| | | Affiliate | Sale | (207,210) | (4.70) | About 90 days | Cost-plus pricing | No significant difference | 179,841 | 5.50 | |
| LITE-ON ELECTRONICS (GUANGZHOU) LIMITED | LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD. Lite-On Overseas Trading Co., Ltd. | Affiliate | Sale | (4,199,850) | (95.24) | About 90 days | Cost-plus pricing | No significant difference | 2,995,371 | 91.53 | |
| | | Affiliate | Sale | (191,517) | (84.56) | About 90 days | Cost-plus pricing | No significant difference | 136,043 | 100.00 | |
| LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD. | Lite-On Overseas Trading Co., Ltd. | Affiliate | Sale | (191,517) | (84.56) | About 90 days | Cost-plus pricing | No significant difference | 136,043 | 100.00 | |
| LITEON-IT OPTO TECH (BH) CO., LTD. | Lite-On Overseas Trading Co., Ltd. | Affiliate | Sale | (2,173,873) | (100.00) | About 90 days | Cost-plus pricing | No significant difference | 1,233,157 | 100.00 | |
| Lite-On Electronics (Thailand) Co., Ltd. | LITE-ON SINGAPORE PTE. LTD. | Affiliate | Sale | (2,196,972) | (96.58) | About 90 days | Cost-plus pricing | No significant difference | 811,690 | 94.61 | |

(Continued)

| Company Name | Related Party | Nature of Relationship | Transaction Details | | | | Abnormal Transaction | | Notes/Trade (Payable) or Receivable | | Note |
|---|--|------------------------|---------------------|--------------|---------------|---------------|----------------------|---------------------------|-------------------------------------|---------------|------|
| | | | Purchase/ Sale | Amount | % of Total | Payment Terms | Unit Price | Payment Terms | Ending Balance | % of Total | |
| LITE-ON SINGAPORE PTE. LTD. | LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD. | Subsidiary | Sale | \$ (540,883) | (1.68) | About 90 days | Cost-plus pricing | No significant difference | \$ 397,032 | 2.05 | |
| | LITE-ON ELECTRONICS H.K. LIMITED | Affiliate | Sale | (763,637) | (2.38) | About 90 days | Cost-plus pricing | No significant difference | 554,445 | 2.86 | |
| | Lite-On Japan Ltd. | Affiliate | Sale | (153,665) | (0.48) | About 90 days | Cost-plus pricing | No significant difference | 100,303 | 0.52 | |
| | LITE-ON, INC. | Affiliate | Sale | (260,486) | (0.81) | About 90 days | Cost-plus pricing | No significant difference | 171,866 | 0.89 | |
| | LITE-ON TRADING USA, INC. | Affiliate | Sale | (4,142,171) | (12.89) | About 90 days | Cost-plus pricing | No significant difference | 2,968,190 | 15.31 | |
| | LITE-ON MOBILE INDÚSTRIA E COMÉRCIO DE PLÁSTICOS LTDA. | Affiliate | Sale | (191,505) | (0.60) | About 90 days | Cost-plus pricing | No significant difference | 123,559 | 0.64 | |
| | | | | | | | | | | | |
| LITE-ON AUTOMOTIVE ELECTRONICS MEXICO, S.A. DE C.V. | LITE-ON SINGAPORE PTE. LTD. | Affiliate | Sale | (276,808) | (100.00) | About 90 days | Cost-plus pricing | No significant difference | 50,645 | 100.00 | |
| Lite-On Overseas Trading Co., Ltd. | LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED | Affiliate | Sale | (3,522,234) | (7.80) | About 90 days | Cost-plus pricing | No significant difference | 1,812,472 | 6.71 | |
| | LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD. | Affiliate | Sale | (4,556,007) | (10.09) | About 90 days | Cost-plus pricing | No significant difference | 2,918,086 | 10.81 | |
| | LITE-ON ELECTRONICS (DONGGUAN) CO., LTD. | Affiliate | Sale | (3,874,423) | (8.58) | About 90 days | Cost-plus pricing | No significant difference | 1,943,941 | 7.20 | |
| | SILITEK ELEC. (DONGGUAN) CO., LTD. | Affiliate | Sale | (2,460,365) | (5.45) | About 90 days | Cost-plus pricing | No significant difference | 610,932 | 2.26 | |
| | Huizhou Li Shin Electronic Limited | Affiliate | Sale | (188,531) | (0.42) | About 90 days | Cost-plus pricing | No significant difference | 55,734 | 0.21 | |
| | LITE-ON ELECTRONICS (GUANGZHOU) LIMITED | Affiliate | Sale | (2,751,779) | (6.10) | About 90 days | Cost-plus pricing | No significant difference | 1,996,321 | 7.40 | |
| | LITE-ON Smart Car. (GUANGZHOU) | Affiliate | Sale | (203,482) | (0.45) | About 90 days | Cost-plus pricing | No significant difference | 132,188 | 0.49 | |
| | LITEON-IT OPTO TECH (BH) CO., LTD. | Affiliate | Sale | (1,676,884) | (3.72) | About 90 days | Cost-plus pricing | No significant difference | 1,281,321 | 4.75 | |
| | LITE-ON VIETNAM CO., LTD. | Affiliate | Sale | (1,168,417) | (2.59) | About 90 days | Cost-plus pricing | No significant difference | 744,555 | 2.76 | |
| | LITE-ON SINGAPORE PTE. LTD. | Affiliate | Sale | (6,056,428) | (13.42) | About 90 days | Cost-plus pricing | No significant difference | 3,116,953 | 11.55 | |
| | | | | | | | | | | | |
| Lite-On (Guangzhou) Automotive Electronics Limited | LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD. | Affiliate | Sale | (1,393,692) | (43.49) | About 90 days | Cost-plus pricing | No significant difference | 1,040,261 | 72.54 | |
| | LITE-ON SINGAPORE PTE. LTD. | Affiliate | Sale | (1,761,608) | (54.97) | About 90 days | Cost-plus pricing | No significant difference | 338,621 | 23.61 | |

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
JUNE 30, 2023
(Amounts in Thousands of New Taiwan Dollars)

| Company Name | Related Party | Nature of Relationship | Ending Balance of Notes Receivable from Related Parties | Ending Balance of Trade Receivables from Related Parties | Ending Balance of Other Receivables from Related Parties | Turnover Rate | Overdue | | Amounts Received in Subsequent Period | Allowance for Bad Debts |
|---|---|------------------------|---|--|--|---------------|---------|--------------|---------------------------------------|-------------------------|
| | | | | | | | Amount | Action Taken | | |
| LITE-ON TECHNOLOGY CORPORATION | Philips & Lite-On Digital Solutions Corporation | Subsidiary | \$ - | \$ 2,418,502 | \$ 21,193 | 2.89 | \$ - | - | \$ - | \$ - |
| | LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD. | Fourth-tier subsidiary | - | 182,077 | - | 2.24 | - | - | - | - |
| | LITE-ON SINGAPORE PTE. LTD. | Subsidiary | - | 628,560 | 110,352 | 2.96 | - | - | - | - |
| | LITE-ON TRADING USA, INC. | Sub-subsidiary | - | 2,181,718 | 2,451 | 2.58 | - | - | - | - |
| | Lite-On Overseas Trading Co., Ltd. | Subsidiary | - | 1,047,337 | 1,807 | - | - | - | - | - |
| LEOTEK CORPORATION | LEOTEK ELECTRONICS USA LLC | Subsidiary | - | 380,521 | 1,331 | 2.92 | - | - | - | - |
| LITE-ON ELECTRONICS (TIANJIN) CO., LTD. | LITE-ON SINGAPORE PTE. LTD. | Affiliate | - | 324,395 | 433 | 4.94 | - | - | 111,251 | - |
| LITE-ON NETWORK COMMUNICATION (DONGGUAN) | LITE-ON ELECTRONICS (GUANGZHOU) LIMITED | Affiliate | - | 242,681 | - | 5.19 | - | - | 53,845 | - |
| | | Affiliate | - | 1,428,567 | 1,208 | 5.08 | - | - | 653,821 | - |
| LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD. | LITE-ON SINGAPORE PTE. LTD. | Affiliate | - | 1,267,483 | 8,272 | 4.10 | - | - | 403,387 | - |
| Lite-On Lixin Technology (Ganzhou | Lite-On Overseas Trading Co., Ltd. | Affiliate | - | 161,832 | - | 4.45 | - | - | 106,419 | - |
| LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD. | CHANGZHOU LEOTEK NEW ENERGY TRADE LIMITED | Affiliate | - | - | 100,075 | - | - | - | 21 | - |
| | LITE-ON SINGAPORE PTE. LTD. | Affiliate | - | 2,919,893 | - | 3.31 | - | - | 988,744 | - |
| | Lite-On Overseas Trading Co., Ltd. | Affiliate | - | 1,867,337 | - | 3.80 | - | - | 573,816 | - |
| LITE-ON ELECTRONICS (DONGGUAN) CO., LTD. | Lite-On Overseas Trading Co., Ltd. | Affiliate | - | 2,853,828 | - | 4.78 | - | - | 886,360 | - |
| SILITEK ELEC. (DONGGUAN) CO., LTD. | Lite-On Overseas Trading Co., Ltd. | Affiliate | - | 2,479,278 | - | 2.46 | - | - | - | - |
| LITE-ON POWER TECHNOLOGY (DONGGUAN) CO., LTD. | LITE-ON SINGAPORE PTE. LTD. | Affiliate | - | 544,592 | - | 4.53 | - | - | 134,555 | - |
| HUIZHOU LI SHIN ELECTRONIC CO., LTD. | Lite-On Overseas Trading Co., Ltd. | Affiliate | - | 277,654 | - | 5.94 | - | - | 133,741 | - |
| LITE-ON ELECTRONICS (GUANGZHOU) LIMITED | LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD. | Affiliate | - | 179,841 | 519 | 2.07 | - | - | - | - |
| | Lite-On Overseas Trading Co., Ltd. | Affiliate | - | 2,995,371 | - | 1.63 | - | - | - | - |
| LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD. | Lite-On Overseas Trading Co., Ltd. | Affiliate | - | 136,043 | - | 2.79 | - | - | 47,627 | - |
| LITEON-IT OPTO TECH (BH) CO., LTD. | Lite-On Overseas Trading Co., Ltd. | Affiliate | - | 1,233,157 | - | 3.55 | - | - | 370,498 | - |
| Lite-On Electronics (Thailand) Co., Ltd. | LITE-ON SINGAPORE PTE. LTD. | Affiliate | - | 811,690 | 14,632 | 6.02 | - | - | - | - |
| LITE-ON VIETNAM CO., LTD. | LITE-ON TECHNOLOGY CORPORATION | The parent company | - | 756,054 | 330 | 2.81 | - | - | - | - |

(Continued)

| Company Name | Related Party | Nature of Relationship | Ending Balance of Notes Receivable from Related Parties | Ending Balance of Trade Receivables from Related Parties | Ending Balance of Other Receivables from Related Parties | Turnover Rate | Overdue | | Amounts Received in Subsequent Period | Allowance for Bad Debts |
|--|--|------------------------|---|--|--|---------------|---------|--------------|---------------------------------------|-------------------------|
| | | | | | | | Amount | Action Taken | | |
| LITE-ON SINGAPORE PTE. LTD. | LITE-ON TECHNOLOGY CORPORATION | The parent company | \$ - | \$ 7,526,242 | \$ 7,665 | 0.61 | \$ - | - | \$ - | \$ - |
| | LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD. | Subsidiary | - | 397,032 | - | 2.10 | - | - | 110,550 | - |
| | LITE-ON ELECTRONICS H.K. LIMITED | Affiliate | - | 554,445 | 785 | 2.78 | - | - | - | - |
| | Lite-On Japan Ltd. | Affiliate | - | 100,303 | 1,101 | 2.79 | - | - | - | - |
| | LITE-ON, INC. | Affiliate | - | 171,866 | 749 | 3.44 | - | - | - | - |
| | LITE-ON TRADING USA, INC. | Affiliate | - | 2,968,190 | 28,306 | 2.46 | - | - | - | - |
| | LITE-ON MOBILE INDÚSTRIA E COMÉRCIO DE PLÁSTICOS LTDA. | Affiliate | - | 123,559 | - | 4.78 | - | - | - | - |
| Lite-On Overseas Trading Co., Ltd. | LITE-ON TECHNOLOGY CORPORATION | The parent company | - | 12,296,862 | - | 2.45 | - | - | 224,808 | - |
| | LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED | Affiliate | - | 1,812,472 | 4,462 | 3.64 | - | - | 476,821 | - |
| | LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD. | Affiliate | - | 2,918,086 | - | 2.57 | - | - | 28,220 | - |
| | LITE-ON ELECTRONICS (DONGGUAN) CO., LTD. | Affiliate | - | 1,943,941 | - | 4.33 | - | - | 901,380 | - |
| | SILITEK ELEC. (DONGGUAN) CO., LTD. | Affiliate | - | 610,932 | - | 8.43 | - | - | 413,053 | - |
| | LITE-ON ELECTRONICS (GUANGZHOU) LIMITED | Affiliate | - | 1,996,321 | 1,602 | 1.77 | - | - | 408 | - |
| | LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD. | Affiliate | - | 132,188 | 4,243 | 2.47 | - | - | - | - |
| | LITEON-IT OPTO TECH (BH) CO., LTD. | Affiliate | - | 1,281,321 | - | 2.70 | - | - | 301,216 | - |
| | LITE-ON VIETNAM CO., LTD. | Affiliate | - | 744,555 | 1,208 | 3.13 | - | - | 73,140 | - |
| | LITE-ON SINGAPORE PTE. LTD. | Affiliate | - | 3,116,953 | - | 4.82 | - | - | - | - |
| Lite-On (Guangzhou) Automotive Electronics Limited | LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD. | Affiliate | - | 1,040,261 | 7,712 | 2.46 | - | - | - | - |
| | LITE-ON SINGAPORE PTE. LTD. | Affiliate | - | 338,621 | 23,850 | 11.30 | - | - | - | - |

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 SIX MONTHS ENDED JUNE 30, 2023**
(Amounts in Thousands of New Taiwan Dollars or Thousands of Foreign Currencies)

| Investor Company | Investee Company | Location | Main Businesses and Products | Original Investment Amount | | Balance as of June 30, 2023 | | | Net Income (Loss) of the Investee | Share of Profit/Loss of Investee | Note |
|--------------------------------|--|-------------------------|---|----------------------------|-------------------|-----------------------------|-----------------------------|-----------------|-----------------------------------|----------------------------------|--------------------|
| | | | | June 30, 2023 | December 31, 2022 | Shares | Percentage of Ownership (%) | Carrying Amount | | | |
| LITE-ON TECHNOLOGY CORPORATION | Silitech Technology Corporation | New Taipei City, Taiwan | Manufacture and sale of modules and plastic/rubber products | \$ 60,504 | \$ 60,504 | 11,322,003 | 16.65 | \$ 418,426 | \$ 56,652 | \$ 9,432 | Associate (Note 1) |
| | 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 | 442,966 | 38,811 | 14,928 | Associate |
| | Lite-On Capital Corporation | Taipei City, Taiwan | Investment activities | 3,707,984 | 3,707,984 | 170,706,763 | 100.00 | 1,109,408 | 36,560 | (8,788) | 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 | 22,019,997 | HK\$ 218,723 | 957,987 | Subsidiary |
| | Lite-On Electronics (Thailand) Co., Ltd. | Thailand | Manufacture and sale of LED optical products | 632,128 | 632,128 | 6,049,844 | 100.00 | 2,272,040 | THB 92,484 | 75,214 | Subsidiary |
| | Lite-On Japan Ltd. | Japan | Sale of LED optical products and power supplies | 679,856 | 679,856 | 12,451,058 | 100.00 | 912,324 | JPY 243,322 | 57,440 | Subsidiary |
| | Lite-On International Holding Co., Ltd. | British Virgin Islands | Investment activities | US\$ 363,725 | US\$ 363,725 | 363,725,483 | 100.00 | 25,170,174 | US\$ 37,174 | 1,309,191 | Subsidiary |
| | LTC GROUP LTD. | British Virgin Islands | Investment activities | \$ 1,098,752 | \$ 1,098,752 | 32,915,855 | 100.00 | 1,427,763 | US\$ 438 | (4,918) | Subsidiary |
| | LITE-ON TECHNOLOGY USA, INC. | USA | Investment activities | US\$ 55,172 | US\$ 55,172 | 470,239 | 100.00 | 2,136,439 | (US\$ 2,268) | (54,729) | Subsidiary |
| | LITE-ON ELECTRONICS (EUROPE) LIMITED | United Kingdom | Manufacture and sale of power supplies | \$ 44,559 | \$ 44,559 | 300,000 | 100.00 | 83,207 | GBP 98 | 3,655 | Subsidiary |
| | Lite-On Technology (Europe) B.V. | Netherlands | Market research and after-sales services | 2,322,039 | 2,322,039 | 330,896 | 54.00 | 287,753 | (EUR 790) | (13,645) | Subsidiary |
| | Lite-On Overseas Trading Co., Ltd. | British Virgin Islands | Investment activities | 168,947 | 168,947 | 5,142,962 | 100.00 | 1,340,127 | (US\$ 5,576) | (168,477) | 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 | 30,384,061 | US\$ 63,809 | 1,945,169 | Subsidiary |
| | LITE-ON VIETNAM CO., LTD. | Vietnam | Electronic contract manufacturing | US\$ 89,000 | US\$ 52,000 | - | 100.00 | 2,925,324 | (US\$ 5,602) | (171,180) | Subsidiary |
| | EAGLE ROCK INVESTMENT LTD. | British Virgin Islands | Import and export and investment activities | \$ 341 | \$ 341 | 10,000 | 100.00 | 1,517,539 | US\$ 2,262 | 68,815 | 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 | 136,518,338 | 100.00 | 3,008,201 | US\$ 10,726 | 329,240 | Subsidiary |
| | LET (HK) LIMITED | Hong Kong | Sale of optical disc drives | \$ 251,322 | \$ 251,322 | 62,059,600 | 100.00 | 45,175 | HK\$ 645 | 2,499 | Subsidiary |
| | HIGH YIELD GROUP CO., LTD. | British Virgin Islands | Holding company | 1,355,986 | 2,274,586 | 38,238,000 | 100.00 | 5,226,957 | US\$ 4,007 | 259,647 | Subsidiary |
| | Philips & Lite-On Digital Solutions Corporation | Taipei City, Taiwan | Sale of optical disc drives | 267,113 | 267,113 | 17,150,000 | 49.00 | 270,467 | \$ 12,600 | 6,174 | Subsidiary |
| | Lite-Space Technology Company Limited | Hong Kong | Sale of computer components | 165,498 | 165,498 | 5,600,000 | 46.67 | 112,388 | US\$ - | - | 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 | 464,892 | (MXN 3,651) | (5,992) | Subsidiary |
| | Lite-On Automotive International (Cayman) Co., Ltd. | Cayman | Investment activities | US\$ 100,626 | US\$ 100,626 | 11,967,300 | 100.00 | 2,763,065 | US\$ 3,400 | 113,980 | Subsidiary |
| | KBW-LEOTEK Jordan Private Shareholding Limited | Jordan | Investment activities | US\$ 69 | US\$ 69 | 49,000 | 49.00 | 749 | JOD 5 | 105 | 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 | 454,284 | (JOD 425) | (18,298) | 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 | 269,377 | (INR 18,711) | (6,653) | Subsidiary |
| | SKYLA CORPORATION | Taiwan | Manufacture and sale of medical equipment | \$ 180,700 | \$ 180,700 | 18,070,000 | 55.19 | 248,609 | \$ 32,326 | 19,319 | Subsidiary |
| | LEOTEK CORPORATION | Taipei City, Taiwan | Wholesale, import, export and installation of street lights, signal lights, scenery lights and new-type electronic components | 600,000 | 600,000 | 60,000,000 | 100.00 | 677,972 | 60,303 | 86,499 | 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 | US\$ 1,299 | 6,507,001 | 2.97 | 39,599 | BRL 9,656 | 1,721 | Subsidiary |
| | | | | | | | | | | | |

(Continued)

| Investor Company | Investee Company | Location | Main Businesses and Products | Original Investment Amount | | Balance as of June 30, 2023 | | | Net Income (Loss) of the Investee | Share of Profit/Loss of Investee | Note |
|---|--|-------------------------|--|----------------------------|-------------------|-----------------------------|-----------------------------|-----------------|-----------------------------------|----------------------------------|--------------------|
| | | | | June 30, 2023 | December 31, 2022 | Shares | Percentage of Ownership (%) | Carrying Amount | | | |
| LEOTEK CORPORATION | LEOTEK ELECTRONICS USA LLC | USA | Sale of LED products | \$ 293,452 | \$ 293,452 | - | 100.00 | \$ 310,313 | US\$ 192 | \$ - | Subsidiary |
| 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 | 14,249 | \$ 56,652 | - | 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 | 240,408 | 3,538 | - | Subsidiary |
| | Lite-On Green Energy (HK) Limited | Hong Kong | Investment activities | US\$ 3,100 | US\$ 3,100 | 3,100,000 | 100.00 | 6,242 | (US\$ 1) | - | Subsidiary |
| | Lite-On Technology (Europe) B.V. | Netherlands | Market research and after-sales services | \$ 1,938,096 | \$ 1,938,096 | 281,875 | 46.00 | 243,271 | (EUR 790) | - | Subsidiary |
| | LITE-ON GREEN ENERGY (SINGAPORE) PTE. LTD. | Singapore | Investment activities | 227,434 | 227,434 | 3,457,760 | 100.00 | 104,653 | (EUR 84) | - | 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 | 55,508 | EUR 106 | - | 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 592 | (EUR 3) | - | Subsidiary |
| Lite-On Green Technologies B.V. | Kompaksolar 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 54,601 | CNY 193 | - | 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 97,230 | CNY 32,891 | - | 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 1,168,313 | CNY 97,733 | - | 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 675,050 | CNY 32,891 | - | Subsidiary |
| | LITE-ON MEDICAL DEVICE (CHANGZHOU) LTD. | Changzhou, China | Manufacture and sale of medical equipment | CNY 30,640 | CNY 30,640 | - | 100.00 | CNY 19,205 | (CNY 1,627) | - | 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 227,033 | CNY 1,633 | - | 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\$ 65,296 | HK\$ 18,741 | - | 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\$ 124,028 | US\$ 2,360 | - | 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 | 271,544 | (US\$ 303) | - | Subsidiary |
| | PLDS Germany GmbH | Germany | Development and sale of modules of automotive recorders | 1,326,996 | 1,326,996 | - | 100.00 | 1,077,353 | EUR 195 | - | Subsidiary |
| | Philips & Lite-On Digital Solutions Korea Ltd. | South Korea | Sale of optical disc drives | 15,376 | 15,376 | 17,823 | 100.00 | 32,183 | KRW 51,172 | - | Subsidiary |
| KBW-LEOTEK Jordan Private Shareholding Limited | LEOTEK, PSC | Jordan | Production, manufacture energy-saving lights | JOD 30 | JOD 30 | 30,000 | 60.00 | JO\$ 70 | JO\$ 8 | - | 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\$ 8,085 | (US\$ 1,358) | - | Subsidiary |
| | LITE-ON TRADING USA, INC. | USA | Sale of optical products | US\$ 31,500 | US\$ 31,500 | 315,000 | 100.00 | US\$ 44,027 | US\$ 1,247 | - | Subsidiary |

(Continued)

| Investor Company | Investee Company | Location | Main Businesses and Products | Original Investment Amount | | Balance as of June 30, 2023 | | | Net Income (Loss) of the Investee | Share of Profit/Loss of Investee | Note |
|---|--|------------------------|---|----------------------------|-------------------|-----------------------------|-----------------------------|-----------------|-----------------------------------|----------------------------------|---------------------|
| | | | | June 30, 2023 | December 31, 2022 | Shares | Percentage of Ownership (%) | Carrying Amount | | | |
| LITE-ON TECHNOLOGY USA, INC. | 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\$ 2,584 | (US\$ 1,955) | \$ - | Subsidiary |
| | LITE-ON TECHNOLOGY SERVICE, INC. | USA | After-sales services of optical products | US\$ 1,500 | US\$ 1,500 | 1,000 | 100.00 | US\$ 1,937 | (US\$ 40) | - | 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\$ 638,654 | US\$ 33,025 | - | Subsidiary |
| LITE-ON SINGAPORE PTE. | LiteStar JV Holding (BVI) Co., Ltd. LITE-ON AUTOMOTIVE ELECTRONICS MEXICO, S.A. DE C.V. | British Virgin Islands | Investment activities | US\$ 27,000 | US\$ 27,000 | 2,323 | 17.59 | US\$ 23,098 | \$ (127,270) | - | Associate |
| | | 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\$ 151 | (MXN 3,651) | - | 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\$ 88 | (INR 18,711) | - | 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 15,630 | (CNY 1,000) | - | 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\$ 28,826 | US\$ 568 | - | 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 10,445 | EUR 669 | - | Subsidiary |
| Lite-On (Finland) Oy | Lite-On Mobile Oyj | Finland | Manufacture and sale of mobile phone modules and design of assembly lines | EUR - | EUR 196,618 | - | - | EUR - | EUR 40 | - | Subsidiary (Note 2) |
| 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\$ 592,726 | HK\$ 241,424 | - | 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\$ 18,965 | CNY 6,397 | - | Subsidiary |
| | FORDGOOD ELECTRONIC LIMITED | Hong Kong | Import and export and real estate business | US\$ 12,666 | US\$ 12,666 | 100,150,100 | 100.00 | US\$ 20,611 | HK\$ 10,789 | - | Subsidiary |
| | G&W TECHNOLOGY (BVI) LIMITED | British Virgin Islands | Real estate management | US\$ 3,900 | US\$ 3,900 | 3,900,000 | 50.00 | US\$ 4,655 | (US\$ 73) | - | Subsidiary |
| G&W TECHNOLOGY (BVI) LIMITED | G&W TECHNOLOGY LIMITED | Hong Kong | Leasing business | US\$ 65 | US\$ 65 | 499,998 | 100.00 | US\$ 2,231 | US\$ 144 | - | Subsidiary |
| 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\$ 221 | - | Subsidiary (Note 3) |
| | 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 3,310) | - | 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\$ 41,625 | BRL 9,656 | - | 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 has been posted system for the final amount of net income or loss.

Note 2: Liquidated in March 2023.

Note 3: The investment income/losses and adjustment for changes in equities are recognized by the Group.

Note 4: Refer to Table 9 for information on investments in mainland China.

(Concluded)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 2023

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

| Investor Company | Investee Company | Main Businesses and Products | Total Amount of Paid-in Capital (Note 2) | Method of Investment (Note 1) | Accumulated Outflow of Investment from Taiwan as of January 1, 2023 | Investment of Flows | | Accumulated Outflow of Investment from Taiwan as of June 30, 2023 | Net Income (Losses) of the Investee Company (Note 2) | Percentage of Ownership | Share of Profits/Losses (Note 2) | Carrying Amount as of June 30, 2023 (Note 2) | Accumulated Inward Remittance of Earnings as of June 30, 2023 | Note |
|--------------------------------|---|---|--|-------------------------------|---|---------------------|--------|---|--|-------------------------|----------------------------------|--|---|---------------|
| | | | | | | Outflow | Inflow | | | | | | | |
| LITE-ON TECHNOLOGY CORPORATION | LITE-ON COMPUTER TECHNOLOGY (DONGGUAN) CO., LTD. | Manufacture and sale of display device | \$ 509,712 (US\$ 16,400) | 1 | \$ 884,831 (US\$ 28,469) | \$ - | \$ - | \$ 884,831 (US\$ 28,469) | \$ - | 100.00 | \$ - | \$ - | \$ - | Note 3 |
| | LITE-ON ELECTRONICS (TIANJIN) CO., LTD. | ODM services | 2,160,060 (US\$ 69,500) | 1 | 2,066,758 (US\$ 66,498) | - | - | 2,066,758 (US\$ 66,498) | 133,788 (CNY 30,337) | 100.00 | 133,788 (CNY 30,337) | 2,452,940 (HK\$ 618,461) | - | |
| | LITE-ON ELECTRONICS (DONGGUAN) CO., LTD. | Manufacture of electronic components | 1,100,232 (US\$ 35,400) | 1 | 1,100,232 (US\$ 35,400) | - | - | 1,100,232 (US\$ 35,400) | 105,676 (CNY 23,963) | 100.00 | 105,676 (CNY 23,963) | 2,962,683 (HK\$ 746,983) | - | |
| | SILITEK ELEC. (DONGGUAN) CO., LTD. | Manufacture and sale of keyboards | 149,184 (US\$ 4,800) | 1 | 149,184 (US\$ 4,800) | - | - | 149,184 (US\$ 4,800) | 223,493 (CNY 50,679) | 100.00 | 223,493 (CNY 50,679) | 4,665,777 (HK\$ 1,176,385) | - | Note 3 |
| | LITE-ON ELECTRONICS (GUANGZHOU) LIMITED | Manufacture and sale of printers and scanners | 1,177,000 (US\$ 37,870) | 1 | 1,354,808 (US\$ 43,591) | - | - | 1,354,808 (US\$ 43,591) | 228,315 (CNY 51,772) | 100.00 | 228,315 (CNY 51,772) | 7,517,245 (HK\$ 1,895,327) | - | Notes 2 and 4 |
| | CHINA BRIDGE (CHINA) CO., LTD. | Investment activities, consulting services and acting as a sales agent | 932,400 (US\$ 30,000) | 1 | 924,465 (US\$ 29,745) | - | - | 924,465 (US\$ 29,745) | 37,853 (CNY 8,584) | 100.00 | 37,853 (CNY 8,584) | 1,203,334 (HK\$ 303,397) | - | |
| | LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED | Manufacture and sale of IT products | 1,380,453 (US\$ 44,416) | 1 | 1,339,391 (US\$ 43,095) | - | - | 1,339,391 (US\$ 43,095) | 131,430 (CNY 29,803) | 100.00 | 131,430 (CNY 29,803) | 2,311,318 (HK\$ 582,754) | - | |
| | LITEON COMMUNICATION (GUANGZHOU) COMPANY LIMITED | Manufacture and sale of mobile terminal equipment | 763,325 (US\$ 24,560) | 1 | 763,325 (US\$ 24,560) | - | - | 763,325 (US\$ 24,560) | - | 100.00 | - | - | - | Note 4 |
| | LITE-ON TECHNOLOGY (GUANGZHOU) LIMITED | Manufacture and sale of computer case | 1,031,856 (US\$ 33,200) | 1 | 1,031,856 (US\$ 33,200) | - | - | 1,031,856 (US\$ 33,200) | - | 100.00 | - | - | - | Note 4 |
| | COMMIT Incorporated | Manufacture and sale of application software and multimedia product design | 997,233 (US\$ 32,086) | 1 | 18,648 (US\$ 600) | - | - | 18,648 (US\$ 600) | - | 1.87 | - | - | - | |
| | LITEON ELECTRONICS AND WIRELESS (GUANGZHOU) LIMITED | Manufacture and sale of mobile terminal equipment | 491,375 (US\$ 15,810) | 1 | 491,375 (US\$ 15,810) | - | - | 491,375 (US\$ 15,810) | - | 100.00 | - | - | - | Note 4 |
| | LITE-ON (GUANGZHOU) PRECISION TOOLING LTD. | Manufacture and sale of modules | 565,656 (US\$ 18,200) | 1 | 379,176 (US\$ 12,200) | - | - | 379,176 (US\$ 12,200) | - | 100.00 | - | - | - | Note 4 |
| | LITEON LI SHIN TECHNOLOGY (GANZHOU) LTD. | Manufacture and sale of electronic components | 372,960 (US\$ 12,000) | 1 | 414,493 (US\$ 13,336) | - | - | 414,493 (US\$ 13,336) | 42,066 (CNY 9,539) | 100.00 | 42,066 (CNY 9,539) | 616,562 (HK\$ 155,454) | - | |
| | LITE-ON TECHNOLOGY (XIANNING) CO., LTD. | Manufacture and sale of electronic components | 202,020 (US\$ 6,500) | 1 | 202,020 (US\$ 6,500) | - | - | 202,020 (US\$ 6,500) | 25,095 (CNY 5,690) | 100.00 | 25,095 (CNY 5,690) | 446,847 (US\$ 14,377) | - | |
| | LITE-ON TECHNOLOGY (JIANGSU) CO., LTD. | Investment activities, consulting services and acting as a sales agent | 5,159,280 (US\$ 166,000) | 1 | 5,159,280 (US\$ 166,000) | - | - | 5,159,280 (US\$ 166,000) | 557,687 (CNY 126,460) | 100.00 | 557,687 (CNY 126,460) | 9,676,791 (HK\$ 2,439,814) | - | |
| | LITE-ON TECHNOLOGY (GZ) INVESTMENT COMPANY LIMITED | Investment activities | 2,486,400 (US\$ 80,000) | 1 | 2,486,400 (US\$ 80,000) | - | - | 2,486,400 (US\$ 80,000) | 11,003 (CNY 2,495) | 100.00 | 11,003 (CNY 2,495) | 639,292 (HK\$ 161,185) | - | |
| | LITE-ON POWER TECHNOLOGY (DONGGUAN) CO., LTD. | Development, manufacture and sale of electronic components, power supplies and provision of technology consulting services | 496,403 (US\$ 15,972) | 1 | 496,403 (US\$ 15,972) | - | - | 496,403 (US\$ 15,972) | 127,710 (CNY 28,959) | 100.00 | 127,710 (CNY 28,959) | 805,174 (HK\$ 203,009) | - | |
| | CHANGZHOU LEOTEK NEW ENERGY TRADE LIMITED | Wholesale, import, export and installation of street lights, signal lights, scenery lights and new-type electronic components | 31,080 (US\$ 1,000) | 1 | 31,080 (US\$ 1,000) | - | - | 31,080 (US\$ 1,000) | (5,856) (CNY -1,328) | 100.00 | (5,856) (CNY -1,328) | (63,760) (CNY -14,886) | - | |
| | LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD. | Manufacture of automotive components | 1,336,440 (US\$ 43,000) | 1 | 1,336,440 (US\$ 43,000) | - | - | 1,336,440 (US\$ 43,000) | 34,729 (CNY 7,875) | 100.00 | 34,729 (CNY 7,875) | 1,738,016 (US\$ 55,921) | - | Note 5 |
| | LiteON Auto Electric Technology (Guangzhou) Ltd. | Manufacture and sale of optical disc drives | 62,160 (US\$ 2,000) | 1 | 62,160 (US\$ 2,000) | - | - | 62,160 (US\$ 2,000) | 1,039 (CNY 236) | 100.00 | 1,039 (CNY 236) | - | - | Note 5 |
| | LITEON-IT OPTO TECH (BH) CO., LTD. | Manufacture and sale of optical disc drives | 1,709,400 (US\$ 55,000) | 1 | 1,709,400 (US\$ 55,000) | - | - | 1,709,400 (US\$ 55,000) | 35,861 (CNY 8,132) | 100.00 | 35,861 (CNY 8,132) | 2,112,055 (US\$ 67,955) | - | |
| | Lite-On (Guangzhou) Automotive Electronics Limited | Manufacture, sale and processing of electronic products | 192,696 (US\$ 6,200) | 1 | 182,444 (US\$ 5,870) | - | - | 182,444 (US\$ 5,870) | 65,918 (CNY 14,947) | 100.00 | 65,918 (CNY 14,947) | 1,798,534 (HK\$ 453,465) | - | |
| | LITE-ON AUTOMOTIVE (WUXI) CO., LTD. | Manufacture, sale and processing of electronic products | 155,400 (US\$ 5,000) | 1 | 155,400 (US\$ 5,000) | - | - | 155,400 (US\$ 5,000) | 4,223 (CNY 958) | 100.00 | 4,223 (CNY 958) | 228,879 (HK\$ 57,707) | - | |

(Continued)

| Investor Company | Investee Company | Main Businesses and Products | Total Amount of Paid-in Capital (Note 2) | Method of Investment (Note 1) | Accumulated Outflow of Investment from Taiwan as of January 1, 2023 | Investment of Flows | | Accumulated Outflow of Investment from Taiwan as of June 30, 2023 | Net Income (Losses) of the Investee Company (Note 2) | Percentage of Ownership | Share of Profits/Losses (Note 2) | Carrying Amount as of June 30, 2023 (Note 2) | Accumulated Inward Remittance of Earnings as of June 30, 2023 | Note |
|---|--|---|--|-------------------------------|---|---------------------|--------|---|--|-------------------------|----------------------------------|--|---|--------|
| | | | | | | Outflow | Inflow | | | | | | | |
| LITE-ON TECHNOLOGY CORPORATION | HUIZHOU LI SHIN ELECTRONIC CO., LTD. | Manufacture of computer peripheral products | \$ 412,624 (US\$ 13,276) | 1 | \$ 200,217 (US\$ 6,442) | \$ - | \$ - | \$ 200,217 (US\$ 6,442) | \$ 51,624 (CNY 11,706) | 100.00 | \$ 51,624 (CNY 11,706) | \$ 787,544 (US\$ 25,339) | \$ - | |
| | LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD. | Manufacture and sale of energy-saving equipment | 2,206,680 (US\$ 71,000) | 1 | 2,206,680 (US\$ 71,000) | - | - | 2,206,680 (US\$ 71,000) | 111,718 (CNY 25,333) | 100.00 | 111,718 (CNY 25,333) | 3,034,774 (US\$ 97,644) | - | |
| | BEIJING LITE-ON MOBILE ELECTRONIC AND TELECOMMUNICATION COMPONENTS CO., LTD. | Manufacture and sale of mobile phone modules and design of assembly lines | 497,280 (US\$ 16,000) | 1 | 1,263,184 (US\$ 40,643) | - | - | 1,263,184 (US\$ 40,643) | (25,262) (CNY -5,728) | 100.00 | (25,262) (CNY -5,728) | 170,239 (US\$ 5,477) | - | |
| | GUANGZHOU LITE-ON MOBILE ENGINEERING PLASTICS CO., LTD. | Manufacture and sale of mobile phone modules and design of assembly lines | 608,236 (US\$ 19,570) | 1 | 1,861,544 (US\$ 59,895) | - | - | 1,861,544 (US\$ 59,895) | 11,568 (CNY 2,623) | 100.00 | 11,568 (CNY 2,623) | 1,069,092 (US\$ 34,398) | - | |
| | LITE-ON GREEN TECHNOLOGIES (NANJING) CORPORATION | Solar energy engineering | 23,310 (US\$ 750) | 1 | 23,301 (US\$ 750) | - | - | 23,301 (US\$ 750) | (647) (CNY -147) | 100.00 | (647) (CNY -147) | (8,866) (CNY -2,067) | - | |
| | Changzhou Binhui Thin Film Solar Greenhouse Co., Ltd. | Manufacture and sale of solar energy engineering | 428,900 (CNY 100,000) | 1 | 93,138 (US\$ 2,997) | - | - | 93,138 (US\$ 2,997) | - | 19.90 | - | 4,336 (US\$ 140) | - | |
| | Epicrystal (Changzhou) Co., Ltd. | Design, manufacture and sale of light-emitting diode and related display | 4,879,560 (US\$ 157,000) | 1 | 839,160 (US\$ 27,000) | - | - | 839,160 (US\$ 27,000) | (136,388) (CNY -30,927) | 19.74 | (26,923) (CNY -6,105) | 863,846 (CNY 201,410) | - | |
| | DONGGUAN LITE-ON COMPUTER CO., LTD. | Manufacture and sale of computer hosts and components, keyboards, scanners, printers and mice | 62,160 (US\$ 2,000) | 1 | 62,160 (US\$ 2,000) | - | - | 62,160 (US\$ 2,000) | 581 (CNY 132) | 100.00 | 581 (CNY 132) | 58,977 (CNY 13,751) | - | |
| | NL (SHANGHAI) CO., LTD. | Import and export of electronic components | 9,324 (US\$ 300) | 1 | 96,285 (US\$ 3,098) | - | - | 96,285 (US\$ 3,098) | 18 (CNY 4) | 100.00 | 18 (CNY 4) | 7,666 (JPY 35,655) | - | Note 6 |
| Philips & Lite-On Digital Solutions Corporation | Philips & Lite-On Digital Solutions (Shanghai) Co., Ltd. | Sale of optical disc drives | 31,080 (US\$ 1,000) | 1 | 31,080 (US\$ 1,000) | - | - | 31,080 (US\$ 1,000) | (3,512) (CNY -796) | 100.00 | (3,512) (CNY -796) | 381,675 | - | |

| Investor Company | Accumulated Investment in Mainland China as of June 30, 2023 | Investment Amounts Authorized by Investment Commission, MOEA | Upper Limit on Investment |
|---|--|--|---------------------------|
| LITE-ON TECHNOLOGY CORPORATION | \$ 29,385,238 (US\$ 945,471) | \$ 38,872,533 (US\$ 1,250,725) | Note 7 |
| Philips & Lite-On Digital Solutions Corporation | 31,080 (US\$ 1,000) | 31,080 (US\$ 1,000) | \$ 331,184 (Note 8) |

- 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 the investment amounts were not reviewed by the independent auditor except for Lite-On Electronics (Guangzhou) Co., Ltd.
- Note 3: LITE-ON COMPUTER TECHNOLOGY (DONGGUAN) CO., LTD. merged with SILITEK ELEC. (DONGGUAN) CO., LTD. with the SILITEK ELEC. (DONGGUAN) CO., LTD. as the surviving entity. Because the merging process was still underway, the change in the amount of investment in mainland China has not yet been registered with the Ministry of Economic Affairs.
- Note 4: LITE-ON ELECTRONICS (GUANGZHOU) LIMITED merged with LITE-ON TECHNOLOGY (GUANGZHOU) LIMITED, LITE-ON (GUANGZHOU) PRECISION TOOLING LTD., LITEON COMMUNICATION (GUANGZHOU) COMPANY LIMITED, and LITEON ELECTRONICS AND WIRELESS (GUANGZHOU) LIMITED with the LITE-ON ELECTRONICS (GUANGZHOU) LIMITED as the surviving entity. Because the merging process was still underway, the change in the amount of investment in mainland China has not yet been registered with the Ministry of Economic Affairs.
- Note 5: LiteON Auto Electric Technology (Guangzhou) Ltd. merged with LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD., with LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD. as the surviving entity. Because the merger process is still underway, the change in the amount of investment in mainland China has not yet been registered with the Ministry of Economic Affairs.
- Note 6: Investment profits or losses and adjustments for changes in equity investment were recognized by the Company.
- Note 7: Under Order No. 11251027150 issued by the Ministry of Economic Affairs on June 26, 2023, the Company acquired a certification approved by the Industrial Development Bureau and valid from June 19, 2023 to June 18, 2026 of its status as operation headquarters. Thus, the Company has no limitation on the amount of investment in mainland China.
- Note 8: 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 SIX MONTHS ENDED JUNE 30, 2023
(Amounts in Thousands of New Taiwan Dollars)**

| No. (Note 1) | Company Name | Counterparty | Nature of Relationship (Note 2) | Intercompany Transaction | | | |
|-----------------|--|--|--|--|--|--|--|
| | | | | Financial Statements Item | Amount | Terms | % of Consolidated Net Revenue or Total Assets (Note 3) |
| 0 | LITE-ON TECHNOLOGY CORPORATION | Philips & Lite-On Digital Solutions Corporation Philips & Lite-On Digital Solutions Corporation LITE-ON SINGAPORE PTE. LTD. LITE-ON TRADING USA, INC. LITE-ON TRADING USA, INC. LITE-ON VIETNAM CO., LTD. LITE-ON SINGAPORE PTE. LTD. LITE-ON SINGAPORE PTE. LTD. Lite-On Overseas Trading Co., Ltd. Lite-On Overseas Trading Co., Ltd. | a. a. a. a. a. a. a. a. a. a. a. | Sales Trade receivables Sales Sales Trade receivables Purchases Purchases Trade payables Purchases Trade payables | \$ 3,228,668 2,418,502 1,523,135 2,842,337 2,181,718 1,156,153 10,120,117 7,526,242 18,521,613 12,296,862 | 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 | 5 1 2 4 1 2 14 4 26 7 |
| 1 | Philips & Lite-On Digital Solutions Corporation | Philips & Lite-On Digital Solutions USA, Inc. | a. | Sales | 1,730,108 | Cost-plus pricing | 2 |
| 2 | LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED | Lite-On Overseas Trading Co., Ltd. | c. | Sales | 4,470,752 | Cost-plus pricing | 6 |
| 3 | LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD. | LITE-ON SINGAPORE PTE. LTD. | c. | Sales | 2,470,076 | Cost-plus pricing | 3 |
| 4 | LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD. | LITE-ON SINGAPORE PTE. LTD. LITE-ON SINGAPORE PTE. LTD. Lite-On Overseas Trading Co., Ltd. | c. c. c. | Sales Trade receivables Sales | 5,753,084 2,919,893 3,439,264 | Cost-plus pricing Cost-plus pricing Cost-plus pricing | 8 2 5 |
| 5 | LITE-ON ELECTRONICS (DONGGUAN) CO., LTD. | Lite-On Overseas Trading Co., Ltd. Lite-On Overseas Trading Co., Ltd. | c. c. | Sales Trade receivables | 5,317,247 2,853,828 | Cost-plus pricing Cost-plus pricing | 7 2 |
| 6 | SILITEK ELEC. (DONGGUAN) CO., LTD. | Lite-On Overseas Trading Co., Ltd. Lite-On Overseas Trading Co., Ltd. | c. c. | Sales Trade receivables | 3,382,908 2,479,278 | Cost-plus pricing Cost-plus pricing | 5 1 |
| 7 | LITE-ON POWER TECHNOLOGY (DONGGUAN) CO., LTD. | LITE-ON SINGAPORE PTE. LTD. | c. | Sales | 775,317 | Cost-plus pricing | 1 |
| 8 | HUIZHOU LI SHIN ELECTRONIC CO., LTD. | Lite-On Overseas Trading Co., Ltd. | c. | Sales | 843,799 | Cost-plus pricing | 1 |
| 9 | LITE-ON ELECTRONICS (GUANGZHOU) LIMITED | Lite-On Overseas Trading Co., Ltd. Lite-On Overseas Trading Co., Ltd. | c. c. | Sales Trade receivables | 4,199,850 2,995,371 | Cost-plus pricing Cost-plus pricing | 6 2 |

(Continued)

| No. (Note 1) | Company Name | Counterparty | Nature of Relationship (Note 2) | Intercompany Transaction | | | |
|-----------------|--|--|---------------------------------------|---------------------------|--------------|-------------------|--|
| | | | | Financial Statements Item | Amount | Terms | % of Consolidated Net Revenue or Total Assets (Note 3) |
| 10 | LITEON-IT OPTO TECH (BH) CO., LTD. | Lite-On Overseas Trading Co., Ltd. | c. | Sales | \$ 2,173,873 | Cost-plus pricing | 3 |
| 11 | Lite-On Electronics (Thailand) Co., Ltd. | LITE-ON SINGAPORE PTE. LTD. | c. | Sales | 2,196,972 | Cost-plus pricing | 3 |
| 12 | LITE-ON SINGAPORE PTE. LTD. | LITE-ON ELECTRONICS H.K. LIMITED | c. | Sales | 763,637 | Cost-plus pricing | 1 |
| | | LITE-ON TRADING USA, INC. | c. | Sales | 4,142,171 | Cost-plus pricing | 6 |
| | | LITE-ON TRADING USA, INC. | c. | Trade receivables | 2,968,190 | Cost-plus pricing | 2 |
| 13 | Lite-On Overseas Trading Co., Ltd. | LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED | c. | Sales | 3,522,234 | Cost-plus pricing | 5 |
| | | LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD. | c. | Sales | 4,556,007 | Cost-plus pricing | 6 |
| | | LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD. | c. | Trade receivables | 2,918,086 | Cost-plus pricing | 2 |
| | | LITE-ON ELECTRONICS (DONGGUAN) CO., LTD. | c. | Sales | 3,874,423 | Cost-plus pricing | 5 |
| | | LITE-ON ELECTRONICS (DONGGUAN) CO., LTD. | c. | Trade receivables | 1,943,941 | Cost-plus pricing | 1 |
| | | SILITEK ELEC. (DONGGUAN) CO., LTD. | c. | Sales | 2,460,365 | Cost-plus pricing | 3 |
| | | LITE-ON ELECTRONICS (GUANGZHOU) LIMITED | c. | Sales | 2,751,779 | Cost-plus pricing | 4 |
| | | LITE-ON ELECTRONICS (GUANGZHOU) LIMITED | c. | Trade receivables | 1,996,321 | Cost-plus pricing | 1 |
| | | LITEON-IT OPTO TECH (BH) CO., LTD. | c. | Sales | 1,676,884 | Cost-plus pricing | 2 |
| | | LITE-ON VIETNAM CO., LTD. | c. | Sales | 1,168,417 | Cost-plus pricing | 2 |
| | | LITE-ON SINGAPORE PTE. LTD. | c. | Sales | 6,056,428 | Cost-plus pricing | 8 |
| | | LITE-ON SINGAPORE PTE. LTD. | c. | Trade receivables | 3,116,953 | Cost-plus pricing | 2 |
| 14 | Lite-On (Guangzhou) Automotive Electronics Limited | LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD. | c. | Sales | 1,393,692 | Cost-plus pricing | 2 |
| | | LITE-ON SINGAPORE PTE. LTD. | c. | Sales | 1,761,608 | Cost-plus pricing | 2 |

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

- The Company is coded “0”.
- The subsidiaries are coded consecutively beginning from “1” in the order presented in the table above.

Note 2: Nature of relationship is as follows:

- From the parent company to its subsidiary.
- From a subsidiary to its parent company.
- 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 June 30, 2022. For profit or loss items, cumulative amounts are shown as a percentage to consolidated total operating revenue for the six months ended June 30, 2022.

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

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

(Concluded)