Lite-On Technology Corporation

Financial Statements for the
Years Ended December 31, 2019 and 2018 and
Independent Auditors' Report

Deloitte.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Lite-On Technology Corporation

Opinion

We have audited the accompanying financial statements of Lite-On Technology Corporation (the "Company"), which comprise the balance sheets as of December 31, 2019 and 2018, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in the Company's financial statements for the year ended December 31, 2019 are as follows:

Allowance for Impairment Loss of Trade Receivables

The allowance for impairment loss of trade receivables reflects management's subjective evaluation and determination of the recoverable amount of overdue receivables containing credit risk. The key assumptions and inputs used in the evaluation process involve significant estimates by management. Hence, we focused on assessing the reasonableness of management's estimates of allowance for impairment loss in our audit.

Refer to Note 4 to the Company's financial statements for the summary of significant accounting policies. Refer to Note 11 to the Company's financial statements for the carrying amount of trade receivables and impairment loss of trade receivables. In response to management's estimates mentioned above, we assessed the classification of client's credit rating, the reasonableness of expected credit loss rates, the calculation accuracy of allowance for impairment loss, and the recoverability of outstanding receivables via subsequent receipt testing.

Allowance for Inventory Valuation Loss

The value of inventory is affected by the volatility of market demand and ever-changing technology which could make inventory outdated and obsolete. The policy for determining the allowance for inventory loss reflects management's subjective evaluation. Hence, we focused on assessing the reasonableness of management's estimates of allowance for inventory valuation loss in our audit.

Refer to Note 4 to the Company's financial statements for the summary of significant accounting policies. Refer to Note 12 to the Company's financial statements for the carrying amount of inventory. In response to management's estimates mentioned above, we assessed the classification of inventory aging reports by business segments, the reasonableness of allowance for inventory valuation loss rates, the correctness of inventory aging classification and the allowance calculation via audit sampling, and the physical examination of inventory through year-end inventory count to determine whether inventory was outdated or obsolete.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Cheng-Tsai Tsai Meng-Chieh, Chiu

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 26, 2020

<u>*Notice to Readers*</u>

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

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

LITE-ON TECHNOLOGY CORPORATION

BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019		2018	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 5,160,275	5	$ 7,082,108	5
Financial assets at fair value through profit or loss (Note 7)	127,764	-	2,857	-
Financial assets at amortized cost (Note 9)	120,894	-	4,680	-
Contract assets	276,129	-	629,585	-
Notes receivable, net (Note 11)	207	-	1,203	-
Trade receivables, net (Note 11)	21,578,655	15	27,686,332	19
Trade receivables from related parties (Note 28)	9,112,758	6	11,098,911	7
Other receivables	512,440	-	932,490	1
Other receivables from related parties (Note 28)	205,810	-	413,982	-
Inventories, net (Note 12)	6,759,512	5	9,644,127	7
Prepayments	622,459	-	643,755	-
Non-current assets held for sale (Note 13)	4,604,229	3	-	-
Total current assets	49,081,132	34	58,140,030	39
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss (Note 7)	59,364	-	56,333	-
Financial assets at fair value through other comprehensive income (Note 8)	278,625	-	213,473	-
Financial assets at amortized cost (Note 9)	230,518	-	304,010	-
Investments accounted for using the equity method (Note 14)	78,825,567	54	73,960,509	50
Property, plant and equipment, net (Note 15)	7,885,540	5	7,640,678	5
Right-of-use assets, net (Notes 16 and 28)	93,033	-	-	-
Intangible assets, net (Note 17)	5,528,836	4	5,496,986	4
Deferred tax assets (Note 24)	3,912,461	3	3,595,595	2
Refundable deposits	102,713	-	99,697	-
Net defined benefit assets (Note 20)	9,278	-	-	-
Other non-current assets	6,471	-	6,470	-
Total non-current assets	96,932,406	66	91,373,751	61
TOTAL	$ 146,013,538	100	$ 149,513,781	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 18)	$ 20,134,925	14	$ 17,264,395	11
Financial liabilities at fair value through profit or loss (Note 7)	-	-	3,997	-
Notes payable	-	-	2,571	-
Trade payables	3,116,384	2	6,599,857	4
Trade payables to related parties (Note 28)	31,425,045	22	35,361,931	24
Other payables	11,331,303	8	12,838,742	9
Other payables to related parties (Note 28)	286,494	-	93,444	-
Current tax liabilities	3,552,602	2	2,936,430	2
Provisions (Note 19)	863,538	-	851,041	1
Lease liabilities (Notes 16 and 28)	28,852	-	-	-
Advance receipts	1,163,175	1	744,113	-
Total current liabilities	71,902,318	49	76,696,521	51
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Note 24)	1,569,467	1	1,399,170	1
Lease liabilities (Note 16)	65,385	-	-	-
Net defined benefit liabilities (Note 20)	-	-	78,236	-
Guarantee deposits	16,593	-	15,979	-
Credit balance of investments accounted for using the equity method (Note 14)	-	-	119	-
Total non-current liabilities	1,651,445	1	1,493,504	1
Total liabilities	73,553,763	50	78,190,025	52
EQUITY				
Share capital				
Ordinary shares	23,508,670	16	23,508,670	16
Capital surplus				
Additional paid-in capital from share issuance in excess of par value	3,471,812	3	3,471,812	3
Bond conversions	7,462,138	5	7,462,138	5
Treasury share transactions	548,884	-	477,697	-
Recognized changes in percentage of ownership interest in subsidiaries	48,298	-	47,209	-
Changes in equities of investments in associates accounted for using the equity method	273,024	-	271,367	-
Mergers	10,015,194	7	10,015,194	7
Total capital surplus	21,819,350	15	21,745,417	15
Retained earnings				
Legal reserve	12,845,584	9	12,049,900	8
Special reserve	3,388,768	2	2,705,954	2
Unappropriated earnings	16,885,813	12	15,789,147	10
Total retained earnings	33,120,165	23	30,545,001	20
Other equity				
Exchange differences on translating the financial statements of foreign operations	(4,404,444)	(3)	(2,779,863)	(2)
Unrealized loss of financial assets at fair value through other comprehensive income	(312,940)	-	(449,461)	-
Gain on hedging instruments	288	-	2,714	-
Total other equity	(4,717,096)	(3)	(3,226,610)	(2)
Treasury shares	(1,271,314)	(1)	(1,248,722)	(1)
Total equity	72,459,775	50	71,323,756	48
TOTAL	$ 146,013,538	100	$ 149,513,781	100

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

LITE-ON TECHNOLOGY CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales (Notes 22 and 28)	$ 123,561,638	102	$ 140,583,612	103
Less: Sales returns	626,709	-	864,980	1
Sales allowance	2,063,499	2	2,549,242	2
Total operating revenue	120,871,430	100	137,169,390	100
COST OF GOODS SOLD (Notes 12, 23 and 28)	107,679,816	89	124,808,157	91
GROSS PROFIT	13,191,614	11	12,361,233	9
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	(54,041)	-	(113,044)	-
REALIZED GROSS PROFIT	13,137,573	11	12,248,189	9
OPERATING EXPENSES (Notes 23 and 28)				
Selling and marketing expenses	2,024,057	2	3,002,405	2
General and administrative expenses	4,800,162	4	4,655,078	3
Research and development expenses	3,764,771	3	3,748,991	3
Expected credit gain (Notes 11 and 27)	10,634	-	5,847	-
Total operating expenses	10,599,624	9	11,412,321	8
OPERATING INCOME	2,537,949	2	835,868	1
NON-OPERATING INCOME AND EXPENSES				
Share of profit of subsidiaries and associates accounted for using the equity method	5,620,984	5	10,463,878	7
Interest income	51,933	-	67,046	-
Dividend income	8,263	-	6,599	-
Other income (Note 28)	1,877,588	2	1,386,003	1
Net gain on disposal of property, plant and equipment	34,935	-	28,258	-
Net gain (loss) on disposal of investments	(31,365)	-	86,603	-
Net gain (loss) on foreign currency exchange	361,889	-	(525,188)	-
Net gain on financial assets at fair value through profit or loss	738,420	-	175,715	-
Finance costs	(462,006)	-	(450,762)	-
Other expenses	(179,153)	-	(50,472)	-
Impairment loss (Notes 12, 15 and 17)	-	-	(3,394,351)	(3)
Total non-operating income and expenses	8,021,488	7	7,793,329	5

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LITE-ON TECHNOLOGY CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
PROFIT BEFORE INCOME TAX	$ 10,559,437	9	$ 8,629,197	6
INCOME TAX EXPENSE (Note 24)	(1,184,538)	(1)	(672,359)	-
NET PROFIT FOR THE YEAR	9,374,899	8	7,956,838	6
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 20, 21 and 24)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(11,835)	-	3,050	-
Unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income	165,202	-	(78,200)	-
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	68,930	-	(28,426)	-
Income tax relating to items will not be reclassified subsequently to profit or loss	2,367	-	5,032	-
	224,664	-	(98,544)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(1,885,353)	(1)	(372,739)	-
Share of other comprehensive loss of subsidiaries and associates accounted for using the equity method	(160,531)	-	(47,500)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	419,542	-	164,533	-
	(1,626,342)	(1)	(255,706)	-
Other comprehensive loss for the year, net of income tax	(1,401,678)	(1)	(354,250)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 7,973,221	7	$ 7,602,588	6

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LITE-ON TECHNOLOGY CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	**%**	**Amount**	**%**
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 25)				
From continuing operations				
Basic	$4.03		$3.42	
Diluted	$3.98		$3.38	

The accompanying notes are an integral part of the financial statements. (Concluded)

LITE-ON TECHNOLOGY CORPORATION

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	Issue of Share Capital (Note 21)		Capital Surplus (Note 21)							Retained Earnings (Note 21)				Other Equity (Note 21)						
	Shares (In Thousands)	Amount	Additional Paid-in Capital From Share Issuance in Excess of Par Value	Bond Conversions	Treasury Share Transactions	Recognized Changes in Percentage of Ownership Interest in Subsidiaries	Changes in Equities of Investments in Associates and Joint Ventures Accounted for Using the Equity Method	Mergers	Total	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Gain (Loss) on Hedging Instruments	Total	Treasury Shares (Note 21)	Total Equity
BALANCE AT JANUARY 1, 2018	2,350,867	$ 23,508,670	$ 9,372,488	$ 7,462,138	$ 400,329	$ 49,019	$ 276,782	$ 10,015,194	$ 27,575,950	$ 11,786,967	$ 1,338,878	$ 10,093,753	$ 23,219,598	$ (2,528,893)	$ -	$ (18,497)	$ 3,372	$ (2,544,018)	$ (1,248,722)	$ 70,511,478
Effect of retrospective application	-	-	-	-	-	-	-	-	-	-	-	279,769	279,769	-	(298,266)	18,497	-	(279,769)	-	-
BALANCE AT JANUARY 1, 2018 AS RESTATED	2,350,867	23,508,670	9,372,488	7,462,138	400,329	49,019	276,782	10,015,194	27,575,950	11,786,967	1,338,878	10,373,522	23,499,367	(2,528,893)	(298,266)	-	3,372	(2,823,787)	(1,248,722)	70,511,478
Appropriation of 2017 earnings																				
Legal reserve	-	-	-	-	-	-	-	-	-	262,933	-	(262,933)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	-	-	1,367,076	(1,367,076)	-	-	-	-	-	-	-	-
Cash dividends - 4.1%	-	-	-	-	-	-	-	-	-	-	-	(963,855)	(963,855)	-	-	-	-	-	-	(963,855)
Distribution of cash dividends from capital surplus	-	-	(5,900,676)	-	-	-	-	-	(5,900,676)	-	-	-	-	-	-	-	-	-	-	(5,900,676)
Changes in percentage of ownership interests in subsidiaries	-	-	-	-	-	(1,810)	-	-	(1,810)	-	-	39,722	39,722	-	(39,722)	-	-	(39,722)	-	(1,810)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	-	-	-	(5,415)	-	(5,415)	-	-	-	-	-	-	-	-	-	-	(5,415)
Changes in capital surplus from cash dividends of the Company paid to subsidiaries	-	-	-	-	77,368	-	-	-	77,368	-	-	-	-	-	-	-	-	-	-	77,368
Disposal of investments in equity instruments designated as fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	3,460	3,460	-	(3,460)	-	-	(3,460)	-	-
Disposal of investments accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-	-	4,078	-	-	-	4,078	-	4,078
Net profit for the year ended December 31, 2018	-	-	-	-	-	-	-	-	-	-	-	7,956,838	7,956,838	-	-	-	-	-	-	7,956,838
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	-	-	-	-	-	-	-	9,469	9,469	(255,048)	(108,013)	-	(658)	(363,719)	-	(354,250)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	-	-	-	-	-	-	7,966,307	7,966,307	(255,048)	(108,013)	-	(658)	(363,719)	-	7,602,588
BALANCE AT DECEMBER 31, 2018	2,350,867	23,508,670	3,471,812	7,462,138	477,697	47,209	271,367	10,015,194	21,745,417	12,049,900	2,705,954	15,789,147	30,545,001	(2,779,863)	(449,461)	-	2,714	(3,226,610)	(1,248,722)	71,323,756
Appropriation of 2018 earnings																				
Legal reserve	-	-	-	-	-	-	-	-	-	795,684	-	(795,684)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	-	-	682,814	(682,814)	-	-	-	-	-	-	-	-
Cash dividends - 29.2%	-	-	-	-	-	-	-	-	-	-	-	(6,864,532)	(6,864,532)	-	-	-	-	-	-	(6,864,532)
Acquisition of further interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(12,616)	(12,616)	-	-	-	-	-	-	(12,616)
Changes in percentage of ownership interest in subsidiaries	-	-	-	-	-	1,089	-	-	1,089	-	-	(5,145)	(5,145)	-	-	-	-	-	-	(4,056)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	-	-	-	1,657	-	1,657	-	-	(5,585)	(5,585)	-	-	-	-	-	-	(3,928)
Changes in capital surplus from cash dividends of the Company paid to subsidiaries	-	-	-	-	71,187	-	-	-	71,187	-	-	-	-	-	-	-	-	-	-	71,187
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	111,361	111,361	-	(111,361)	-	-	(111,361)	-	-
Disposal of investments accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-	-	(665)	-	-	-	(665)	-	(665)
Buy-back of ordinary shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(22,592)	(22,592)
Net profit for the year ended December 31, 2019	-	-	-	-	-	-	-	-	-	-	-	9,374,899	9,374,899	-	-	-	-	-	-	9,374,899
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	-	-	-	-	-	-	(23,218)	(23,218)	(1,623,916)	247,882	-	(2,426)	(1,378,460)	-	(1,401,678)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	-	-	-	-	-	9,351,681	9,351,681	(1,623,916)	247,882	-	(2,426)	(1,378,460)	-	7,973,221
BALANCE AT DECEMBER 31, 2019	2,350,867	$ 23,508,670	$ 3,471,812	$ 7,462,138	$ 548,884	$ 48,298	$ 273,024	$ 10,015,194	$ 21,819,350	$ 12,845,584	$ 3,388,768	$ 16,885,813	$ 33,120,165	$ (4,404,444)	$ (312,940)	$ -	$ 288	$ (4,717,096)	$ (1,271,314)	$ 72,459,775

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

LITE-ON TECHNOLOGY CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 10,559,437	$ 8,629,197
Adjustments for:		
Depreciation expenses	696,541	598,560
Amortization expenses	204,529	280,321
Expected credit loss	10,634	5,847
Net gain on fair value changes of financial assets as at fair value through profit or loss	(738,420)	(175,715)
Finance costs	462,006	450,762
Interest income	(51,933)	(67,046)
Dividend income	(8,263)	(6,599)
Share of profit of subsidiaries and associates accounted for using the equity method	(5,620,984)	(10,463,878)
Net gain on disposal of property, plant and equipment	(34,935)	(28,258)
Net loss (gain) on disposal of investments	31,365	(86,603)
Impairment loss recognized (reversed) on non-financial assets	(121,539)	3,439,561
Unrealized gain on transactions with subsidiaries and associates	54,041	113,044
Unrealized net loss (gain) on foreign currency exchange	(561,451)	278,612
Recognition of provisions	255,747	406,941
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	609,515	-
Contract assets	353,456	(629,585)
Notes receivable	996	233
Trade receivables	4,706,057	235,654
Trade receivables from related parties	1,776,944	851,172
Other receivables	415,382	(473,608)
Other receivables from related parties	203,863	(158,826)
Inventories	532,837	(1,906,311)
Prepayments	17,723	(72,372)
Notes payable	(2,571)	1,941
Trade payables	(1,396,219)	(41,675)
Trade payables to related parties	(3,936,863)	6,702,480
Other payables	(843,924)	2,223,433
Other payables to related parties	193,050	(28,012)
Provisions	(243,250)	(270,937)
Advance receipts	427,211	(557,720)
Net defined benefit liabilities	(13,620)	(45,565)
Cash generated from operations	7,937,362	9,205,048
Interest received	53,437	67,652
Dividends received	8,262	6,599
Interest paid	(469,824)	(437,433)
Income tax paid	(328,751)	(219,506)
Net cash generated from operating activities	7,200,486	8,622,360

(Continued)

LITE-ON TECHNOLOGY CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of financial assets at fair value through other comprehensive income	$ (11,500)	$ (18,713)
Purchases of financial assets at amortized costs	(42,722)	(4,693)
Purchases of investments accounted for using the equity method	(2,013,931)	(1,350,950)
Proceeds from disposal of investments accounted for using the equity method	7,957	8,439
Net cash outflow on spin-off of subsidiaries (Note 14)	(2,176,374)	-
Proceeds from capital reduction of investments accounted for using the equity method	404,353	-
Purchases of property, plant and equipment	(1,812,444)	(1,485,369)
Proceeds from disposal of property, plant and equipment	64,094	103,268
Decrease (increase) in refundable deposits	(8,015)	6,353
Purchases of intangible assets	(231,573)	(130,933)
Proceeds from disposal of intangible assets	-	378,438
Decrease in other non-current assets	-	8
Dividends received from subsidiaries and associates	367,957	309,030
Net cash used in investing activities	(5,452,198)	(2,185,122)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	3,269,010	-
Repayments of short-term borrowings	-	(26,825)
Proceeds from (refund of) guarantee deposits received	613	(39)
Repayments of the principal portion of lease liabilities	(52,621)	-
Cash dividends paid	(6,864,532)	(6,864,531)
Payments for buy-back of ordinary shares	(22,591)	-
Net cash used in financing activities	(3,670,121)	(6,891,395)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,921,833)	(454,157)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	7,082,108	7,536,265
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 5,160,275	$ 7,082,108

The accompanying notes are an integral part of the financial statements. (Concluded)

1. GENERAL INFORMATION

Lite-On Technology Corporation (the "Company") was established in March 1989. The Company's shares are listed on the Taiwan Stock Exchange. The Company manufactures and markets (1) computer software, hardware, peripherals and components; (2) monitors, multifunction and all-in-one printers, cameras and Internet systems and image-processing equipment; (3) information storage and processing equipment, electronic components and office equipment; (4) electronic coils, transformers, power suppliers and electronic hardware parts; (5) light-emitting diode (LED) products; (6) electronic car products; and (7) optical lens modules and optoelectronic components.

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 extraordinary shareholders' meeting of the Company resolved to spin-off its Solid State Storage's business operations and assets to SOLID STATE STORAGE TECHNOLOGY CORPORATION, a subsidiary, for the purpose of specialization under the Business Mergers and Acquisitions Act and related regulations in October 2019.

The financial statements of the Company are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company's board of directors and authorized for issue on February 26, 2020.

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

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Company's accounting policies:

- IFRS 16 "Leases"

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessee and lessor. It supersedes IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", and a number of related interpretations. Refer to Note 4 for information relating to the relevant accounting policies.

Definition of a lease

The Company elects to apply the guidance of IFRS 16 in determining whether contracts are, or contain, a lease only to contracts entered into (or changed) on or after January 1, 2019. Contracts identified as containing a lease under IAS 17 and IFRIC 4 are not reassessed and are accounted for in accordance with the transitional provisions under IFRS 16.

The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases on the balance sheets except for those whose payments under low-value asset and short-term leases are recognized as expenses on a straight-line basis. On the statements of comprehensive income, the Company presents the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the statements of cash flows, cash payments for the principal portion of lease liabilities are classified within financing activities; cash payments for the interest portion are classified within operating activities. Prior to the application of IFRS 16, payments under operating lease contracts were recognized as expenses on a straight-line basis. Prepaid lease payments for right to use land in China and Vietnam were recognized as prepayments for leases. Cash flows for operating leases were classified within operating activities on the statements of cash flows. Leased assets and finance lease payables were recognized on the balance sheets for contracts classified as finance leases.

The Company elects to apply IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized in retained earnings on January 1, 2019. Comparative information is not restated.

Lease liabilities were recognized on January 1, 2019 for leases previously classified as operating leases under IAS 17. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets are measured at either an amount equal to the lease liabilities, or their carrying amount as if IFRS 16 had been applied since the commencement date, but discounted using the aforementioned incremental borrowing rate. The Group applies IAS 36 to all right-of-use assets.

The Company also applies the following practical expedients:

1) The Company applies a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.

2) The Company accounts for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.

3) The Company uses hindsight, such as in determining lease terms, to measure lease liabilities.

For leases previously classified as finance leases under IAS 17, the carrying amounts of right-of-use assets and lease liabilities on January 1, 2019 are determined as at the carrying amounts of the respective leased assets and finance lease payables on December 31, 2018.

The Company as lessor

The Company does not make any adjustments for leases in which it is a lessor, and it accounts for those leases with the application of IFRS 16 starting from January 1, 2019.

The impact on assets, liabilities and equity as of January 1, 2019 from the initial application of IFRS 16 is set out as follows:

	As Originally Stated on January 1, 2019	**Adjustments Arising from Initial Application**	**Restated on January 1, 2019**
Right-of-use assets - non-current	$ -	$ 158,412	$ 158,412
Investments accounted for using the equity method	73,960,509	(10,730)	73,949,779
Total effect on assets	$ 73,960,509	$ 147,682	$ 74,108,191
Lease liabilities	$ -	$ 158,412	$ 158,412
Total effect on liabilities	$ -	$ 158,412	$ 158,412
Retained earnings	$ 30,545,001	$ (10,730)	$ 30,534,271
Total effect on equity	$ 30,545,001	$ (10,730)	$ 30,534,271

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

New IFRSs	**Effective Date Announced by IASB**
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020 (Note 1)
Amendments to IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform”	January 1, 2020 (Note 2)
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020 (Note 3)

Note 1: The Company shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period, beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note 2: The Company shall apply these amendments retrospectively for annual reporting periods beginning on or after January 1, 2020.

Note 3: The Company shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

1) Amendments to IFRS 3 "Definition of a Business"

The amendments clarify that, to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process applied to the input that together significantly contribute to the ability to create outputs. The amendments narrow the definitions of outputs by focusing on goods and services provided to customers, and the reference to an ability to reduce costs is removed. Moreover, the amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs.

In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether or not an acquired set of activities and assets is a business.

2) Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform"

The amendments deal with issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark (such as the London Interbank Offered Rate or LIBOR) with an alternative interest rate, and provide temporary exceptions to all hedging relationships that are directly affected by the interest rate benchmark reform. The Company would apply those hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform. The amendments also require additional disclosures about the extent to which the entity's hedging relationships are affected by the amendments.

3) Amendments to IAS 1 and IAS 8 "Definition of material"

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRSs. The concept of "obscuring" material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from "could influence" to "could reasonably be expected to influence".

Except for the above impact, as of the date the financial statements were authorized for issue, the Company continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2022

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

1) Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

   The amendments stipulate that, when the Company sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Company loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

   Conversely, when the Company sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Company's interest as an unrelated investor in the associate or joint venture, i.e., the Company's share of the gain or loss is eliminated. Also, when the Company loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Company's interest as an unrelated investor in the associate or joint venture, i.e., the Company's share of the gain or loss is eliminated.

2) Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"

   The amendments clarify that for a liability to be classified as non-current, the Company shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Company will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Company must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

   The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Company's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Company's own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32: Financial Instruments: Presentation, the aforementioned terms would not affect the classification of the liability.

Except for the above impact, as of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

   The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

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

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing the Company's financial statements, the Company used the equity method to account for investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the Company's financial statements to be the same with the amounts attributable to the owner of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatment between company only basis and consolidated basis were made to investments accounted for using the equity method, share of profit or loss of subsidiaries and associates, share of other comprehensive income of subsidiaries, associates and related equity items, as appropriate, in the parent company only financial statements.

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

Current assets include:

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

Current liabilities include:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

d. Foreign currencies

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

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting financial statements, the assets and liabilities of the Company's foreign operations are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income.

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

In relation to a partial disposal of a foreign subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is included in the calculation of equity transactions but is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

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

e. Inventories

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

f. Investments accounted for using the equity method

Investments in subsidiaries and associates are accounted for using the equity method.

1) Investments in subsidiaries

Subsidiaries are the entities controlled by the Company.

Under the equity method, the investment is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary after the date of acquisition. Besides, the Company also recognizes the Company's share of the change in other equity of the subsidiary.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company's loss of control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amounts of the investment and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of losses of a subsidiary equals or exceeds its interest in that subsidiary, the Company continues recognizing its share of further losses.

The acquisition cost in excess of the acquisition-date fair value of the identifiable net assets acquired is recognized as goodwill. Goodwill is not amortized. The acquisition-date fair value of the net identifiable assets acquired in excess of the acquisition cost is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount, as assessed based on the entire financial statements of the invested company. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Profits and losses from downstream transactions are eliminated in full. Profits and losses from upstream and sidestream transactions are recognized in the Company's financial statements only to the extent of interests in the subsidiary that are not related to the Company.

2) Investments in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. Besides, the Company also recognizes the Company's share of the change in equity of the associate.

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

When the Company's share of losses of an associate equals or exceeds its interest in that associate, the Company discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is deducted from investment and the carrying amount of investment is net of impairment loss. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

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

g. Property, plant and equipment

Property, plant and equipment are stated at cost less recognized accumulated depreciation and accumulated impairment loss.

Properties in the course of construction for production, supply or administrative purposes are carried at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such properties are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation on property, plant and equipment (including assets held under finance leases) is recognized using the straight-line method. Each significant part is depreciated separately. If the lease term is shorter than the asset's useful life, then such an asset is depreciated over the lease term. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

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

h. Goodwill

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

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

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

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

i. Intangible assets

1) Intangible assets acquired separately

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

2) Intangible assets acquired in a business combination

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

3) Derecognition of intangible assets

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

j. Impairment of tangible and intangible assets other than goodwill

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

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

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

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

k. Non-current assets held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within 1 year from the date of classification.

When a sale plan would result in a loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale, regardless of whether the Company will retain a non-controlling interest in that subsidiary after the sale. However, such investment is still accounted for using the equity method.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Recognition of depreciation of those assets would cease.

l. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

Financial assets, held by the Company, are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and equity instruments at fair value through other comprehensive income ("FVTOCI").

i. Financial assets at FVTPL

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

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Refer to Note 27 for the determination of fair value of the financial assets.

ii. Financial assets at amortized cost

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

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits that are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses (ECL) on financial assets at amortized cost (including cash and cash equivalents, notes receivable at amortized cost, trade receivables (including from related parties), contract assets, other receivables (including from related parties) and investments in debt instruments that are measured at FVTOCI.

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

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

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

i. Internal or external information show that the debtor is unlikely to pay its creditors.

ii. When a financial asset is more than 90 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

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

c) Derecognition of financial assets

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

2) Financial liabilities and equity instruments

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

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

Repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Except financial liabilities at FVTPL, financial liabilities are measured at amortized cost using the effective interest method. Financial liabilities at FVTPL are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss.

3) Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including currency swaps.

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

m. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Provisions for the expected cost of warranty obligations are recognized at the date of sale of the relevant products, at the best estimate of the expenditure required to settle the Company's obligation by the management of the Company.

n. Revenue recognition

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

1) Sale of goods

The sale of goods is recognized as revenue when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers, and bears the risks of obsolescence. Trade receivables or contract assets are recognized concurrently.

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

2) Rendering of services

Service income is recognized when services are provided.

3) Rental revenue

The operation of leasing business was in accordance with IAS 17 Leases. The possible situations related to lease (such as the terms and conditions of leasing, the probabilities of future lease receivables and the burden of future costs) would be treated as operating lease.

4) Dividend and interest income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

o. Leases

2019

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

1) The Company as lessor

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

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

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

2) The Company as lessee

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

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

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

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

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

2018

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

1) The Company as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

2) The Company as lessee

Operating lease payments are recognized as expenses on a straight-line basis over the lease term.

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

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

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

3) Termination benefits

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

q. Taxation

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

1) Current tax

According to the Income Tax Law, an additional tax of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

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

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical Accounting Judgements

Business model assessment for financial assets

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

Key Sources of Estimation Uncertainty

a. Estimated impairment of financial assets

   The provision for impairment of trade receivables is based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 11. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

b. Write-down of inventories

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2019	2018
Cash on hand	$ 480	$ 516
Checking accounts	1,063	1,644
Demand deposits	5,158,732	5,079,948
Time deposits	-	2,000,000
	$ 5,160,275	$ 7,082,108

7. FINANCIAL INSTRUMENTS AT FVTPL

	December 31	
	2019	2018
Financial assets at FVTPL - current		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Currency swaps	$ 127,764	$ 2,857
Financial assets at FVTPL - non-current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	$ 44,840	$ 44,840
Domestic quoted shares	14,524	11,493
	$ 59,364	$ 56,333
Financial liabilities at FVTPL - current		
Financial liabilities held for trading		
Derivative financial assets (not under hedge accounting)		
Currency swaps	$ -	$ 3,997

At the end of the reporting period, outstanding currency swaps not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
December 31, 2019			
Currency swaps	USD/NTD	January 06, 2020-March 19, 2020	USD465,000/NTD14,022,525
December 31, 2018			
Currency swaps	USD/NTD	January 09, 2019-May 06, 2019	USD120,000/NTD3,652,320

The Company entered into derivative contracts in 2019 and 2018 to manage exposures due to fluctuations of foreign exchange rates. The derivative contracts entered into by the Company did not meet the criteria for hedge accounting. Thus, the derivative contracts are classified as financial assets or financial liabilities at fair value through profit or loss. The financial risk management objectives of the Company were to minimize risks due to changes in fair value or cash flows.

8. FINANCIAL ASSETS AT FVOCI

Investments in Equity Instruments at FVTOCI

	December 31	
	2019	**2018**
Non-current		
Domestic investments		
Listed shares	$ 223,579	$ 169,907
Unlisted shares	45,190	33,690
	268,769	203,597
Foreign investments		
Unlisted shares	9,856	9,009
Listed shares	-	867
	9,856	9,876
	$ 278,625	$ 213,473

The above domestic and foreign investments in equity instruments are held for medium to long-term strategic purposes and expected to generate return 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 Company's investment strategy.

9. FINANCIAL ASSETS AT AMORTIZED COSTS

	December 31	
	2019	**2018**
Pledged deposits	$ 351,412	$ 308,690
Current	$ 120,894	$ 4,680
Non-current	230,518	304,010
	$ 351,412	$ 308,690

b. Refer to Note 10 for credit risk management and impairment evaluation for investments in financial assets at amortized cost.

c. Refer to Note 29 for information of investments in financial assets at amortized cost pledged as security.

10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments are classified as at amortized cost.

	December 31	
	2019	**2018**
At amortized cost		
Gross carrying amount	$ 351,412	$ 308,690
Less: Allowance for impairment loss	-	-
Net carrying amount	$ 351,412	$ 308,690

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

11. NOTES AND TRADE RECEIVABLES, NET

	December 31	
	2019	**2018**
Notes receivable		
Notes receivable - operating	$ 207	$ 1,203
Trade receivables		
At amortized cost		
Gross carrying amount	$ 21,630,144	$ 27,752,671
Allowance for impairment loss	(51,489)	(66,339)
	$ 21,578,655	$ 27,686,332

a. Notes receivable

The aging of notes receivable was as follows:

	December 31	
	2019	**2018**
Not past due	$ 207	$ 1,203

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 Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Company applies the simplified approach to estimate expected credit losses prescribed by IFRS 9, which permits the use of a lifetime expected losses allowance for all trade receivables. The expected credit losses on trade receivables are estimated using an allowance matrix, which takes into consideration the historical credit loss experience with the respective debtor, the current financial position of the debtor, and the current and future economic conditions of the industry as well as the overall economy. Upon consideration, there was no material difference across various client classes. Thus, the Company estimated the expected credit losses using the number of days that a trade receivable was past due.

The Company writes off a trade receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or when the trade receivables are more than 2 years past due, whichever occurs earlier. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables which are due. Where recoveries are made, these are recognized in profit or loss.

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

December 31, 2019

	Not Past Due	Less Than and Including 60 Days	61 to 210 Days	211 to 240 Days	More Than 240 Days	Total
Expected credit loss rate	0%	0.1%-5%	40%-70%	50%-100%	100%	
Gross carrying amount	$ 21,520,248	$ 56,975	$ 4,499	$ 677	$ 47,745	$ 21,630,144
Loss allowance	-	(174)	(2,893)	(677)	(47,745)	(51,489)
Net carrying amount	$ 21,520,248	$ 56,801	$ 1,606	$ -	$ -	$ 21,578,655

December 31, 2018

	Not Past Due	Less Than and Including 60 Days	61 to 210 Days	211 to 240 Days	More Than 240 Days	Total
Expected credit loss rate	0%	0.1%-5%	40%-70%	50%-100%	100%	
Gross carrying amount	$ 27,647,902	$ 212,121	$ 13,122	$ 85	$ 59,411	$ 27,752,671
Loss allowance	-	(392)	(6,422)	(84)	(59,441)	(66,339)
Net carrying amount	$ 27,467,902	$ 211,729	$ 6,700	$ 1	$ -	$ 27,686,332

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

	For the Year Ended December 31	
	2019	2018
Balance at January 1	$ 66,339	$ 60,492
Expected credit loss	10,634	5,847
Amounts written off	(21,464)	-
Spin-off	(4,020)	-
Balance at December 31	$ 51,489	$ 66,339

12. INVENTORIES, NET

	December 31	
	2019	2018
Merchandise	$ 6,512,113	$ 6,053,700
Raw materials	133,720	1,671,441
Work in progress	75,249	529,890
Finished good	38,430	1,389,096
	$ 6,759,512	$ 9,644,127

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2019 and 2018 was $107,679,816 thousand and $124,808,157 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the year ended December 31, 2019 included a reduction of cost of goods sold amounting to $121,539 thousand, due to an increase in net realizable value. The cost of inventories recognized as cost of goods sold for the year ended December 31, 2018 included an increase in cost of goods sold amounting to $45,210 thousand, due to inventory write-downs to their net realizable value. The increase was due to the Company writing off part of its inventories that had been impaired.

13. NON-CURRENT ASSETS HELD FOR SALE

	December 31, 2019
Non-current assets held for sale	$ 4,604,229

The board of directors of the Company resolved to dispose the outstanding shares of directly and indirectly owned subsidiaries - SOLID STATE STORAGE TECHNOLOGY CORPORATION and Lite-On Sales & Distribution, Inc. - and the marketable securities of CNEX LABS Inc., held by LITE-ON TECHNOLOGY USA, INC. A buyer has been sought and the sale is expected to be completed in April 2020. The assets and liabilities were reclassified as non-current assets held for sale from investments accounted for using the equity method of $4,604,229 thousand, and were presented separately in the balance sheets as of December 31, 2019.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2019	2018
Investments in subsidiaries	$ 75,155,998	$ 70,105,674
Investments in associates	3,669,569	3,854,835
	$ 78,825,567	$ 73,960,509

a. Investments in subsidiaries

	December 31			
	2019		2018	
	%	Book Value	%	Book Value
Lite-On International Holding Co., Ltd.	100.00	$ 19,591,419	100.00	$ 18,000,208
LITE-ON ELECTRONICS H.K. LIMITED	100.00	17,346,887	100.00	16,089,012
LITE-ON SINGAPORE PTE. LTD.	100.00	12,964,934	100.00	12,106,016
HIGH YIELD GROUP CO., LTD.	100.00	5,719,653	100.00	5,896,949
LITE-ON MOBILE PTE. LTD.	100.00	3,868,831	100.00	3,785,919
LITE-ON TECHNOLOGY USA, INC.	100.00	2,378,528	100.00	2,507,215
Lite-On Automotive International (Cayman) Co., Ltd.	100.00	2,227,755	100.00	2,386,776
Lite-On Electronics (Thailand) Co., Ltd.	100.00	2,082,837	100.00	1,776,480
KBW-LITEON Jordan Private Shareholding Limited	99.86	1,839,781	99.77	1,210,895
Lite-On Capital Corporation	100.00	1,484,244	100.00	1,453,527
EAGLE ROCK INVESTMENT LTD.	100.00	1,379,538	100.00	1,253,972
Silitech Technology Corporation	33.87	853,863	33.87	1,274,728
Lite-On Japan Ltd.	100.00	775,017	49.49	342,959
LITE-ON VIETNAM CO., LTD.	100.00	663,988	100.00	353,641
Lite-On Technology (Europe) B.V.	54.00	421,187	54.00	425,694
LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED	99.00	268,460	99.00	96,022
Philips & Lite-On Digital Solutions Corporation	49.00	265,895	49.00	300,513
Lite-On Overseas Trading Co., Ltd.	100.00	242,766	100.00	235,695
LITE-ON AUTOMOTIVE ELECTRONICS MEXICO, S.A. DE C.V.	99.00	227,611	99.00	53,776
SKYLA CORPORATION	64.94	202,160	64.94	199,533
LTC GROUP LTD.	100.00	161,203	100.00	187,653
LITE-ON ELECTRONICS (EUROPE) LIMITED	100.00	65,413	100.00	59,784
Lite-On Integrated Service Inc.	100.00	54,781	100.00	48,323
LET (HK) LIMITED	100.00	52,688	100.00	40,046
Lite-On Information Technology B.V.	100.00	16,557	100.00	16,243

(Continued)

	December 31			
	2019		2018	
	%	Book Value	%	Book Value
KBW-LEOTEK Jordan Private Shareholding Limited	$ 49.00	$ 2	$ 49.00	$ (119)
LI SHIN INTERNATIONAL ENTERPRISE CORPORATION	-	-	100.00	4,095
		75,155,998		70,105,555
Add: Credit balance on the carrying value of investments accounted for using the equity method		-		119
		$ 75,155,998		$ 70,105,674

(Concluded)

The extraordinary general meeting of shareholder was held in October 2019 and resolved to spin-off its Solid State Storage's business operations and assets to SOLID STATE STORAGE TECHNOLOGY CORPORATION for the purpose of business reorganization and specialization. SOLID STATE STORAGE TECHNOLOGY CORPORATION primarily manufactures and duplicates electronic components and data storage medium. The net assets as of December 12, 2019, the target date of the spin-off, were as follows:

ASSETS	
Cash and cash equivalents	$ 2,176,374
Trade receivables including related parties, net	1,599,261
Inventories, net	2,473,317
Other current assets	7,896
Property, plant and equipment, net	603,594
Intangible assets, net	8,901
Right-of-use assets, net	57,693
Deferred tax assets	42,068
Other non-current assets	5,000
Total assets for the year	6,974,104
LIABILITIES	
Trade payables	2,094,119
Other current liabilities	397,531
Total liabilities for the year	2,491,650
Net assets	$ 4,482,454

The Company's subsidiary under the equity method, LITE-ON MOBILE PTE. LTD., restructured its business units, and modified its operational strategy and resource allocation during the third quarter for the year ended December 31, 2017, due to increased competition in the market of mobile phone mold. The prices of mobile phone mold and related products dropped, and the market demand decelerated. As a result, the recoverable amount of its cash-generating units was less than the carrying amount. The Company recognized the impairment loss of $3,385,324 thousand in the statements of comprehensive income during the second quarter of 2018.

b. Investments in associates

	December 31	
	2019	2018
Associates that are not individually material	$ 3,669,569	$ 3,854,835

Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2019	2018
The Company's share of:		
Net profit for the year	$ 72,701	$ 146,775
Other comprehensive loss	(125,071)	(27,834)
Total comprehensive income (loss) for the year	$ (52,370)	$ 118,941

15. PROPERTY, PLANT AND EQUIPMENT, NET

	For the Year Ended December 31, 2019								
	Freehold Land	Buildings	Machinery Equipment	Tooling Equipment	Transportation Equipment	Office Equipment	Equipment Held under Finance Leases	Other Equipment	Total
Cost									
January 1, 2019	$ 2,226,499	$ 4,773,975	$ 4,059,863	$ 731,479	$ 3,581	$ 801,108	$ -	$ 2,030,663	$ 14,627,168
Additions	-	958,225	293,350	50,495	-	56,903	-	181,510	1,540,483
Disposals	(4,118)	(58,864)	(588,681)	(17,749)	(95)	(37,821)	-	(28,237)	(735,565)
Spin-off	-	(223,474)	(1,450,860)	(70)	(48)	(40,745)	-	(75,158)	(1,790,355)
Reclassification	-	1,529,235	101,603	14,323	-	21,449	-	(1,568,249)	98,361
December 31, 2019	$ 2,222,381	$ 6,979,097	$ 2,415,275	$ 778,478	$ 3,438	$ 800,894	$ -	$ 540,529	$ 13,740,092
Accumulated depreciation									
January 1, 2019	$ -	$ 1,992,450	$ 3,327,692	$ 643,370	$ 3,468	$ 670,915	$ -	$ 332,481	$ 6,970,376
Additions	-	160,763	311,766	31,363	17	92,373	-	48,001	644,283
Disposals	-	(51,472)	(577,653)	(17,749)	(95)	(37,138)	-	(26,966)	(711,073)
Spin-off	-	(94,026)	(1,021,345)	(70)	(48)	(38,770)	-	(32,502)	(1,186,761)
Reclassification	-	7,783	62,428	45,657	-	8,495	-	2,524	126,887
December 31, 2019	$ -	$ 2,015,498	$ 2,102,888	$ 702,571	$ 3,342	$ 695,875	$ -	$ 323,538	$ 5,843,712
Accumulated impairment									
January 1, 2019	$ -	$ 5,210	$ 500	$ 8,844	$ -	$ 351	$ -	$ 1,209	$ 16,114
Additions	-	-	-	-	-	-	-		-
Disposals	-	(5,210)	(26)	-	-	(38)	-		(5,274)
Reclassification	-	-	-	-	-	-	-	-	-
December 31, 2019	$ -	$ -	$ 474	$ 8,844	$ -	$ 313	$ -	$ 1,209	$ 10,840
December 31, 2019, net	$ 2,222,381	$ 4,963,599	$ 311,913	$ 67,063	$ 96	$ 104,706	$ -	$ 215,782	$ 7,885,540

	For the Year Ended December 31, 2018								
	Freehold Land	Buildings	Machinery Equipment	Tooling Equipment	Transportation Equipment	Office Equipment	Equipment Held under Finance Leases	Other Equipment	Total
Cost									
January 1, 2018	$ 2,226,499	$ 4,812,575	$ 4,028,907	$ 695,015	$ 3,851	$ 776,853	$ 6,380	$ 786,060	$ 13,335,870
Additions	-	4,370	291,109	88,308	-	42,071	-	1,304,268	1,730,126
Disposals	-	(42,970)	(285,598)	(61,173)	-	(18,350)	(865)	(16,197)	(425,153)
Reclassification	-	-	25,445	9,329	-	534	(5,515)	(43,468)	(13,675)
December 31, 2018	$ 2,226,499	$ 4,773,975	$ 4,059,863	$ 731,479	$ 3,851	$ 801,108	$ -	$ 2,030,663	$ 14,627,168
Accumulated depreciation									
January 1, 2018	$ -	$ 1,933,514	$ 3,193,378	$ 631,862	$ 3,408	$ 588,613	$ 6,380	$ 304,671	$ 6,661,826
Additions	-	101,906	330,227	22,330	60	100,428	-	43,609	598,560
Disposals	-	(42,970)	(208,542)	(59,145)	-	(18,198)	(865)	(15,799)	(345,519)
Reclassification	-	-	12,629	48,323	-	72	(5,515)	-	55,509
December 31, 2018	$ -	$ 1,992,450	$ 3,327,692	$ 643,370	$ 3,468	$ 670,915	$ -	$ 332,481	$ 6,970,376
Accumulated impairment									
January 1, 2018	$ -	$ 5,210	$ 4,328	$ 8,844	$ -	$ 355	$ -	$ 1,218	$ 19,955
Additions	-	-	9,027	-	-	-	-	-	9,027
Disposals	-	-	(9,027)	-	-	-	-	-	(9,027)
Reclassification	-	-	(3,828)	-	-	(4)	-	(9)	(3,841)
December 31, 2018	$ -	$ 5,210	$ 500	$ 8,844	$ -	$ 351	$ -	$ 1,209	$ 16,114
December 31, 2018, net	$ 2,226,499	$ 2,776,315	$ 731,671	$ 79,265	$ 113	$ 129,842	$ -	$ 1,696,973	$ 7,640,678

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Buildings	5-60 years
Machinery equipment	2-10 years
Tooling equipment	2-10 years
Transportation equipment	3-10 years
Office equipment	2-10 years
Equipment held under finance leases	3-5 years
Other equipment	2-10 years

Due to the decline in sales of some of the Company's products in the markets, the expected future cash flows generated by some machinery and tooling equipment used in the production decreased. Therefore, the recoverable amount was lower than the carrying amount. Consequently, the Company recognized impairment loss of $9,027 thousand for the year ended December 31, 2018. The impairment loss was recognized in the statements of comprehensive income.

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31, 2019
Carrying amounts	
Land (including right to use land)	$ 47,838
Buildings	20,750
Transportation equipment	24,445
	$ 93,033

	For the Year Ended December 31, 2019
Additions to right-of-use assets	$ 51,175
Depreciation charge for right-of-use assets	
Land (including right to use land)	$ 9,373
Buildings	32,859
Transportation equipment	10,026
	$ 52,258

No impairment assessment was performed for the year ended December 31, 2019 as there was no indication of impairment.

b. Lease liabilities

	December 31, 2019
Carrying amounts	
Current	$ 28,852
Non-current	$ 65,385

Range of discount rate for lease liabilities was as follows:

	December 31, 2019
Land (including right to use land)	1.79%
Buildings	1.79%-4.51%
Machinery	1.79%
Transportation equipment	1.79%
Other equipment	1.79%

17. INTANGIBLE ASSETS, NET

	For the Year Ended December 31, 2019				
	Goodwill	Patents	Software	Client Relationships	Total
Cost					
January 1, 2019	$ 5,662,190	$ 3,421,562	$ 1,556,570	$ 163,819	$ 10,804,141
Additions	-	-	231,573	-	231,573
Disposals	-	-	(41,753)	-	(41,753)
Spin-off	-	-	(38,928)	-	(38,928)
Reclassification	-	-	16,455	-	16,455
December 31, 2019	$ 5,662,190	$ 3,421,562	$ 1,723,917	$ 163,819	$ 10,971,488
Accumulated amortization					
January 1, 2019	$ 77,234	$ 3,420,670	$ 1,309,222	$ 163,819	$ 4,970,945
Additions	-	622	203,907	-	204,529
Disposals	-	-	(41,753)	-	(41,753)
Spin-off	-	-	(30,027)	-	(30,027)
Reclassification	-	-	2,748	-	2,748
December 31, 2019	$ 77,234	$ 3,421,292	$ 1,444,097	$ 163,819	$ 5,106,442
Accumulated impairment					
January 1, 2019	$ 336,210	$ -	$ -	$ -	$ 336,210
December 31, 2019	$ 336,210	$ -	$ -	$ -	$ 336,210
December 31, 2019, net	$ 5,248,746	$ 270	$ 279,820	$ -	$ 5,528,836

	For the Year Ended December 31, 2018				
	Goodwill	Patents	Software	Client Relationships	Total
Cost					
January 1, 2018	$ 6,030,652	$ 3,421,562	$ 1,450,837	$ 163,819	$ 11,066,870
Additions	-	-	140,596	-	140,596
Disposals	(368,462)	-	(54,415)	-	(422,877)
Reclassification	-	-	19,552	-	19,552
December 31, 2018	$ 5,662,190	$ 3,421,562	$ 1,556,570	$ 163,819	$ 10,804,141
Accumulated amortization					
January 1, 2018	$ 77,234	$ 3,306,910	$ 1,187,022	$ 163,819	$ 4,734,985
Additions	-	113,760	166,561	-	280,321
Disposals	-	-	(44,439)	-	(44,439)
Reclassification	-	-	78	-	78
December 31, 2018	$ 77,234	$ 3,420,670	$ 1,309,222	$ 163,819	$ 4,970,945
Accumulated impairment					
January 1, 2018	$ 336,210	$ -	$ -	$ -	$ 336,210
December 31, 2018	$ 336,210	$ -	$ -	$ -	$ 336,210
December 31, 2018, net	$ 5,248,746	$ 892	$ 247,348	$ -	$ 5,496,986

The above items of other intangible assets are amortized on a straight-line basis at the following rates per annum:

Patents	6 years
Software	1-14 years
Client relationships	4 years

a. Goodwill is allocated to the Company's recoverable amount of cash-generating units. The recoverable amount of all cash-generating units has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by the management covering a 5-year period.

b. Management determined gross margin based on past performance and future profits. The growth rate used is consistent with the forecasts included in industry reports. The discount rate used was 11.36% as of December 31, 2019 and 2018 and reflects specific risks relating to the relevant cash-generating units.

18. BORROWINGS

Short-term Borrowings

	December 31	
	2019	2018
Unsecured borrowings		
Line of credit borrowings	$ 20,134,925	$ 17,264,395

The range of interest rates on unsecured borrowings was 0.73%-2.45% and 2.91%-3.45% per annum as of December 31, 2019 and 2018, respectively.

19. PROVISIONS

	December 31	
	2019	2018
Current		
Warranties	$ 863,538	$ 851,041

Movements in the provisions were as follows:

	For the Year Ended December 31	
	2019	2018
Balance at January 1	$ 851,041	$ 715,037
Recognition of provisions	255,747	406,941
Usage	(243,250)	(270,937)
Balance at December 31	$ 863,538	$ 851,041

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

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Law is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Company has no right to influence the investment policy and strategy.

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

	December 31	
	2019	**2018**
Present value of defined benefit obligation	$ 1,044,709	$ 1,113,237
Fair value of plan assets	(1,053,987)	(1,035,001)
Net defined benefit liabilities (assets)	$ (9,278)	$ 78,236

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

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liabilities (Assets)**
Balance at January 1, 2018	$ 1,159,791	$ (1,032,940)	$ 126,851
Service cost	3,836	-	3,836
Net interest expense (income)	11,393	(10,219)	1,174
Recognized in profit or loss	15,229	(10,219)	5,010
Remeasurement			
Return on plan assets	-	(31,785)	(31,785)
Actuarial loss - changes in financial assumptions	4,871	-	4,871
Actuarial loss - experience adjustments	23,864	-	23,864
Recognized in other comprehensive loss (gain)	28,735	(31,785)	(3,050)
Contributions from the employer	-	(18,335)	(18,335)
Benefits paid	(58,278)	58,278	-
Disposal of business units	(32,240)	-	(32,240)
Balance at December 31, 2018	$ 1,113,237	$ (1,035,001)	$ 78,236
Balance at January 1, 2019	$ 1,113,237	$ (1,035,001)	$ 78,236
Service cost	2,867	-	2,867
Net interest expense (income)	10,372	(9,714)	658
Recognized in profit or loss	13,239	(9,714)	3,525
Remeasurement			
Return on plan assets	-	(38,220)	(38,220)
Actuarial loss - changes in financial assumptions	20,634	-	20,634
Actuarial loss - experience adjustments	29,421	-	29,421
Recognized in other comprehensive loss (gain)	50,055	(38,220)	11,835
Contributions from the employer	-	(17,145)	(17,145)
Benefits paid	(46,093)	46,093	-
Spin-off	(85,729)	-	(85,729)
Balance at December 31, 2019	$ 1,044,709	$ (1,053,987)	$ (9,278)

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

	December 31	
	2019	**2018**
Discount rate	0.70%	0.95%
Expected rate of salary increase	3.00%	3.00%

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

	December 31	
	2019	**2018**
Discount rate		
0.25% increase	$ (12,705)	$ (24,037)
0.25% decrease	$ 29,327	$ 24,848
Expected rate of salary increase		
0.25% increase	$ 28,259	$ 23,732
0.25% decrease	$ (11,790)	$ (23,095)

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

	December 31	
	2019	**2018**
The expected contributions to the plan for the next year	$ 17,040	$ 18,000
The average duration of the defined benefit obligation	11.07 years	8.83 years

21. EQUITY

a. Share capital

1) Ordinary shares

	December 31	
	2019	2018
Number of shares authorized (in thousands)	3,500,000	3,500,000
Amount of shares authorized	$ 35,000,000	$ 35,000,000
Number of shares issued and fully paid (in thousands)	2,350,867	2,350,867
Amount of shares issued	$ 23,508,670	$ 23,508,670

Fully paid ordinary shares, which have a par value of $10, are entitled to one vote per share and receive dividends.

Of the Company's authorized shares, 100,000 thousand shares had been reserved for the issuance of employee share options.

2) Issued global depositary receipts

On September 25, 1996, the Company issued 4,900 thousand units of global depositary receipts (GDRs) on the London Stock Exchange. These GDRs represented 49,000 thousand ordinary shares of the Parent Company.

On April 3, 1995, GVC Corp. issued 5,000 thousand units of GDRs on the London Stock Exchange. These GDRs represented 25,000 thousand ordinary shares of GVC Corp., which later issued more shares. As of November 4, 2002, the outstanding GDRs were 7,627 thousand units, or 38,136 thousand ordinary shares of GVC Corp. For merger purposes, these GDRs were exchanged for the Company's 1,478 thousand marketable equity securities, which represented the Company's 14,781 thousand ordinary shares.

As of December 31, 2019 and 2018, the outstanding GDRs were both 5,221 thousand units, representing 52,209 thousand ordinary shares of the Company. The rights and obligation of security holders are the same as those of ordinary shareholders, except for voting rights. As of December 31, 2019 and 2018, the unredeemed GDRs amounted to 1,437 thousand units and 815 thousand units.

b. Capital surplus

The premium from shares issued in excess of par (including share premium from issuance of ordinary shares, conversion of bonds, and mergers) may be used to offset a deficit. In addition, when the Company has no deficit, the capital surplus may be distributed as cash dividends or transferred to capital (restricted to a certain percentage of the Company's capital surplus).

The capital surplus arising from changes of shares in equities of subsidiaries, changes in equities of associates and joint ventures accounted for using the equity method and treasury share transactions from dividends according to the Company's shares held by subsidiaries may only be used to offset deficits.

c. Retained earnings and dividend policy

The shareholders' meeting was held on June 21, 2019 and passed the amendments to the Company's Articles of Incorporation (the "Articles"). Under the dividends policy as set forth in the amended Articles, the Company may distribute the surplus earnings or off-set losses at the close of each quarter in accordance with the Company Act. While distributing surplus earning, the Parent Company shall estimate and reserve the taxes and duty to be paid, the losses to be covered, the legal reserve to be set aside, and the special surplus reserve to be raised or revolved. Where such legal reserve amounts reach to the total paid-in capital, this provision shall not apply. If the Company distribute surplus earning in the form of cash, it shall be approved by a meeting of the board of directors; if such surplus earning is distributed in the form of new shares to be issued, it shall be approved by shareholders meetings according to the regulations.

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

Under the dividend policy as set forth in the Articles before the amendment, 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. For the policies on distribution of employees' compensation and remuneration of directors before and after amendment, refer to Note 29(b) on employee benefits expense.

The Company's dividend policy is designed to meet present and future development projects and takes into consideration the investment environment, funding requirements, international or domestic competitive conditions while simultaneously meeting shareholders' interests. When there is no cumulative loss, the Company shall set aside share dividends at no less than 70% of the net profit. The way to distribute dividends could be either through cash or shares, and cash dividends shall not be less than 90% of the total dividends.

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

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

Under Rule No. 10802432410 issued by the Ministry of Economic Affairs, the basis of recognizing 10% legal reserve was modified from excluding items other than profit before income tax into unappropriated earnings to including items other than profit before income tax upon the 2019 appropriations of earnings.

Under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", the Company should appropriate or reverse a special reserve.

The appropriations of earnings for 2018 and 2017 that were approved in the shareholders' meetings on June 21, 2019 and June 22, 2018, respectively, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2018	2017
Legal reserve	$ 795,684	$ 262,933
Special reserve	682,814	1,367,076
Cash dividends	6,864,532	963,855
Cash dividends per share (NT$)	2.92	0.41

On June 22, 2018, the shareholders resolved in the shareholders' meeting to issue cash dividends of $5,900,676 thousand ($2.51 per share) from the capital surplus.

The appropriation of earnings for 2019 was resolved by the Company's board of directors on February 26, 2020. The appropriation and dividends per share were as follows:

	For the Year Ended December 31, 2019
Legal reserve	$ 943,970
Special reserve	$ 1,343,307
Cash dividends	$ 7,521,296
Cash dividends per share (NT$)	$ 3.20

d. Other equity items

Movements in other equity items were as follows:

	For the Year Ended December 31, 2019			
	Foreign Currency Translation Reserve	Unrealized Gain (Loss) from Financial Assets at FVTOCI	Cash Flow Hedges	Total
Balance at January 1	$ (2,779,863)	$ (449,461)	$ 2,714	$ (3,226,610)
Exchange differences on translating foreign operations	(1,885,353)	-	-	(1,885,353)
Unrealized gain on equity instruments designated as at FVTOCI	-	165,202	-	165,202
Share of associates and subsidiaries accounted for using the equity method	(158,105)	82,680	(2,426)	(77,851)

(Continued)

	For the Year Ended December 31, 2019			
	Foreign Currency Translation Reserve	Unrealized Gain (Loss) from Financial Assets at FVTOCI	Cash Flow Hedges	Total
Disposal of investments accounted for using the equity method	$ (665)	$ -	$ -	$ (665)
Disposal of equity instruments at FVTOCI	-	(111,361)	-	(111,361)
Income tax benefit	419,542	-	-	419,542
Balance at December 31	$ (4,404,444)	$ (312,940)	$ 288	$ (4,717,096)

(Concluded)

	For the Year Ended December 31, 2018				
	Foreign Currency Translation Reserve	Unrealized Gain (Loss) from Available for sale Financial Assets	Unrealized Loss from Financial Assets at FVTOCI	Cash Flow Hedges	Total
Balance at January 1	$ (2,528,893)	$ (18,497)	$ -	$ 3,372	$ (2,544,018)
Adjustments on initial application of IFRS 9	-	18,497	(298,266)	-	(279,769)
Balance at January 1 per IFRS 9	(2,528,893)	-	(298,266)	3,372	(2,823,787)
Exchange differences on translating foreign operations	(372,739)	-	-	-	(372,739)
Unrealized loss on equity instruments at FVTOCI	-	-	(78,200)	-	(78,200)
Share of associates and subsidiaries accounted for using the equity method	(46,842)	-	(29,813)	(658)	(77,313)
Changes in percentage of ownership in interest in subsidiaries	-	-	(39,722)	-	(39,722)
Disposal of investments accounted for using the equity method	4,078	-	-	-	4,078
Disposal of equity instruments at FVTOCI	-	-	(3,460)	-	(3,460)
Income tax benefit	164,533	-	-	-	164,533
Balance at December 31	$ (2,779,863)	$ -	$ (449,461)	$ 2,714	$ (3,226,610)

The exchange differences arising on translation of foreign operation's net assets from its functional currency to the Company's presentation currency are recognized directly in other comprehensive income and also accumulated in the foreign currency translation reserve.

The cash flow hedges reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of the hedging instruments entered into as cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognized and accumulated in cash flow hedges reserve will be reclassified to profit or loss only when the hedge transaction affects profit or loss.

e. Treasury shares

Unit: In Thousands of Shares

Purpose of Buyback	Number of Shares at January 1	Increase During the Year	Decrease During the Year	Number of Shares at December 31
For the year ended December 31, 2019				
Shares held by its subsidiaries	26,841	-	-	26,841
Buyback of dissenting shareholders' shares in accordance with the Business Mergers and Acquisitions Act	-	462	-	462
	26,841	-	-	27,303
For the year ended December 31, 2018				
Shares held by its subsidiaries	26,841	-	-	26,841

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
December 31, 2019			
Lite-On Capital Corporation	15,116	$ 718,857	$ 745,968
LTC INTERNATIONAL LTD.	7,004	297,469	345,414
YET FOUNDATE LIMITED	2,271	126,881	111,903
LITE-ON ELECTRONICS COMPANY LIMITED	2,450	105,515	120,739
		$ 1,248,722	$ 1,324,024
December 31, 2018			
Lite-On Capital Corporation	15,116	$ 718,857	$ 613,704
LTC INTERNATIONAL LTD.	7,004	297,469	284,068
YET FOUNDATE LIMITED	2,271	126,881	91,989
LITE-ON ELECTRONICS COMPANY LIMITED	2,450	105,515	99,253
		$ 1,248,722	$ 1,089,014

The Company repurchased the dissenting shareholders' shares at $48.9 per share, totaled 462 thousand shares, upon the resolution at the shareholders' extraordinary general meeting in October 2019. The resolution stipulated the spin-off of Solid State Storage business unit to a subsidiary, SOLID STATE STORAGE TECHNOLOGY CORPORATION in accordance with the Business Mergers and Acquisitions Act.

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

22. REVENUE

	For the Year Ended December 31	
	2019	2018
Revenue from contracts with customers		
Revenue from the sale of goods	$ 119,384,669	$ 135,463,584
Royalty income	745,143	810,568
Revenue from management services	670,501	827,948
Rental income from property	71,117	67,290
	$ 120,871,430	$ 137,169,390

23. ADDITIONAL INFORMATION ON EXPENSES

Net income included the following items:

	For the Year Ended December 31	
	2019	2018
a. Depreciation and amortization		
Property, plant and equipment	$ 644,283	$ 598,560
Intangible assets	204,529	280,321
Right-of-use assets	52,258	-
	$ 901,070	$ 878,881
An analysis of depreciation by function		
Recognized in operating costs	$ 220,767	$ 182,304
Recognized in operating expenses	475,774	416,256
	$ 696,541	$ 598,560
An analysis of amortization by function		
Recognized in operating costs	$ 5,348	$ 3,909
Recognized in operating expenses	199,181	276,412
	$ 204,529	$ 280,321

(Continued)

	For the Year Ended December 31	
	2019	2018
b. Employee benefit expenses		
Post-employment benefits		
Defined contribution plans	$ 211,916	$ 220,051
Defined benefit plans (Note 20)	3,525	5,010
	214,441	225,061
Termination benefits	37,008	65,254
Other employee benefits	6,661,805	6,616,951
	$ 6,914,254	$ 6,907,266
Employee benefit expenses summarized by function		
Recognized in operating costs	$ 803,205	$ 806,438
Recognized in operating expenses	6,111,049	6,100,828
	$ 6,914,254	$ 6,907,266

(Concluded)

The Company distributed employees' compensation and remuneration of directors at rates of no less than 1% and no higher than 1.5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The appropriations of employee compensation and remuneration of directors for 2019 and 2018, which have been approved by the Company's board of directors on February 26, 2020 and February 26, 2019, respectively, were as follows:

	For the Year Ended December 31			
	2019		2018	
	Cash	Share	Cash	Share
Employees' compensation	$ 1,326,548	$	$ 1,125,893	$ -
Remuneration of directors	79,687		67,633	-

If there is a change in the proposed amounts after issuance of the annual financial report, the differences are recognized as a change in accounting estimate and will be adjusted in the following year.

There was no difference between the actual amounts of employee's compensation and the remuneration of directors paid and the amounts recognized in the financial statements for the year ended December 31, 2018.

Information on 2020 and 2019 employees' compensation and remuneration of directors resolved by the Company's board of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

24. INCOME TAX

a. Income tax recognized in profit or loss

The major components of tax expense (benefit) were as follows:

	For the Year Ended December 31	
	2019	2018
Current income tax expense		
In respect of the current year	$ 951,419	$ 1,305,309
Adjustments for prior year	(153)	(107,000)
	951,266	1,198,309
Deferred tax		
Effect of change in tax rate	-	170,970
The recognition and reversal of temporary differences	233,272	(696,920)
	233,272	(525,950)
Income tax expense recognized in profit or loss	$ 1,184,538	$ 672,359

A reconciliation of income before income tax and income tax expense (benefit) recognized in profit or loss is as follows:

	For the Year Ended December 31	
	2019	2018
Income before income tax	$ 10,559,437	$ 8,629,197
Income tax expense calculated at the statutory rate	$ 2,111,887	$ 1,725,839
Nondeductible items in determining taxable income	(1,160,468)	(420,530)
The recognition and reversal of temporary differences	233,272	(525,950)
Adjustments for prior year	(153)	(107,000)
Income tax expense recognized in profit or loss	$ 1,184,538	$ 672,359

The Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings was reduced from 10% to 5%.

In July 2019, the President of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings.

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

	For the Year Ended December 31	
	2019	2018
Deferred tax		
Effect of change in tax rate		
Not related to remeasurement of defined benefit plans	$ -	$ (88,254)
Related to remeasurement of defined benefit plans	-	(5,642)
In respect of the current year		
Translation of foreign operations	(419,542)	(76,279)
Remeasurement on defined benefit plans	(2,367)	610
	$ (421,909)	$ (169,565)

c. Deferred tax assets and liabilities

The analysis of deferred tax assets was as follows:

	Opening Balance	Recognized in Profit (Loss)	Recognized in Other Comprehensive Income (Loss)	Spin-off	Closing Balance
For the year ended December 31, 2019					
Temporary differences					
Investment accounted for using the equity method	$ 1,970,380	$ (4,091)	$ 419,542	$ -	$ 2,385,831
Impairment loss on assets	1,104,424	34,798	-	-	1,139,222
Accrued warranty expense	170,208	2,500	-	-	172,708
Unrealized loss on inventories	142,184	(17,750)	-	(42,068)	82,366
Unrealized loss and expense	132,065	(77,861)	-	-	57,204
Net defined benefit liability	72,763	-	2,367	-	75,130
Others	571	(571)	-	-	-
	$ 3,595,595	$ (62,975)	$ 421,909	$ (42,068)	$ 3,912,461
For the year ended December 31, 2018					
Temporary differences					
Investment accounted for using the equity method	$ 1,610,060	$ 195,787	$ 164,533	$ -	$ 1,970,380
Impairment loss on assets	660,201	444,223	-	-	1,104,424
Accrued warranty expense	121,556	48,652	-	-	170,208
Unrealized loss on inventories	113,170	29,014	-	-	142,184
Unrealized loss and expense	45,440	89,625	-	-	135,065
Net defined benefit liability	62,367	5,364	5,032	-	72,763
Unrealized sales loss	12,441	(12,441)	-	-	-
Others	7,386	(6,815)	-	-	571
	$ 2,632,621	$ 793,409	$ 169,565	$ -	$ 3,595,595

The analysis of deferred tax liabilities was as follows:

	Opening Balance	Recognized in Loss (Profit)	Recognized in Other Comprehensive Loss (Income)	Closing Balance
For the year ended December 31, 2019				
Temporary differences				
Investment accounted for using the equity method	$ 582,659	$ -	$ -	$ 582,659
Unrealized amortization of goodwill	416,245	-	-	416,245
Land value increment tax	270,843	-	-	270,843
Unrealized net exchange gains	95,956	156,702	-	252,658
Unrealized net gains on financial assets	-	24,403	-	24,403
Unrealized sales profit	33,467	(10,808)	-	22,659
	$ 1,399,170	$ 170,297	$ -	$ 1,569,467
For the year ended December 31, 2018				
Temporary differences				
Investment accounted for using the equity method	$ 418,761	$ 163,898	$ -	$ 582,659
Unrealized amortization of goodwill	353,808	62,437	-	416,245
Land value increment tax	230,216	40,627	-	270,843
Unrealized net exchange gains	128,926	(32,970)	-	95,956
Unrealized sales profit	-	33,467	-	33,467
	$ 1,131,711	$ 267,459	$ -	$ 1,399,170

d. Income tax assessments

The Company's tax returns for all years through 2015 have been assessed by the tax authorities.

25. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2019	2018
Basic earnings per share	$ 4.03	$ 3.42
Diluted earnings per share	$ 3.98	$ 3.38

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

Net Profit for the Year

	For the Year Ended December 31	
	2019	2018
Earnings used in the computation of basic earnings per share	$ 9,374,899	$ 7,956,838
Effect of potentially dilutive ordinary shares:		
Employees' compensation	-	-
Earnings used in the computation of diluted earnings per share	$ 9,374,899	$ 7,956,838

Weighted Average Number of Ordinary Shares Outstanding

Unit: In Thousand Shares

	For the Year Ended December 31	
	2019	**2018**
Weighted average number of ordinary shares outstanding in computation of basic earnings per share	2,323,968	2,324,026
Effect of potentially dilutive ordinary shares:		
Employees' compensation	30,856	27,731
Weighted average number of ordinary shares outstanding in computation of diluted earnings per share	2,354,824	2,351,757

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

26. CAPITAL MANAGEMENT

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

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

27. FINANCIAL INSTRUMENTS

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

For certain financial instruments that are not measured at fair value but measured at amortized cost - including contract assets, 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, finance lease payables and guarantee deposits - the Company's management considers the carrying amounts of these financial instruments recognized in the consolidated financial statements as approximating their fair values. The carrying amounts of long-term loans, including their current portion, are used as the basis to estimate their fair values given that the interest rates of the loans approximate those of the market rates.

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

1) Fair value hierarchy

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	$ -	$ 127,764	$ -	$ 127,764
Mutual funds	-	44,840	-	44,840
Securities listed in ROC - equity securities	14,524	-	-	14,524
	$ 14,524	$ 172,604	$ -	$ 187,128
Financial assets at FVTOCI				
Investments in equity instruments				
Securities listed in ROC - equity securities	$ 223,579	$ -	$ -	$ 223,579
Unlisted securities in ROC - equity securities	-	-	45,190	45,190
Unlisted securities in other countries - equity securities	-	-	9,856	9,856
	$ 223,579	$ -	$ 55,046	$ 278,625

December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ -	$ 44,840	$ -	$ 44,840
Securities listed in ROC - equity securities	11,493	-	-	11,493
Derivative instruments	-	2,857	-	2,857
	$ 11,493	$ 47,697	$ -	$ 59,190
Financial assets at FVTOCI				
Investments in equity instruments				
Securities listed in ROC - equity securities	$ 169,907	$ -	$ -	$ 169,907
Unlisted securities in ROC - equity securities	-	-	33,690	33,690
Unlisted securities in other countries - equity securities	-	-	9,009	9,009
Securities listed in other countries - equity securities	867	-	-	867
	$ 170,774	$ -	$ 42,699	$ 213,473
Financial liabilities at FVTPL				
Derivative instruments	$ -	$ 3,997	$ -	$ 3,997

There were no transfers between Levels 1 and 2 in the current and prior periods.

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

	Investments on Equity Instruments
	Unlisted Quotes
For the year ended December 31, 2019	
Balance at January 1, 2019	$ 42,699
Additions	11,500
Reclassification	847
Balance at December 31, 2019	$ 55,046
For the year ended December 31, 2018	
Balance at January 1, 2018	$ 13,629
Additions	29,070
Balance at December 31, 2018	$ 42,699

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

Financial Instruments	Valuation Techniques and Inputs
Financial assets at FVTPL - Currency swaps	Estimation of fair value of a currency swap contract 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	Using the observable similar market average price or the price of the same kind of tools provided by the mutual fund management company.

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

The fair values of unlisted equity securities in the ROC and other countries were determined using the income approach. In this approach, the discounted cash flow method was used to estimate the present value of the expected economic benefits from these investments. According to the discounted cash flow analysis and observable financial market average prices or by using similar kinds of estimation tools, the discount rate and the parameters used can be referenced from Reuters news agency, Bloomberg agency or other financial institutions for instruments with essentially the same conditions and characteristics as the interest rate swaps offer financial products whose features include the remaining contract terms of fixed interest rates, the payment of principal, the payment of currency, and etc. All the information can be obtained by the Company.

c. Categories of financial instruments

	December 31	
	2019	2018
Financial assets		
FVTPL		
Mandatorily classified as at FVTPL	$ 187,128	$ 59,190
Financial assets at amortized costs (1)	37,300,399	48,252,998
Investment in equity instruments at FVTOCI	278,625	213,473
Financial liabilities		
FVTPL		
Held for trading	-	3,997
Amortized cost		
Short-term borrowings	20,134,925	17,264,395
Payables (2)	46,175,818	54,912,524

1) The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, debt instruments measured at amortized cost, contract assets, notes receivable, trade receivables, trade receivables from related parties, other receivables, other receivables from related parties and refundable deposits.

2) The balances included financial liabilities measured at amortized cost, which comprise notes payable, trade payables, trade payables to related parties, other payables, other payables to related parties and guarantee deposits.

d. Financial risk management objectives and policies

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

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

1) Market risk

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

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

a) Foreign currency risk

The Company's had foreign currency sales and purchases, which exposed the Company to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing forward exchange contracts and currency swaps.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 31.

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

Sensitivity analysis

The Company was mainly exposed to the fluctuation of the U.S. dollar.

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

	USD Impact	
	For the Year Ended December 31	
	2019	2018
Profit or loss	$ (1,049,222)	$ (937,070)

b) Interest rate risk

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

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

	December 31	
	2019	2018
Fair value interest rate risk		
Financial assets (i)	$ 122,389	$ 2,004,680
Financial liabilities (ii)	20,134,925	17,264,395
Cash flow interest rate risk		
Financial assets (iii)	5,387,755	5,383,958

i. The balances included time deposits, financial assets at amortized cost with fixed interest rates.

ii. The balances included financial liabilities exposed to fair value risk from interest rate fluctuation.

iii. The balances included demand deposits, financial assets at amortized cost with floating interest rates.

Sensitivity analysis

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

If interest rates had been 25 basis points higher and all other variables were held constant, the Company's pre-tax profit years ended December 31, 2019 and 2018 would increase by $13,469 thousand and $13,460 thousand, respectively.

c) Other price risk

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

Sensitivity analysis

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

If equity prices had been 10% higher, the profit before income tax for the years ended December 31, 2019 and 2018 would have increased by $1,452 thousand and $1,149 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL. The pre-tax other comprehensive income for the years ended December 31, 2019 and 2018 would have increased by $22,358 thousand and $17,077 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

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

a) Business related credit risk

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

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

b) Financial related credit risk

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

c) The Company's simplified statement for notes receivable, trade receivable and contract assets, include the allowance loss variation shown below:

	Notes Receivable	Trade Receivables	Contract Asset	Total
January 1, 2019	$ -	$ 66,339	$ -	$ 66,339
Expected credit loss	-	10,634	-	10,634
Actual write-off	-	(21,464)	-	(21,464)
Spin-off	-	(4,020)	-	(4,020)
December 31, 2019	$ -	$ 51,489	$ -	$ 51,489
January 1, 2018	$ -	$ 60,492	$ -	$ 60,492
Expected credit loss	-	5,847	-	5,847
December 31, 2018	$ -	$ 66,339	$ -	$ 66,339

3) Liquidity risk

The Company's objective of liquidity risk management department is to maintain operating cash and cash equivalents in order to ensure that the Company has sufficient financial flexibility.

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

December 31, 2019

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Year	1-3 Years	3 Years to 5 Years	5+ Years
Non-derivative financial liabilities					
Non-interest bearing		$ 46,159,226	$ 16,592	$ -	$ -
Lease liabilities	1.79-4.51	28,852	39,690	2,447	23,248
Fixed interest rate liabilities	0.73-2.45	20,134,925	-	-	-
		$ 66,323,003	$ 56,282	$ 2,447	$ 23,248

December 31, 2018

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Year	1-3 Years	3 Years to 5 Years	5+ Years
Non-derivative financial liabilities					
Non-interest bearing		$ 54,896,545	$ 15,979	$ -	$ -
Fixed interest rate liabilities	2.91-3.45	17,264,395	-	-	-
		$ 72,160,940	$ 15,979	$ -	$ -

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

December 31, 2019

	On Demand or Less than 1 Year	1-3 Years	3 Years to 5 Years	5+ Years
Currency swaps				
Inflows	$ 14,022,525	$ -	$ -	$ -
Outflows	(14,052,430)	-	-	-
	$ (29,905)	$ -	$ -	$ -

December 31, 2018

	On Demand or Less than 1 Year	1-3 Years	3 Years to 5 Years	5+ Years
Currency swaps				
Inflows	$ 3,699,690	$ -	$ -	$ -
Outflows	(3,652,320)	-	-	-
	$ 47,370	$ -	$ -	$ -

28. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are summarized below:

a. Related parties and relationships

Related Parties	Relationships with the Company
Lite-On Japan Ltd.	Subsidiary
Lite-On Japan (H.K.) Limited	Sub-subsidiary
LITE-ON SINGAPORE PTE. LTD.	Subsidiary
Lite-On Overseas Trading Co., Ltd.	Subsidiary
WUXI CHINA BRIDGE EXPRESS TRADING CO., LTD.	Third-tier subsidiary

(Continued)

Related Parties	Relationships with the Company
Lite-On Integrated Service Inc.	Subsidiary
Lite-On Capital Corporation	Subsidiary
Philips & Lite-On Digital Solutions Corporation	Subsidiary
Philips & Lite-On Digital Solutions USA, Inc.	Sub-subsidiary
PLDS Germany GmbH	Sub-subsidiary
PLDS Netherlands B.V.	Sub-subsidiary
Silitech Technology Corporation	Subsidiary
LITE-ON MOBILE PTE. LTD.	Subsidiary
LITE-ON TRADING USA, INC.	Sub-subsidiary
LITE-ON, INC.	Sub-subsidiary
LITE-ON TECHNOLOGY SERVICE, INC.	Sub-subsidiary
LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	Four-tier subsidiary
LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Four-tier subsidiary
Lite-On Automotive Electronics (CZ) Co.	Four-tier subsidiary
Lite-On Sales & Distribution Inc.	Sub-subsidiary
I-SOLUTIONS LIMITED	Third-tier subsidiary
LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	Sub-subsidiary
LITE-ON CHINA HOLDING CO., LTD.	Sub-subsidiary
LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Sub-subsidiary
LITE-ON ELECTRONICS (EUROPE) LIMITED	Subsidiary
LITE-ON MEDICAL DEVICE (CHANGZHOU) LTD.	Four-tier subsidiary
LEOTEK ELECTRONICS USA LLC	Sub-subsidiary
KBW-LITEON Jordan Private Shareholding Limited	Subsidiary
SKYLA CORPORATION	Subsidiary
Lite-On (Guangzhou) Automotive Electronics Limited	Third-tier subsidiary
LITE-ON AUTOMOTIVE (WUXI) CO., LTD	Third-tier subsidiary
GUANGZHOU LITE-ON MOBILE ELECTRONIC COMPONENTS CO., LTD.	Sub-subsidiary (became non-related party since October 2018)
LITE-ON ELECTRONICS (TIANJIN) CO., LTD.	Sub-subsidiary
LITE-ON COMPUTER (CHANGZHOU) CO., LTD.	Four-tier subsidiary
LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	Four-tier subsidiary
LITEON OPTO TECHNOLOGY (GUANGZHOU) LTD.	Third-tier subsidiary
Lite-On Vietnam Co., Ltd.	Subsidiary
Lite-On Power Electronic India Private Limited	Subsidiary
Lite-On Electronics (Thailand) Co., Ltd.	Subsidiary
SOLID STATE STORAGE TECHNOLOGY CORPORATION	Subsidiary
Lite-On Semiconductor Corp.	Associate
Lite-Space Technology Company Limited	Associate
Silport Travel Corp.	Related party in substance
Diodes Incorporated	Related party in substance
Lite-On Culture Foundation	Related party in substance
Silport Technology Corp.	Related party in substance

(Concluded)

b. Sales of goods

Related Party Category	For the Year Ended December 31 2019	2018
Subsidiaries		
Philips & Lite-On Digital Solutions Corporation	$ 10,565,362	$ 14,742,645
LITE-ON TRADING USA, INC.	4,644,202	5,197,154
LITE-ON SINGAPORE PTE. LTD.	3,192,713	3,846,273
Others	2,501,077	3,076,530
	20,903,354	26,862,602
Associates		
Others	11,525	9,763
Related party in substance		
Others	2,833	497
	$ 20,917,712	$ 26,872,862

c. Purchases of goods

Related Party Category	For the Year Ended December 31 2019	2018
Subsidiaries		
Lite-On Overseas Trading Co., Ltd.	$ 72,983,316	$ 80,575,490
LITE-ON SINGAPORE PTE. LTD.	20,568,320	22,425,492
Others	2,237,838	2,020,278
	95,789,474	105,021,260
Related party in substance		
Others	3,007	131,947
	$ 95,792,481	$ 105,153,207

The sales prices and payment terms to related parties were not significantly different from those between the Company and non-related parties. For other related party transactions, price and terms were determined in accordance with mutual agreements.

d. Receivables from related parties

Related Party Category	December 31 2019	2018
Trade receivables		
Subsidiaries		
Lite-On Overseas Trading Co., Ltd.	$ 2,893,649	$ 3,233,971
Philips & Lite-On Digital Solutions Corporation	2,842,027	3,797,699
LITE-ON TRADING USA, INC.	1,732,416	2,046,981
LITE-ON SINGAPORE PTE. LTD.	1,027,795	906,503
Others	616,738	1,110,831
	9,112,625	11,095,985

(Continued)

Related Party Category	December 31 2019	December 31 2018
Associates		
Others	$ 133	$ 2,885
Related party in substance		
Others	-	41
	$ 9,112,758	$ 11,098,911
Other receivables		
Subsidiaries		
LITE-ON SINGAPORE PTE. LTD.	$ 105,116	$ 86,352
Lite-On Overseas Trading Co., Ltd.	36,597	86,112
Lite-On (Guangzhou) Automotive Electronics Limited	12,503	41,572
Others	50,713	199,100
	204,929	413,136
Associates		
Others	881	846
	$ 205,810	$ 413,982

(Concluded)

The outstanding trade receivables from related parties are unsecured. No allowance for doubtful accounts was recognized for trade receivables from related parties for the years ended December 31, 2019 and 2018.

e. Payables to related parties

Related Party Category	December 31 2019	December 31 2018
Trade payables		
Subsidiaries		
Lite-On Overseas Trading Co., Ltd.	$ 23,570,248	$ 26,481,119
LITE-ON SINGAPORE PTE. LTD.	7,212,653	8,041,771
Others	562,762	778,563
	31,345,663	35,301,453
Related party in substance		
Others	78,122	60,478
Associates		
Others	1,260	-
	$ 31,425,045	$ 35,361,931

(Continued)

Related Party Category	December 31 2019	December 31 2018
Other payables		
Subsidiaries		
SOLID STATE STORAGE TECHNOLOGY CORPORATION	$ 168,023	$ -
LITE-ON, INC.	30,970	8,075
LITE-ON SINGAPORE PTE. LTD.	22,705	18,355
Lite-On Integrated Service Inc.	13,180	14,688
LITE-ON TECHNOLOGY SERVICE, INC.	6,658	12,853
Others	38,275	30,799
	279,811	84,770
Related party in substance		
Others	6,111	8,179
Associates		
Others	572	495
	$ 286,494	$ 93,444

(Concluded)

The outstanding trade payables to related parties are unsecured.

f. Lease arrangements

Related Party Category	December 31 2019	December 31 2018
Interest expense		
Associate		
Lite-On Semiconductor Corp.	$ 962	$ -
Lease expense		
Associates		
Lite-On Semiconductor Corp.	$ -	$ 24,000

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

g. Acquisition of property, plant and equipment

Related Party Category	Purchase Price For the Year Ended December 31 2019	Purchase Price For the Year Ended December 31 2018
Subsidiaries	$ 5,785	$ 2,984

h. Disposal of property, plant and equipment

	For the Year Ended December 31			
	2019		2018	
Related Party Category	Proceeds of Disposal	Gain on Disposal	Proceeds of Disposal	Gain on Disposal
Subsidiaries	$ 10,980	$ 3,444	$ 3,839	$ 1,108

i. Operating expenses

	For the Year Ended December 31	
Related Party Category	2019	2018
Subsidiaries		
LITE-ON, INC.	$ 96,968	$ 110,169
Lite-On Integrated Service Inc.	76,993	80,996
LITE-ON SINGAPORE PTE. LTD.	42,673	31,420
LITE-ON TECHNOLOGY SERVICE, INC.	22,520	44,291
Others	43,744	47,583
	282,898	314,459
Associates		
Others	35	20
Related party in substance		
Silport Travel Corp.	66,645	81,075
Others	8,934	9,049
	75,579	90,124
	$ 358,512	$ 404,603

The Company donated and recognized associated expenses of $8,375 thousand and $8,669 thousand for the years ended December 31, 2019 and 2018, respectively, to help Lite-On Cultural Foundation, a related party in substance, facilitate communal, cultural and educational projects.

j. Other revenue

	For the Year Ended December 31	
Related Party Category	2019	2018
Subsidiaries		
Skyla Corporation	$ 15,291	$ 22,170
LITE-ON TRADING USA, INC.	10,312	6,070
Lite-On (Guangzhou) Automotive Electronics Limited	9,307	10,429
LEOTEK ELECTRONICS USA LLC	6,590	7,965
Others	18,474	23,804
	59,974	70,438
Associates		
Others	5,190	4,353
Related party in substance		
Others	37	88
	$ 65,201	$ 74,879

k. Acquisition of financial assets

For the year ended December 31, 2019

Related Party Category/Name	Line Item	Number of Shares	Underlying Assets	Purchase Price
Subsidiaries				
Silitech Technology Corporation	Investments accounted for using the equity method	980,300	Equity interests of Lite-On Japan Ltd., a subsidiary	$ 67,311
Associate				
Lite-On Semiconductor Corp.	Investments accounted for using the equity method	980,300	Equity interests of Lite-On Japan Ltd., a subsidiary	66,864
				$ 134,175

l. Compensation of key management personnel

	For the Year Ended December 31	
	2019	2018
Short-term employee benefits	$ 526,129	$ 550,670
Post-employment benefits	37,567	19,103
	$ 563,696	$ 569,773

The remuneration of directors and key executives was determined by the remuneration committee having regard to the performance of individuals and market trends.

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

	December 31	
	2019	2018
Pledged time deposits (classified as financial assets at amortized costs)	$ 351,412	$ 308,690

Pledged assets included the refundable deposits that had been provided for government projects.

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. In May 2019, the Public Lighting Authority of Detroit sued Leotek Electronics USA LLC, the Company's subsidiary, at the Federal District Court in eastern Mississippi for violating the purchase agreements signed by both parties and sought for compensations. The Public Lighting Authority claimed that the LED street lights supplied by the subsidiary experienced premature luminous decay and burned out during the warranty period. The matter was settled in December 2019 and the settlement agreement does not have material impact on the operation and financial performance of the Company.

b. Bench Walk Lighting, LLC sued the Company and its subsidiary - LITE-ON TECHNOLOGY USA, INC. - for patent infringement during the fourth quarter of the year ended December 31, 2019. The petitioner claimed that certain products supplied by the subsidiary infringed the original patents and demanded royalty payments. The Company has retained its attorney to appropriately handle the litigation. There was no material impact on the operation and financial performance of the Company at the time of evaluation.

c. Castlemorton Wireless, LLC sued the subsidiaries - LITE-ON, INC. and LITE-ON TRADING USA, INC. - for patent infringement during the fourth quarter of the year ended December 31, 2019. The petitioner claimed that certain products supplied by the subsidiaries infringed the original patents and demanded royalty payments. The Company has retained its attorney to appropriately handle the litigation. There was no material impact on the operation and financial performance of the Company at the time of evaluation.

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2019

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 1,042,461	29.9300 (USD:NTD)	$ 31,200,871
CNY	47,229	4.3050 (CNY:NTD)	203,319
EUR	1,171	33.5425 (EUR:NTD)	39,267
GBP	543	39.2576 (GBP:NTD)	21,325
CZK	15,520	1.3205 (CZK:NTD)	20,471
			$ 31,485,253
Non-monetary items			
Investments in associates and joint ventures accounted for using the equity method			
USD	1,652,792	29.9300 (USD:NTD)	$ 49,468,078
HKD	4,526,071	3.8443 (HKD:NTD)	17,399,575
THB	2,093,934	0.9947 (THB:NTD)	2,082,836
JOD	43,520	42.2740 (JOD:NTD)	1,839,783
			$ 70,790,272

(Continued)

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial liabilities			
Monetary items			
USD	$ 1,743,579	29.9300 (USD:NTD)	$ 52,185,320
CNY	14,667	4.3050 (CNY:NTD)	63,143
EUR	1,588	33.5425 (EUR:NTD)	53,250
CZK	9,547	1.3205 (CZK:NTD)	12,606
HKD	3,116	3.8443 (HKD:NTD)	11,980
			$ 52,326,299

(Concluded)

December 31, 2018

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 1,339,988	30.6650 (USD:NTD)	$ 41,090,734
EUR	1,078	35.1268 (EUR:NTD)	37,862
CNY	4,435	4.4836 (CNY:NTD)	19,884
CZK	17,892	1.3596 (CZK:NTD)	24,325
JPY	82,184	0.2778 (JPY:NTD)	22,831
			$ 41,195,636
Non-monetary items			
Investments in associates accounted for using the equity method			
USD	1,526,756	30.6650 (USD:NTD)	$ 46,817,965
HKD	4,119,495	3.9153 (HKD:NTD)	16,129,058
THB	1,872,344	0.9488 (THB:NTD)	1,776,480
JOD	28,014	43.2206 (JOD:NTD)	1,210,895
			$ 65,934,398
Financial liabilities			
Monetary items			
USD	1,951,154	30.6650 (USD:NTD)	$ 59,832,126
CZK	15,977	1.3596 (CZK:NTD)	21,722
JPY	64,286	0.2778 (JPY:NTD)	17,859
EUR	315	35.1268 (EUR:NTD)	11,056
HKD	3,467	3.9153 (HKD:NTD)	13,573
			$ 59,896,336

For the years ended December 31, 2019 and 2018, the net foreign exchange gains (losses) were $361,889 thousand and $(525,188) thousand, respectively. It is impractical to disclose net foreign exchange gains or losses by each significant foreign currency due to the extensive variety of the foreign currency transactions.

32. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and information on investees:

1) Financing provided: None.

2) Endorsements/guarantees provided: See Table 1 below.

3) Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities): See Table 2 below.

4) Marketable securities acquired and disposed at costs or prices at least NT$300 million or 20% of the paid-in capital: See Table 3 below.

5) Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital: None.

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 4 below.

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: See Table 5 below.

9) Trading in derivative instruments: See Note 7 and Note 27 to the financial statements.

10) Information on investees: See Table 6 below.

b. 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 7 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 Table 4 and Table 5 below.

TABLE 1

LITE-ON TECHNOLOGY CORPORATION

ENDORSEMENT/GUARANTEE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2019
(Amounts in Thousands of New Taiwan Dollars)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 2)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity Per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable (Note 2)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship (Note 1)											
0	Lite-On Technology	Lite-On Technology (Europe) B.V.	b	$ 7,245,977	$ 67,106	$ -	$ -	$ -	-	$ 28,983,910	Yes	No	No	

Note 1: Relationship between the Company and endorsee/guarantee are as follows:

a. Business relationship.

b. A subsidiary in which the Company holds directly over 50% of equity interest.

c. An investee in which the Company and its subsidiaries collectively hold over 50% of equity interest.

Note 2: a. The aggregate amount of guarantees/endorsements by Lite-On Technology Corporation should not exceed 40% of its net worth, and the amount of guarantees/endorsements for any single entity should not exceed 10% of its net worth.

b. The net worth is based on the latest audited financial statements.

TABLE 2

LITE-ON TECHNOLOGY CORPORATION

MARKETABLE SECURITIES HELD
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2019				Note
				Shares/Units (In Thousands)	Carrying Value	Percentage of Ownership (%)	Fair Value	
Lite-On Technology Corporation	Ordinary shares							
	EPISTAR Corporation	-	Financial asset at FVTPL	449	$ 14,524	0.04	$ 14,524	
	Wistron Corporation	-	Financial asset at FVTOCI	5,437	154,141	0.19	154,141	
	Logah Technology Corp.	-	Financial asset at FVTOCI	7,905	68,617	9.52	68,617	
	Com2B Corp.	-	Financial asset at FVTOCI	5,000	9,009	11.11	9,009	
	Avamax Corp.	-	Financial asset at FVTPL	559	-	6.99	-	Note
	Aetas Technology, Inc.	Member of the board of directors	Financial asset at FVTPL	4,026	-	8.07	-	Note
	AuriaSolar Co., Ltd.	-	Financial asset at FVTPL	41,400	-	19.71	-	Note
	Z-Com, Inc.	-	Financial asset at FVTOCI	63	821	0.09	821	
	Fong Han Electronics Co., Ltd.	-	Financial asset at FVTPL	1,167	-	6.67	-	Note
	Xepex Electronics Co., Ltd.	-	Financial asset at FVTPL	-	-	-	-	Note
	North America Micro-Electronic & Software, Incorporated	-	Financial asset at FVTOCI	5	-	2.67	-	Note
	Action Media Technologies, Inc.	-	Financial asset at FVTPL	38	-	-	-	Note
	Oplink Communications, Inc.	-	Financial asset at FVTOCI	1	847	0.01	847	
	Taiwan Changxing Technology Co., Ltd.	-	Financial asset at FVTOCI	462	4,620	15.40	4,620	
	InSynerger Technology Co., Ltd	Member of the board of directors	Financial asset at FVTOCI	1,710	29,070	19.29	29,070	
	TAIWAN METAL PRECISION LTD.		Financial asset at FVTOCI	-	11,500	10.00	11,500	
	Preference shares							
	Arkologic Holdings Limited	-	Financial asset at FVTPL	11,111	-	7.66	-	Note
	PI-CORAL	-	Financial asset at FVTPL	1,139	-	10.65	-	Note
	Fund							
	Arm IoT Fund, L.P.	-	Financial asset at FVTPL	-	44,840	-	44,840	
	Convertible bond							
	Xepex Electronics Co., Ltd.	-	Financial asset at FVTPL	150	-	-	-	Note

Note: The carrying values of the financial instruments were all assessed for impairment.

TABLE 3

LITE-ON TECHNOLOGY CORPORATION

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2019
(Amounts in Thousands of New Taiwan Dollars or in Thousands of Foreign Currencies)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counterparty	Nature of 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
Lite-On Technology Corporation	The shares of KBW-LITEON Jordan Private Shareholding Limited	Investments accounted for using the equity method	KBW-LITEON Jordan Private Shareholding Limited	100%-owned subsidiary	21,797	$ 1,210,895	14,260	$ 682,453 (Note 1)	-	-	$ 53,567 (Note 1)	$ -	36,507	$ 1,839,781
	The shares of Lite-On Japan Ltd.	Investments accounted for using the equity method	-	100%-owned subsidiary	6,162	342,959	6,289	437,215 (Note 2)	-	-	5,157 (Note 2)	-	12,451	775,017
	The shares of SOLID STATE STORAGE TECHNOLOGY CORPORATION	Non-current assets held for sale	SOLID STATE STORAGE TECHNOLOGY CORPORATION	100%-owned subsidiary	-	-	448,245	4,482,454 (Note 3)	-	-	4,482,454 (Note 3)	-	448,245	-

Note 1: The acquisition amount includes the acquisition of $623,987 thousand, the share of profit on investments accounted for the using the equity method of $58,202 thousand, and the effects on changes in equities of $264 thousand; the disposal amount refers to the effects on changes in equities.

Note 2: The acquisition amount includes the acquisition of $417,219 thousand, the share of profit on investments accounted for the using the equity method of $7,281 thousand, and the effects on changes in equities of $12,715 thousand; the disposal amount refers to the effects on changes in equities.

Note 3: The acquisition amount includes the acquisition of $50 thousand and the transfer through spin-off of $4,482,404 thousand; the disposal amount refers to the share of loss on investments accounted for using the equity method of $41,914 thousand and the reclassification to non-current assets held for sale of $4,440,540 thousand.

TABLE 4

LITE-ON TECHNOLOGY CORPORATION

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2019
(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	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Lite-On Technology Corporation	Philips & Lite-On Digital Solutions Corporation	Subsidiary	Sale	$ (10,565,362)	(8.74)	About 90 days	Cost-plus pricing	No significant difference	$ 2,842,027	9.26	
	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Fourth-tier subsidiary	Sale	(1,083,840)	(0.90)	About 90 days	Cost-plus pricing	No significant difference	398,501	1.30	
	LITE-ON SINGAPORE PTE. LTD.	Subsidiary	Sale	(3,192,713)	(2.64)	About 90 days	Cost-plus pricing	No significant difference	1,027,795	3.35	
	Lite-On Japan Ltd.	Subsidiary	Sale	(779,079)	(0.64)	About 90 days	Cost-plus pricing	No significant difference	156,205	0.51	
	LITE-ON TRADING USA, INC.	Sub-subsidiary	Sale	(4,644,202)	(3.84)	About 90 days	Cost-plus pricing	No significant difference	1,732,416	5.64	
	Lite-On Sales & Distribution Inc.	Sub-subsidiary	Sale	(483,819)	(0.40)	About 90 days	Cost-plus pricing	No significant difference	-	-	
	SOLID STATE STORAGE TECHNOLOGY CORPORATION	Subsidiary	Purchase	112,643	0.10	About 90 days	Cost-plus pricing	No significant difference	(111,354)	(0.32)	
	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Fourth-tier subsidiary	Purchase	2,055,279	1.91	About 90 days	Cost-plus pricing	No significant difference	(447,884)	(1.29)	
	LITE-ON SINGAPORE PTE. LTD.	Subsidiary	Purchase	20,568,320	19.10	About 90 days	Cost-plus pricing	No significant difference	(7,212,653)	(20.71)	
	Lite-On Overseas Trading Co., Ltd.	Subsidiary	Purchase	72,983,316	67.78	About 90 days	Cost-plus pricing	No significant difference	(23,570,248)	(67.68)	

TABLE 5

LITE-ON TECHNOLOGY CORPORATION

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2019
(Amounts in Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance of Notes Receivable - Related Parties	Ending Balance of Trade Receivables - Related Parties	Ending Balance of Other Receivables - 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	$ -	$ 2,842,027	$ 368	3.18	$ 297,266	-	$ 2,001,267	$ -
	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Fourth-tier subsidiary	-	398,501	-	2.52	-	-	-	-
	LITE-ON SINGAPORE PTE. LTD.	Subsidiary	-	1,027,795	105,116	13.26	-	-	229,106	-
	Lite-On Japan Ltd.	Subsidiary	-	156,205	1,687	4.94	-	-	16,852	-
	LITE-ON TRADING USA, INC.	Sub-subsidiary	-	1,732,416	18,094	2.46	-	-	347,641	-
	Lite-On Overseas Trading Co., Ltd.	Subsidiary	-	2,893,649	36,597	-	-	-	1,489,331	-

TABLE 6

LITE-ON TECHNOLOGY CORPORATION

NAMES, LOCATIONS, AND RELATED INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2019
(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 December 31, 2019			Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Note
				December 31, 2019	December 31, 2018	Shares (In Thousands)	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	$ 108,600	$ 324,685	20,322	33.87	$ 853,863	$ (30,495)	$ (7,846)	Subsidiary
	Lite-On Integrated Service Inc.	Taipei City, Taiwan	Information outsourcing and system integration	25,886	25,886	3,400	100.00	54,781	11,929	11,929	Subsidiary
	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	21,969	29.62	889,779	(77,379)	(21,669)	Associate (Note 1)
	Lite-On Capital Corporation	Taipei City, Taiwan	Investment activities	4,096,367	4,096,367	209,545	100.00	1,484,244	52,301	8,163	Subsidiary
	LITE-ON ELECTRONICS H.K. LIMITED	Hong Kong	Sale of LED optical products	7,339,481	7,339,481	17,865	100.00	17,346,887	HK$ 481,126	1,947,252	Subsidiary
	Lite-On Electronics (Thailand) Co., Ltd.	Thailand	Manufacture and sale of LED optical products	632,128	529,106	6,050	100.00	2,082,837	THB 119,590	117,334	Subsidiary
	Lite-On Japan Ltd.	Japan	Sale of LED optical products and power supplies	679,856	248,305	12,451	100.00	775,017	JPY 53,171	7,281	Subsidiary
	Lite-On International Holding Co., Ltd.	British Virgin Islands	Investment activities	US$ 363,725	US$ 357,625	363,725	100.00	19,591,419	US$ 61,472	2,192,725	Subsidiary
	LTC GROUP LTD.	British Virgin Islands	Investment activities	$ 1,098,752	$ 1,098,752	32,916	100.00	161,203	US$ (733)	(38,209)	Subsidiary
	LITE-ON TECHNOLOGY USA, INC.	USA	Investment activities	US$ 55,172	US$ 55,172	470	100.00	2,378,528	US$ 5,153	158,890	Subsidiary
	LITE-ON ELECTRONICS (EUROPE) LIMITED	United Kingdom	Manufacture and sale of power supplies	$ 44,559	$ 44,559	300	100.00	65,413	GBP 126	4,956	Subsidiary
	Lite-On Technology (Europe) B.V.	Netherlands	Market research and after-sales services	2,543,184	2,543,184	331	54.00	421,187	EUR (609)	(11,471)	Subsidiary
	Lite-On Overseas Trading Co., Ltd.	British Virgin Islands	Investment activities	168,947	168,947	5,143	100.00	242,766	US$ 425	11,924	Subsidiary
	LITE-ON SINGAPORE PTE. LTD.	Singapore	Manufacture and supply of computer peripheral products	US$ 63,788	US$ 63,788	51,777	100.00	12,964,934	US$ 36,793	1,230,317	Subsidiary
	Lite-On Semiconductor Corp.	New Taipei City, Taiwan	Manufacture of image sensors and rectifiers	$ 773,618	$ 773,618	57,204	18.31	1,364,881	$ 458,416	83,935	Associate (Note 1)
	LITE-ON VIETNAM CO., LTD.	Vietnam	Electronic contract manufacturing	US$ 21,000	US$ 12,000	-	100.00	663,988	US$ 1,652	50,972	Subsidiary
	LI SHIN INTERNATIONAL ENTERPRISE CORPORATION	British Virgin Islands	Manufacture and sale of computer and appliance components	$ -	$ 56,929	-	-	-	US$ (8)	(246)	Subsidiary (Note 2)
	EAGLE ROCK INVESTMENT LTD.	British Virgin Islands	Import and export and investment activities	341	341	10	100.00	1,379,538	US$ 5,924	183,267	Subsidiary
	Canfield Ltd.	Apia, Samoa	Import and export and investment activities	-	7,142	-	-	-	US$ 49	504	Associate (Note 3)
	LITE-ON MOBILE PTE. LTD.	Singapore	Manufacture and sale of mobile phone modules and design of assembly lines	EUR 457,014	EUR 457,014	403,045	100.00	3,868,831	US$ (11,959)	(369,180)	Subsidiary
	LET (HK) LIMITED	Hong Kong	Sale of optical disc drives	$ 251,322	$ 251,322	62,060	100.00	52,688	HK$ 3,477	13,796	Subsidiary
	HIGH YIELD GROUP CO., LTD.	British Virgin Islands	Holding company	2,271,806	2,271,806	68,138	100.00	5,719,653	US$ 1,162	75,877	Subsidiary
	Lite-On Information Technology B.V.	Netherlands	Market research and customer service	1,163,591	1,163,591	11,018	100.00	16,557	EUR 31	1,142	Subsidiary
	Philips & Lite-On Digital Solutions Corporation	Taipei City, Taiwan	Sale of optical disc drives	267,113	267,113	17,150	49.00	265,895	$ 63,398	31,065	Subsidiary
	Lite-Space Technology Company Limited	Hong Kong	Sale of computer components	165,498	165,498	5,600	46.67	105,774	US$ 826	12,171	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$ 4,950	295	99.00	227,611	MXN 34,126	54,503	Subsidiary
	Lite-On Automotive International (Cayman) Co., Ltd.	Cayman	Investment activities	US$ 100,626	US$ 100,626	11,967	100.00	2,227,755	US$ (230)	(63,086)	Subsidiary
	KBW-LEOTEK Jordan Private Shareholding Ltd.	Jordan	Investment activities	US$ 69	US$ 69	49	49.00	2	JOD 6	121	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2019			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2019	December 31, 2018	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Value			
Lite-On Technology Corporation	KBW-LITEON Jordan Private Shareholding Limited	Jordan	Production and manufacture of energy-saving lights and project construction and maintenance	US$ 50,928	US$ 30,786	36,057	99.86	$ 1,839,781	JOD 1,336	$ 58,202	Subsidiary
	LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED	India	Manufacture and sale of phone chargers and power supplies	INR 1,023,741	INR 403,920	102,374	99.00	268,460	INR (193,935)	(82,743)	Subsidiary
	SKYLA CORPORATION	Taiwan	Manufacture and sale of medical equipment	$ 200,000	$ 200,000	20,000	64.94	202,160	$ 6,821	2,902	Subsidiary
	SOLID STATE STORAGE TECHNOLOGY CORPORATION	Taipei City, Taiwan	Manufacture and duplication of electronic components and data storage medium	4,482,454	-	448,245	100.00	-	(41,914)	(41,914)	Subsidiary (Notes 4 and 5)

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

Note 2 Liquidated in June 2019.

Note 3 Sold in June 2019.

Note 4 The investment amount includes prepayments for investments of $4,482,404 thousand and has obtained the documents associated with modifying the Certificate of Incorporation on January 3, 2020.

Note 5 The carrying amount as of December 31, 2019 has been reclassified to disposal groups held for sale. Refer to Statement 4 of the Statements of Major Accounting Items for further information.

(Concluded)

TABLE 7

LITE-ON TECHNOLOGY CORPORATION

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2019
(Amounts in Thousands of New Taiwan Dollars or 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, 2019	Investment of Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2019	Net Income (Losses) of the Investee Company (Note 2)	Percentage of Ownership	Share of Profits/Losses (Note 2)	Carrying Amount as of December 31, 2019 (Note 2)	Accumulated Inward Remittance of Earnings as of December 31, 2019	Note
						Outflow	Inflow							
Lite-On Technology Corporation	LITE-ON COMPUTER TECHNOLOGY (DONGGUAN) CO., LTD.	Manufacture and sale of display device	$ 490,852 (US$ 16,400)	a	$ 852,077 (US$ 28,469)	$ -	$ -	$ 852,077 (US$ 28,469)	$ (12,246) (CNY -2,727)	100.00	$ (12,246) (CNY -2,727)	$ 361,999 (HK$ 94,165)	$ -	
	LITE-ON ELECTRONICS (TIANJIN) CO., LTD.	ODM services	1,990,345 (US$ 66,500)	a	1,990,285 (US$ 66,498)	-	-	1,990,285 (US$ 66,498)	167,854 (CNY 37,379)	100.00	167,854 (CNY 37,379)	3,179,609 (HK$ 827,097)	-	
	LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	Manufacture of electronic components	1,059,522 (US$ 35,400)	a	1,059,522 (US$ 35,400)	-	-	1,059,522 (US$ 35,400)	148,747 (CNY 33,124)	100.00	148,747 (CNY 33,124)	2,757,935 (HK$ 717,409)	-	
	SILITEK ELEC. (DONGGUAN) CO., LTD.	Manufacture and sale of keyboards	143,664 (US$ 4,800)	a	143,664 (US$ 4,800)	-	-	143,664 (US$ 4,800)	847,920 (CNY 188,821)	100.00	847,920 (CNY 188,821)	3,846,384 (HK$ 1,000,542)	-	
	LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	Manufacture and sale of printers and scanners	1,095,438 (US$ 36,600)	a	1,095,438 (US$ 36,600)	-	-	1,095,438 (US$ 36,600)	905,009 (CNY 201,534)	100.00	905,009 (CNY 201,534)	9,195,331 (HK$ 2,391,939)	-	Note 3
	CHINA BRIDGE (CHINA) CO., LTD.	Investment activities, consulting services and acting as a sales agent	897,900 (US$ 30,000)	a	890,268 (US$ 29,745)	-	-	890,268 (US$ 29,745)	102,758 (CNY 22,883)	100.00	102,758 (CNY 22,883)	1,333,938 (HK$ 346,991)	-	
	LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	Manufacture and sale of IT products	1,329,371 (US$ 44,416)	a	1,289,833 (US$ 43,095)	-	-	1,289,833 (US$ 43,095)	568,029 (CNY 126,493)	100.00	568,029 (CNY 126,493)	4,166,195 (HK$ 1,083,733)	-	
	LITEON COMMUNICATION (GUANGZHOU) COMPANY LIMITED	Manufacture and sale of mobile terminal equipment	735,081 (US$ 24,560)	a	735,081 (US$ 24,560)	-	-	735,081 (US$ 24,560)	-	100.00	-	-	-	Note 3
	LITE-ON TECHNOLOGY (GUANGZHOU) LIMITED	Manufacture and sale of computer case	993,676 (US$ 33,200)	a	993,676 (US$ 33,200)	-	-	993,676 (US$ 33,200)	-	100.00	-	-	-	Note 3
	COMMIT Incorporated	Manufacture and sale of application software and multimedia product design	960,334 (US$ 32,086)	a	17,958 (US$ 600)	-	-	17,958 (US$ 600)	-	1.87	-	-	-	
	LITEON ELECTRONICS AND WIRELESS (GUANGZHOU) LIMITED	Manufacture and sale of mobile terminal equipment	473,193 (US$ 15,810)	a	473,193 (US$ 15,810)	-	-	473,193 (US$ 15,810)	-	100.00	-	-	-	Note 3
	LITE-ON (GUANGZHOU) INFORTECH CO., LTD.	Information outsourcing	38,011 (US$ 1,270)	a	70,156 (US$ 2,344)	-	-	70,156 (US$ 2,344)	7,670 (CNY 1,708)	100.00	7,670 (CNY 1,708)	185,057 (HK$ 48,138)	-	
	LITE-ON (GUANGZHOU) PRECISION TOOLING LTD.	Manufacture and sale of modules	544,726 (US$ 18,200)	a	365,146 (US$ 12,200)	-	-	365,146 (US$ 12,200)	-	100.00	-	-	-	Note 3
	LITE-ON DIGITAL ELECTRONICS (DONGGUAN) CO., LTD.	Manufacture and sale of computer peripheral products	89,790 (US$ 3,000)	a	89,790 (US$ 3,000)	-	-	89,790 (US$ 3,000)	1,671 (CNY 372)	100.00	1,671 (CNY 372)	86,574 (HK$ 22,520)	-	
	LITEON LI SHIN TECHNOLOGY (GANZHOU) LTD.	Manufacture and sale of electronic components	359,160 (US$ 12,000)	a	399,146 (US$ 13,336)	-	-	399,146 (US$ 13,336)	63,277 (CNY 14,091)	100.00	63,277 (CNY 14,091)	502,769 (HK$ 130,783)	-	
	LITE-ON TECHNOLOGY (XIANNING) CO., LTD.	Manufacture and sale of electronic components	194,545 (US$ 6,500)	a	194,545 (US$ 6,500)	-	-	194,545 (US$ 6,500)	63,394 (CNY 14,117)	100.00	63,394 (CNY 14,117)	354,102 (US$ 11,831)	-	
	LITE-ON TECHNOLOGY (JIANGSU) CO., LTD.	Investment activities, consulting services and acting as a sales agent	4,968,380 (US$ 166,000)	a	4,968,380 (US$ 166,000)	-	-	4,968,380 (US$ 166,000)	511,390 (CNY 113,880)	100.00	511,390 (CNY 113,880)	8,430,569 (HK$ 2,193,005)	-	
	LITE-ON TECHNOLOGY (GZ) INVESTMENT COMPANY LIMITED	Investment activities	2,394,400 (US$ 80,000)	a	2,394,400 (US$ 80,000)	-	-	2,394,400 (US$ 80,000)	42,526 (CNY 9,470)	100.00	42,526 (CNY 9,470)	538,556 (HK$ 140,092)	-	
	Lite-On Technology (Yingtan) Ltd.	Manufacture and sale of electronic components	- 	a	329,230 (US$ 11,000)	-	-	329,230 (US$ 11,000)	4,518 (CNY 1,006)	-	4,518 (CNY 1,006)	-	-	Note 4
	LITE-ON POWER TECHNOLOGY (DONGGUAN) CO., LTD.	Development, manufacture and sale of electronic components, power supplies and provision of technology consulting services	478,042 (US$ 15,972)	a	478,042 (US$ 15,972)	-	-	478,042 (US$ 15,972)	162,245 (CNY 36,130)	100.00	162,245 (CNY 36,130)	1,008,133 (HK$ 262,241)	-	
	CHANGZHOU LEOTEK NEW ENERGY TRADE LIMITED	Wholesale, import and export and installation of street lights, signal lights, scenery lights and new-type electronic components	29,930 (US$ 1,000)	a	29,930 (US$ 1,000)	-	-	29,930 (US$ 1,000)	(22,040) (CNY -4,908)	100.00	(22,040) (CNY -4,908)	(18,490) (CNY -4,295)	-	
	LITEON OPTO TECHNOLOGY (GUANGZHOU) LTD.	Manufacture and sale of optical disc drives	1,286,990 (US$ 43,000)	a	1,286,990 (US$ 43,000)	-	-	1,286,990 (US$ 43,000)	(86,929) (CNY -19,358)	100.00	(86,929) (CNY -19,358)	1,814,297 (US$ 60,618)	-	
	LiteON Auto Electric Technology (Guangzhou) Ltd.	Manufacture and sale of optical disc drives	59,860 (US$ 2,000)	a	59,860 (US$ 2,000)	-	-	59,860 (US$ 2,000)	(48,350) (CNY -10,767)	100.00	(48,350) (CNY -10,767)	81,050 (US$ 2,708)	-	

(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, 2019	Investment of Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2019	Net Income (Losses) of the Investee Company (Note 2)	Percentage of Ownership	Share of Profits/Losses (Note 2)	Carrying Amount as of December 31, 2019 (Note 2)	Accumulated Inward Remittance of Earnings as of December 31, 2019	Note
						Outflow	Inflow							
	LITEON-IT OPTO TECH (BH) CO., LTD.	Manufacture and sale of optical disc drives	$ 1,646,150 (US$ 55,000)	a	$ 1,646,150 (US$ 55,000)	$ -	$ -	$ 1,646,150 (US$ 55,000)	$ 170,778 (CNY 38,030)	100.00	$ 170,778 (CNY 38,030)	$ 4,113,040 (US$ 137,422)	$ -	
	Lite-On (Guangzhou) Automotive Electronics Limited	Manufacture, sale and processing of electronic products	185,566 (US$ 6,200)	a	175,689 (US$ 5,870)	-	-	175,689 (US$ 5,870)	43,707 (CNY 9,733)	100.00	43,707 (CNY 9,733)	1,745,931 (HK$ 454,161)	-	
	LITE-ON AUTOMOTIVE (WUXI) CO., LTD	Manufacture, sale and processing of electronic products	149,650 (US$ 5,000)	a	149,650 (US$ 5,000)	-	-	149,650 (US$ 5,000)	(51,902) (CNY -11,558)	100.00	(51,902) (CNY -11,558)	520,876 (HK$ 135,493)	-	
	HUIZHOU LI SHIN ELECTRONIC CO., LTD.	Manufacture of computer peripheral products	397,351 (US$ 13,276)	a	190,864 (US$ 6,377)	-	-	190,864 (US$ 6,377)	181,344 (CNY 40,383)	100.00	181,344 (CNY 40,383)	1,359,989 (US$ 45,439)	-	
	HUIZHOU FU TAI ELECTRONIC CO., LTD.	Manufacture of computer peripheral products	-	a	-	-	-	-	1,486 (CNY 331)	-	1,486 (CNY 331)	-	-	Note 5
	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Manufacture and sale of energy saving equipment	2,125,030 (US$ 71,000)	a	2,125,030 (US$ 71,000)	-	-	2,125,030 (US$ 71,000)	(369,594) (CNY -82,304)	100.00	(369,594) (CNY -82,304)	2,252,053 (US$ 75,244)	-	
	SUZHOU LITE-ON STORAGE CO., LTD.	Research, development, manufacture, sale of SSD and smart storage device (including high-speed with more than 100TB storage capacity) provide after-sales service and technical support; import and export, as a principal or an agent, assorted products and technologies.	2,993,000 (US$ 100,000)	b	1,346,850 (US$ 45,000)	-	-	1,346,850 (US$ 45,000)	(4,978) (CNY -1,391)	45.00	(2,240) (CNY -626)	1,309,135	-	
	BEIJING LITE-ON MOBILE ELECTRONIC AND TELECOMMUNICATION COMPONENTS CO., LTD.	Manufacture and sale of mobile phone modules and design for assembly lines	478,880 (US$ 16,000)	a	1,567,255 (US$ 52,364)	-	-	1,567,255 (US$ 52,364)	(50,088) (CNY -11,154)	100.00	(50,088) (CNY -11,154)	474,630 (US$ 15,858)	-	
	GUANGZHOU LITE-ON MOBILE ENGINEERING PLASTICS CO., LTD.	Manufacture and sale of mobile phone modules and design for assembly lines	585,730 (US$ 19,570)	a	2,712,466 (US$ 90,627)	-	-	2,712,466 (US$ 90,627)	49,082 (CNY 10,930)	100.00	49,082 (CNY 10,930)	1,808,011 (US$ 60,408)	-	
	LITE-ON GREEN TECHNOLOGIES (NANJING) CORPORATION	Solar energy engineering	22,448 (US$ 750)	a	22,448 (US$ 750)	-	-	22,448 (US$ 750)	(1,096) (CNY -244)	100.00	(1,096) (CNY -244)	(10,763) (CNY -2,500)	-	
	Changzhou Binhu Thin Film Solar Greenhouse Co., Ltd.	Manufacture and sale of solar energy engineering	430,500 (CNY 100,000)	a	89,700 (CNY 2,997)	-	-	89,700 (CNY 2,997)	-	19.90	-	4,190 (US$ 140)	-	
	Epricrystal (Changzhou) Co., Ltd.	Manufacture, design and sale of light-emitting diode and related display	4,699,010 (US$ 157,000)	a	808,110 (US$ 27,000)	-	-	808,110 (US$ 27,000)	(129,549) (CNY -28,849)	19.74	(25,569) (CNY -5,694)	856,531 (CNY 198,962)	-	
	DONGGUAN LITE-ON COMPUTER CO., LTD.	Manufacture and sale of computer hosts and components	59,860 (US$ 2,000)	a	59,860 (US$ 2,000)	-	-	59,860 (US$ 2,000)	3,408 (CNY 759)	100.00	3,408 (CNY 759)	100,083 (CNY 23,248)	-	
	DongGuan Huaqiang Information Technology Co., Ltd.	Manufacture and sale of laser head and digital player machine core	86,100 (US$ 20,000)	a	52,138 (US$ 1,742)	-	-	52,138 (US$ 1,742)	2,730 (CNY 608)	46.67	1,275 (CNY 284)	2,945 (CNY 684)	-	
	NL (SHANGHAI) CO., LTD.	Import and export of electronic components	8,979 (US$ 300)	a	4,430 (US$ 148)	88,293 (US$ 2,950)	-	92,723 (US$ 3,098)	2,152 (JPY 7,602)	100.00	2,152 (JPY 7,602)	9,819 (JPY 35,655)	-	

Accumulated Investment in Mainland China as of December 31, 2019	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$ 31,245,543 (US$ 1,043,954)	$ 39,540,463 (US$ 1,321,098)	Note 6

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 amount was recognized based on the audited financial statements.

Note 3: 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 LITE-ON ELECTRONICS (GUANGZHOU) LIMITED as the surviving entity. As the merger was still underway, the change in the amount of investment in mainland China has not yet registered with the Ministry of Economic Affairs.

Note 4: Liquidated in August 2019.

Note 5: Deceased upon being merged with HUIZHOU LI SHIN ELECTRONIC CO., LTD. in October 2019.

Note 6: Under Order No. 10720403170 issued by the Ministry of Economic Affairs, R.O.C. on February 5, 2018, the Parent Company acquired a certification - approved by the Industrial Development Bureau and valid from January 31, 2018 to January 30, 2021 - of its status as operation headquarters in the ROC. Thus, the Company has no limitation on the amount of investment in mainland China.

(Concluded)

LITE-ON TECHNOLOGY CORPORATION

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

STATEMENT 1

LITE-ON TECHNOLOGY CORPORATION

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Amount
Cash on hand	$ 480
Checking accounts	1,063
Demand deposits (Notes 1 and 2)	5,158,732
	$ 5,160,275

Note 1: The amount includes AUD31 thousand, CAD41 thousand, CNY35,832 thousand, CZK15,502 thousand, EUR1,146 thousand, GBP384 thousand, HK$1,024 thousand, JPY20,730 thousand, PLN7 thousand, SGD163 thousand, SEK25 thousand, US$36,483 thousand and NT$3,824,044 thousand, respectively.

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

AUD1 = NT$20.9829, CAD1 = NT$22.9349, CNY1 = NT$4.305, CZK1 = NT$1.3205, EUR1 = NT$33.5425, GBP1 = NT$39.2576, HK$1 = NT$3.8443, JPY1 = NT$0.2754, PLN1 = NT$7.8832, SGD1 = NT$22.2263, SEK1 = NT$3.1999 and US$1 = NT$29.93.

STATEMENT 2

LITE-ON TECHNOLOGY CORPORATION

STATEMENT OF TRADE RECEIVABLES, NET
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Client Name	Amount
Lenovo Information Products and its subsidiaries	$ 4,604,225
Hon Hai Precision Industry Co., Ltd. and its subsidiaries	3,853,683
Lexmark International Inc. and its subsidiaries	2,016,957
Compal Electronics, Inc. and its subsidiaries	1,678,267
Dell Inc. and its subsidiaries	1,446,536
Others (Note)	8,030,476
Subtotal	21,630,144
Less: Allowance for doubtful accounts	51,489
	$ 21,578,655

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

STATEMENT 3

LITE-ON TECHNOLOGY CORPORATION

STATEMENT OF INVENTORIES, NET
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Item	Amount	
	Cost	Net Realizable Value
Merchandise	$ 6,512,113	$ 8,149,610
Raw materials	133,720	145,906
Work-in-progress	75,249	164,115
Finished goods	38,430	53,738
	$ 6,759,512	$ 8,513,369

LITE-ON TECHNOLOGY CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investees	Balance, January 1, 2019		Additions in Investment		Decrease in Investment		Share of Profit or Loss of Subsidiaries and Associates	Change in Equities and Other Comprehensive Income of Subsidiaries and Associates	Adjustments from Unrealized and Realized Gain on Transactions with Subsidiaries and Associates (Note 3)	Reclassification (Note 4)	Balance, December 31, 2019			Market Value or Net Assets Value	Collateral or Pledge
	Share	Amount	Share (Note 1)	Amount (Note 1)	Share (Note 2)	Amount (Note 2)					Share	Ownership Interest (%)	Amount		
Listed Securities															
Lite-On Semiconductor Corp.	57,203,784	$ 1,466,975	-	$ -	-	$ 125,802	$ 83,935	$ (60,227)	$ -	$ -	57,203,784	18.31	$ 1,364,881	$ 2,262,410	-
Silitech Technology Corporation	60,757,310	1,274,728	-	-	40,435,307	404,353	(7,486)	(9,026)	-	-	20,322,003	33.87	853,863	534,469	-
		2,741,703		-		530,155	76,449	(69,253)	-	-			2,218,744	2,796,879	
Unlisted Securities															
Lite-On International Holding Co., Ltd.	357,625,483	18,000,208	6,100,000	189,649	-	-	2,192,725	(810,323)	19,160	-	363,725,483	100.00	19,591,419	19,572,259	-
LITE-ON ELECTRONICS H.K. LIMITED	17,865,367	16,089,012	-	-	-	-	1,947,252	(689,546)	169	-	17,865,367	100.00	17,346,887	17,346,718	-
LITE-ON SINGAPORE PTE. LTD.	51,776,500	12,106,016	-	-	-	-	1,230,317	(370,240)	(1,159)	-	51,776,500	100.00	12,964,934	12,966,093	-
HIGH YIELD GROUP CO., LTD.	68,138,000	5,896,949	-	-	-	-	75,877	(253,173)	-	-	68,138,000	100.00	5,719,653	5,719,653	-
LITE-ON MOBILE PTE. LTD.	427,530,738	3,785,919	-	-	24,485,400	-	(369,180)	452,092	-	-	403,045,338	100.00	3,868,831	3,868,831	-
LITE-ON TECHNOLOGY USA, INC.	470,239	2,507,215	-	-	-	-	158,890	(64,022)	(59,866)	(163,689)	470,239	100.00	2,378,528	2,438,394	-
Lite-On Automotive International (Cayman) Co., Ltd.	11,967,300	2,386,776	-	-	-	-	(63,086)	(95,935)	-	-	11,967,300	100.00	2,227,755	2,227,755	-
Lite-On Electronics (Thailand) Co., Ltd.	5,029,844	1,776,480	1,020,000	103,022	-	-	117,334	86,001	-	-	6,049,844	100.00	2,082,837	2,082,837	-
KBW-LITEON Jordan Private Shareholding Limited	21,796,720	1,210,895	14,260,254	623,987	-	-	58,202	(49,395)	(3,908)	-	36,056,974	99.86	1,839,781	1,843,689	-
Lite-On Capital Corporation	209,545,089	1,453,527	-	-	-	204,672	8,163	227,226	-	-	209,545,089	100.00	1,484,244	1,484,244	-
EAGLE ROCK INVESTMENT LTD.	10,000	1,253,972	-	-	-	-	183,267	(57,701)	-	-	10,000	100.00	1,379,538	1,379,538	-
SUZHOU LITE-ON STORAGE CO., LTD.	-	1,366,254	-	-	-	-	(2,240)	(54,879)	-	-	-	45.00	1,309,135	1,309,135	-
DragonJet Corporation	26,727,000	921,780	-	-	4,758,144	-	(21,669)	(10,332)	-	-	21,968,856	29.62	889,779	386,351	-
Lite-On Japan Ltd.	6,161,700	342,959	6,289,358	417,219	-	4,284	7,281	1,099	10,743	-	12,451,058	100.00	775,017	764,274	-
LITE-ON VIETNAM CO., LTD.	-	353,641	-	277,830	-	-	50,972	(18,455)	-	-	-	100.00	663,988	663,988	-
Lite-On Technology (Europe) B.V.	330,896	425,694	-	-	-	-	(11,471)	6,964	-	-	330,896	54.00	421,187	421,187	-
LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED	40,392,000	96,022	61,982,058	280,442	-	-	(82,743)	(25,261)	-	-	102,374,058	99.00	268,460	268,460	-
Philips & Lite-On Digital Solutions Corporation	17,150,000	300,513	-	-	-	27,728	31,065	(37,955)	-	-	17,150,000	49.00	265,895	265,895	-
Lite-On Overseas Trading Co., Ltd.	5,142,962	235,695	-	-	-	-	11,924	(4,853)	-	-	5,142,962	100.00	242,766	242,766	-
LITE-ON AUTOMOTIVE ELECTRONICS MEXICO, S.A. DE C.V.	146,087	53,776	148,738	121,782	-	-	54,503	(2,450)	-	-	294,825	99.00	227,611	227,611	-
SKYLA Corporation	20,000,000	199,533	-	-	-	-	2,902	(275)	-	-	20,000,000	64.94	202,160	202,160	-
LTC GROUP LTD.	32,915,855	187,653	-	-	-	-	(38,209)	11,759	-	-	32,915,855	100.00	161,203	161,203	-
Lite-Space Technology Company Limited	5,600,000	95,942	-	-	-	-	12,171	(2,339)	-	-	5,600,000	46.67	105,774	105,774	-
LITE-ON ELECTRONICS (EUROPE) LIMITED	300,000	59,784	-	-	-	-	4,956	673	-	-	300,000	100.00	65,413	65,413	-
Lite-On Integrated Service Inc.	3,400,000	48,323	-	-	-	5,471	11,929	-	-	-	3,400,000	100.00	54,781	54,781	-
LET (HK) LIMITED	62,059,600	40,046	-	-	-	-	13,796	(1,154)	-	-	62,059,600	100.00	52,688	52,688	-
Lite-On Information Technology B.V.	11,018,000	16,243	-	-	-	-	1,142	(828)	-	-	11,018,000	100.00	16,557	16,557	-
KBW-LEOTEK Jordan Private Shareholding Ltd.	49,000	-	-	-	-	-	121	-	-	(119)	49,000	49.00	2	2	-
SOLID STATE STORAGE TECHNOLOGY CORPORATION	-	-	448,245,400	4,482,454	-	-	(41,914)	-	-	(4,440,540)	448,245,400	100.00	-	4,440,540	-
Li Shin International Enterprise Corp.	1,748,461	4,095	-	-	1,748,461	35,488	(246)	31,639	-	-	-	-	-	-	-
Canfield Ltd.	200,000	3,884	-	-	200,000	3,736	504	(652)	-	-	-	-	-	-	-
		71,218,806		6,496,385		281,379	5,544,535	(1,732,315)	(34,861)	(4,604,348)			76,606,823	80,578,796	
		$ 73,960,509		$ 6,496,385		$ 811,534	$ 5,620,984	$ (1,801,568)	$ (34,861)	$ (4,604,348)			$ 78,825,567	$ 83,375,675	

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

Note 2: The amount includes capital reduction to offset accumulated deficits, return of share capital, cash dividends and disposal of investments.

Note 3: The adjustments include unrealized loss on transactions with subsidiaries and associates of $(54,041) thousand and realized gain on disposal of property, plant and equipment of $19,180 thousand.

Note 4: The amount includes credit balance of investments accounted for using the equity method of $119 thousand at the beginning of the year and reclassification to non-current assets held for sale of $(4,604,229) thousand at the end of the year. Refer to Note 13 for further information related to non-current assets held for sale.

LITE-ON TECHNOLOGY CORPORATION

STATEMENT OF RIGHT-OF-USE ASSETS
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

	Land	Buildings	Transportation Equipment	Total
Cost				
January 1, 2019	$ -	$ -	$ -	$ -
Adjustments Arising from Initial Application (Note)	42,336	89,328	26,748	158,412
Additions	23,084	16,976	11,115	51,175
Disposals	-	(4,617)	(3,119)	(7,736)
Spin-off	(10,052)	(70,155)	(1,325)	(81,532)
December 31, 2019	$ 55,368	$ 31,532	$ 33,419	$ 120,319
Accumulated depreciation				
January 1, 2019	$ -	$ -	$ -	$ -
Additions	9,373	32,859	10,026	52,258
Disposals	-	(989)	(492)	(1,481)
Spin-off	(1,843)	(21,436)	(560)	(23,839)
Reclassification	-	348	-	348
December 31, 2019	$ 7,530	$ 10,782	$ 8,974	$ 27,286
December 31, 2019, net	$ 47,838	$ 20,750	$ 24,445	$ 93,033

Note: Refer to Note 3 for adjustments arising from initial application.

STATEMENT 6

LITE-ON TECHNOLOGY CORPORATION

STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars or Thousands of Foreign Currencies)

Name	Contract Period	Interest Rates (%)	Balance, End of Year	Loan Commitment
HSBC Bank	2019.12.06-2020.01.06	2.17	$ 1,227,130	US$ 145,000
HSBC Bank	2019.12.16-2020.03.16	2.28	1,257,060	US$ 145,000
First Commercial Bank	2019.12.31-2020.03.30	2.39	897,900	1,000,000
Citibank	2019.12.13-2020.01.03	2.10	1,197,200	US$ 366,640
Citibank	2019.11.13-2020.01.09	2.21	897,900	US$ 366,640
Citibank	2019.12.12-2020.01.10	2.13	1,496,500	US$ 366,640
Citibank	2019.12.12-2020.01.10	2.13	1,496,500	US$ 366,640
Citibank	2019.12.13-2020.01.10	2.13	1,047,550	US$ 366,640
E.SUN Commercial Bank	2019.11.14-2020.02.14	2.28	1,855,660	2,000,000
Mega Bank	2019.12.31-2020.02.27	2.40	598,600	US$ 40,000
Bank of Taiwan	2019.12.31-2020.03.30	2.45	628,530	3,000,000
Taishin International Bank	2019.10.31-2020.01.31	2.40	942,795	2,600,000
Taishin International Bank	2019.12.27-2020.03.27	2.33	748,250	2,600,000
Taishin International Bank	2019.12.30-2020.03.30	2.33	748,250	2,600,000
Taipei Fubon Commercial Bank	2019.12.16-2020.03.06	2.44	1,197,200	2,800,000
Bank of China Limited	2019.12.10-2020.01.10	0.73	3,000,000	US$ 170,000
Sumitomo Mitsui Bank	2019.12.09-2020.01.09	2.13	897,900	1,000,000
			$ 20,134,925	

STATEMENT 7

LITE-ON TECHNOLOGY CORPORATION

STATEMENT OF TRADE PAYABLES
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
ChongQing SILITAN Tech. Co., Ltd.	$ 556,287
NINESTAR ELECTRONIC COMPANY LIMITED	209,747
GuangDong Ellington Electronics Technology Co., Ltd.	183,133
KAI CHI COMPANY LIMITED	138,617
DONGGUAN LICHENG ELECTRONICS ELECTRONICS CO., LTD.	104,411
ABC ELECTRONICS CO., LTD.	74,513
Luxshare Precision Limited	74,155
Others (Note)	1,775,521
	$ 3,116,384

Note: The amount of individual vendor in others does not exceed 2% of the account balance.

STATEMENT 8

LITE-ON TECHNOLOGY CORPORATION

STATEMENT OF OTHER PAYABLES
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Item	Amount
Accrued salaries and bonuses	$ 3,397,536
Royalties payable	2,832,187
Accrued discounts and allowances	1,806,431
Others (Note)	3,295,149
	$ 11,331,303

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

STATEMENT 9

LITE-ON TECHNOLOGY CORPORATION

STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Item	Summary	Lease period	Discount Rate	Ending Balance	Note
Land	Land	2019.01.01-2026.10.22	1.79%	$ 48,652	
Buildings	Office, dormitory	2019.01.01-2022.09.24	1.79%-4.51%	20,657	
Transportation equipment	Vehicle	2019.01.01-2024.5.16	1.79%	24,928	
				$ 94,237	

STATEMENT 10

LITE-ON TECHNOLOGY CORPORATION

STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Item	Quantity (In Thousand Units)	Amount
Power adaptor	145,683	$ 34,593,502
Storage device	127,040	20,578,126
Computer accessories and peripherals	91,722	18,473,548
Network and communication product	256,782	13,023,192
Image and video solution	5,072	11,570,141
System solution	14,692	8,357.571
Computer case	2,595	7,666,961
Others (Note)	154,113	9,298,597
		123,561,638
Less: Sales returns		626,709
Sales discounts and allowance		2,063,499
		$ 120,871,430

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

STATEMENT 11

LITE-ON TECHNOLOGY CORPORATION

STATEMENT OF COST OF GOODS SOLD
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Item	Amount
Cost of goods sold	
Raw materials, beginning of year	$ 1,671,441
Additions: Raw material purchased	12,027,082
Additions: Others	20,356
Deductions: Raw materials, end of year	133,720
Raw materials sold	5,941
Spin-off	990,623
Loss of disposal of raw materials	4,346
Raw materials used	12,584,249
Direct labor	237,845
Manufacturing expense	1,152,129
Manufacturing cost	13,974,223
Additions: Work in progress, beginning of year	529,890
Deductions: Work in progress, end of year	75,249
Spin-off	459,731
Loss of disposal of work in progress	10
Others	2,406
Cost of finished goods	13,966,717
Additions: Finished goods, beginning of year	1,389,096
Deductions: Finished goods, end of year	38,430
Spin-off	998,425
Loss of disposal of finished goods	445
Others	10,470
Cost of goods sold, finished goods	14,308,043
Merchandise, beginning of year	6,053,700
Additions: Merchandise purchased	91,561,966
Deductions: Merchandise, end of year	6,512,113
Spin-off	24,538
Loss of disposal of merchandise	89,872
Transferred to manufacturing or operating expense	191,301
Cost of goods sold, merchandise	90,797,842
Additions: Raw materials sold	5,941
Spin-off, total	2,473,317
Loss of disposal, total	94,673
Cost of goods sold, total	$ 107,679,816

LITE-ON TECHNOLOGY CORPORATION

STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Item	Selling And Marketing Expenses	General And Administrative Expenses	Research And Development Expenses	Expected Credit Loss	Total
Payroll and related expense (including director's remuneration)	$ 635,294	$ 2,773,256	$ 2,075,790	$ -	$ 5,484,181
Depreciation and amortization expense	10,852	400,878	263,225	-	674,955
Professional service fee	53,339	374,235	143,246	-	570,820
Licensing fee	(51,223)	294,099	18,249	-	261,125
Import and export fee	382,438	-	3,860	-	386,298
Travel expense	95,127	54,774	112,308	-	262,209
Insurance expense	50,593	106,891	175,155	-	332,639
Research expense	94	-	330,927	-	331,021
Pension expense	35,484	28,751	118,795	-	183,189
Repair and maintenance expense	3,147	227,949	25,195	-	256,291
Advertising expense	122,750	9,085	50,356	-	182,191
Rental expense	7,050	189,327	14,980	-	211,357
Storage fee	183,257	-	2,625	-	185,882
Product warranty expense	171,909	9,906	-	-	181,815
Registration fee	51,062	59	3,283	-	54,404
Commission	41,677	5,176	4,192	-	51,045
Expected Credit Loss	-	-	-	10,634	10,634
Others (Note)	231,207	325,776	422,585	-	979,568
	$ 2,024,057	$ 4,800,162	$ 3,764,771	$ 10,634	$ 10,599,624

Note 1: The amount of each item in others does not exceed 2% of the account balance.

Note 2: The negative balance of licensing fee classified as selling and marketing expenses was resulted from the reversal of accrued royalties with no legal obligations to pay.

LITE-ON TECHNOLOGY CORPORATION

STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019			2018		
	Classified as Cost of Goods Sold	Classified as Operating Expenses	Total	Classified as Cost of Goods Sold	Classified as Operating Expense	Total
Depreciation expense	$ 220,767	$ 475,774	$ 696,541	$ 182,304	$ 416,256	$ 598,560
Amortization expense	$ 5,348	$ 199,181	$ 204,529	$ 3,909	$ 276,412	$ 280,321
Labor cost (Note)						
Salary and bonus	$ 684,250	$ 5,401,892	$ 6,086,142	$ 689,811	$ 5,380,929	$ 6,070,740
Labor and health insurance	58,180	332,640	390,820	55,780	336,894	392,674
Pension	32,516	182,925	215,441	32,933	192,128	225,061
Director's remuneration	-	82,552	82,552	-	70,858	70,858
Others	28,259	111,040	139,299	27,914	120,019	147,933
	$ 803,205	$ 6,111,049	$ 6,914,254	$ 806,438	$ 6,100,828	$ 6,907,266

Note 1: As of December 31, 2019 and 2018, the Company had 4,490 and 4,714 employees, respectively. The Company had 7 and 8 board of directors, who are classified not as employees, for the periods ended 2019 and 2018.

Note 2: The average labor costs were $1,524 thousand and $1,453 thousand for the years ended December 31, 2019 and 2018 ("Labor cost - remuneration of directors"/"number of employees - board of directors without holding employment positions").

Note 3: The average salaries and bonuses were $1,358 thousand and $1,290 thousand for the years ended December 31, 2019 and 2018 (Salary and bonus/"number of employees - board of directors without holding employment positions").

Note 4: The average change in salaries and bonuses was 5% ("Average salary and bonus for the year ended 2019 - average salary and bonus for the year ended 2018"/average salary and bonus for the year ended 2018).