

Lite-On Technology Corporation

Financial Statements as of December 31, 2002 and 2001

Together with Independent Auditors' Report

Readers are advised that the original version of these financial statements is in Chinese. If there is any conflict between these financial statements and the Chinese version or any difference in the interpretation of the two versions, the Chinese-language financial statements shall prevail.

English Translation of a Report Originally Issued in Chinese

Independent Auditors' Report

February 14, 2003

The Board of Directors and Shareholders
Lite-On Technology Corporation

We have audited the accompanying balance sheets of Lite-On Technology Corporation as of December 31, 2002 and 2001, and the related statements of income, changes in shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements as of and for the year ended December 31, 2002 of Lite-On Technology (Malaysia) Sdn. Bhd., Lite-On Technology International Inc. (USA), Lite-On Technology (Europe) B.V., Lite-On Electronics (Thailand) Co., Ltd., Lite-On Inc. (USA), Lite-On Electronics (Europe) Ltd., Nport Investment Co., Ltd., Simport Investment Co., Ltd., Litegin Industry Co., Ltd. (Thailand), Lite-On Enclosure Inc, Innoveta Technologies, Inc., Maxi Switch Inc., Lite-On Peripherals (HK) Ltd., Lite-On Japan Ltd., Lite-On Peripherals Inc. (USA), Lite-On Peripherals Pte. Ltd. (Singapore), Lite-On Peripherals De Mexico S.A. De C.V., Lite-On Peripherals Ireland Inc., GVC Subic Corp., Gentek Marketing Inc., Lite-On Electronics Co., Ltd. (HK), Funbo Enterprises Ltd. (HK), G&W Technology (BVI) Ltd., GVC Co., Ltd. (HK), Lite-On Technology Mexico, S.A. De C.V., Lite-On (USA) International Ltd. and Silitech Technology (Europe) Ltd. We also did not audit the financial statements as of and for the year ended December 31, 2001 of Lite-On Technology (Malaysia) Sdn. Bhd., Lite-On Technology International Inc. (USA) and Lite-On Technology (Europe) B.V. All these companies, which are directly or indirectly owned by the Corporation are all accounted for by the equity method. The carrying values of these investments which are included in the accompanying balance sheets, amounted to NT\$5,831,558 thousand and NT\$862,759 thousand, or 8.52% and 1.26% of the Corporation's total assets as of December 31, 2002 and 2001, respectively. Also, the equity in the net losses of these investees amounted to NT\$19,891 thousand and NT\$53,721 thousand, or 0.43% and 2.28% of the Corporation's income before income tax for the years ended December 31, 2002 and 2001, respectively. The financial statements of these investees were audited by other auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included for these investees mentioned above, is based solely on the reports of other auditors.

We conducted our audits in accordance with the Regulations for Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Lite-On Technology Corporation as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended, in conformity with the Guidelines for Securities Issuers' Financial Reporting for Public Corporation and accounting principles generally accepted in the Republic of China.

We have also audited the consolidated financial statements of Lite-On Technology Corporation for the year ended December 31, 2002 and 2001, and have issued a modified unqualified report thereon dated February 14, 2003.

T N Soong & Co
An Associate Member Firm of Deloitte Touche Tohmatsu
Taipei, Taiwan
The Republic of China

Notice to Readers

The accompanying financial statements are intended only to present the financial position, results of operations 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 accepted and applied in the Republic of China.

English Translation of Financial Statements Originally Issued in Chinese

LITE-ON TECHNOLOGY CORPORATION

BALANCE SHEETS

December 31, 2002 and 2001

(In Thousands of New Taiwan Dollars, Except Par Value)

A S S E T S	2002		2001		LIABILITIES AND SHAREHOLDERS' EQUITY	2002		2001	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash (Note 4)	\$ 8,294,860	12	\$ 7,826,608	25	Short-term bank loans (Note 9)	\$ 2,941,939	4	\$ 1,499,064	5
Notes receivable (Note 2)	145,041	-	15,516	-	Commercial paper (Note 10)	99,745	-	479,313	1
Accounts receivable - net (Notes 2 and 5)	11,988,957	18	4,046,610	13	Notes payable	2,043,762	3	8,054	-
Receivable from related parties (Notes 2 and 17)	4,912,307	7	1,620,308	5	Accounts payable	6,688,199	10	1,422,363	5
Inventories - net (Notes 2 and 6)	5,690,986	8	3,553,299	12	Payable to related parties (Note 17)	8,194,191	12	6,117,147	19
Deferred income tax assets (Notes 2 and 15)	678,000	1	-	-	Income tax payable (Notes 2 and 15)	338,562	1	256	-
Prepaid expenses and other current assets (Notes 2 and 15)	2,791,173	4	327,892	1	Accrued expenses (Note 17)	1,804,209	3	695,137	2
Total Current Assets	<u>34,501,324</u>	<u>50</u>	<u>17,390,233</u>	<u>56</u>	Current portion of long-term liabilities (Notes 11 and 18)	1,614,167	2	3,338,432	11
LONG-TERM INVESTMENTS (Notes 2 and 7)	<u>25,239,734</u>	<u>37</u>	<u>12,400,856</u>	<u>40</u>	Product warranty reserve (Note 2)	565,760	1	64,130	-
PROPERTY (Notes 2, 8, 18 and 19)					Advance from customers and other current liabilities (Note 17)	<u>1,636,168</u>	<u>2</u>	<u>442,898</u>	<u>2</u>
Cost					Total Current Liabilities	<u>25,926,702</u>	<u>38</u>	<u>14,066,794</u>	<u>45</u>
Land	2,722,378	4	631,885	2	LONG-TERM LIABILITIES (Notes 11 and 18)	<u>1,436,994</u>	<u>2</u>	<u>3,145,181</u>	<u>10</u>
Buildings	1,613,310	2	101,491	-	OTHER LIABILITIES				
Machinery and equipment	2,186,141	3	219,220	1	Deferred income (Note 2)	52,708	-	-	-
Molding equipment	110,975	-	73,478	-	Accrued pension costs (Notes 2 and 12)	44,689	-	35,734	-
Transportation equipment	58,336	-	24,823	-	Miscellaneous (Notes 2 and 7)	<u>87,930</u>	<u>-</u>	<u>2,658</u>	<u>-</u>
Office equipment	342,465	1	19,475	-	Total Other Liabilities	<u>185,327</u>	<u>-</u>	<u>38,392</u>	<u>-</u>
Miscellaneous equipment	<u>1,107,168</u>	<u>2</u>	<u>233,487</u>	<u>1</u>	Total Liabilities	<u>27,549,023</u>	<u>40</u>	<u>17,250,367</u>	<u>55</u>
Total cost	8,140,773	12	1,303,859	4	SHAREHOLDERS' EQUITY				
Less: Accumulated depreciation	<u>2,722,601</u>	<u>4</u>	<u>361,220</u>	<u>1</u>	Capital stock - \$10 par value				
	5,418,172	8	942,639	3	Authorized - 3,500,000 thousand shares in 2002 and 1,228,000 thousand shares in 2001				
Add: Construction in progress	1,894,395	3	290,307	1	Issued - 1,909,438 thousand shares in 2002 and 748,818 thousand shares in 2001	<u>19,094,383</u>	<u>28</u>	<u>7,488,181</u>	<u>24</u>
Advance payments	<u>75,092</u>	<u>-</u>	<u>4,950</u>	<u>-</u>	Capital surplus				
Net Properties	<u>7,387,659</u>	<u>11</u>	<u>1,237,896</u>	<u>4</u>	Merger	12,216,716	18	149,103	1
PATENTS (Note 2)	<u>100,751</u>	<u>-</u>	<u>153,316</u>	<u>-</u>	Paid-in capital in excess of par value	2,742,248	4	2,742,248	9
OTHER ASSETS					Bond conversion	2,488,896	4	195,261	-
Deferred charges (Note 2)	534,251	1	66,992	-	Treasury stock transactions	245,022	-	-	-
Deferred income tax assets (Notes 2 and 15)	515,046	1	13,524	-	Long-term stock investments under the equity method	101,617	-	100,412	-
Leased assets - net (Note 2)	58,694	-	-	-	Gain on property disposal	-	-	26,743	-
Refundable deposits	46,998	-	28,627	-	Total capital surplus	<u>17,794,499</u>	<u>26</u>	<u>3,213,767</u>	<u>10</u>
Idle assets - net (Notes 2 and 18)	34,058	-	-	-	Retained earnings				
Miscellaneous	<u>31</u>	<u>-</u>	<u>-</u>	<u>-</u>	Legal reserve	599,618	1	361,993	1
Total Other Assets	<u>1,189,078</u>	<u>2</u>	<u>109,143</u>	<u>-</u>	Special reserve	-	-	351,396	1
					Unappropriated earnings	<u>5,388,799</u>	<u>8</u>	<u>2,676,373</u>	<u>9</u>
					Total retained earnings	<u>5,988,417</u>	<u>9</u>	<u>3,389,762</u>	<u>11</u>
					Unrealized loss on long-term stock investments	(515,073)	(1)	(198,985)	(1)
					Cumulative translation adjustments	<u>518,362</u>	<u>1</u>	<u>457,273</u>	<u>2</u>
					Treasury stock - cost	(2,011,065)	(3)	(308,921)	(1)
					Total Shareholders' Equity	<u>40,869,523</u>	<u>60</u>	<u>14,041,077</u>	<u>45</u>
TOTAL ASSETS	<u>\$ 68,418,546</u>	<u>100</u>	<u>\$ 31,291,444</u>	<u>100</u>	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 68,418,546</u>	<u>100</u>	<u>\$ 31,291,444</u>	<u>100</u>

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

(With T N Soong & Co report dated February 14, 2003)

English Translation of Financial Statements Originally Issued in Chinese

LITE-ON TECHNOLOGY CORPORATION

STATEMENTS OF INCOME

For the Years Ended December 31, 2002 and 2001

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

	<u>2002</u>		<u>2001</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
GROSS SALES (Notes 2 and 17)	\$ 49,286,409	101	\$ 27,846,628	101
LESS: SALES RETURNS	429,973	1	150,224	1
SALES ALLOWANCES	<u>145,733</u>	<u>-</u>	<u>131,586</u>	<u>-</u>
NET SALES	48,710,703	100	27,564,818	100
COST OF SALES (Note 17)	<u>44,575,146</u>	<u>91</u>	<u>25,237,088</u>	<u>92</u>
GROSS PROFIT	4,135,557	9	2,327,730	8
REALIZED PROFITS ON INTERCOMPANY SALES (Note 2)	<u>13,568</u>	<u>-</u>	<u>-</u>	<u>-</u>
ADJUSTED GROSS PROFIT	<u>4,149,125</u>	<u>9</u>	<u>2,327,730</u>	<u>8</u>
OPERATING EXPENSES (Note 17)				
Marketing	1,801,287	4	1,395,167	5
General and administrative	836,646	2	524,263	2
Research and development	<u>818,646</u>	<u>1</u>	<u>310,438</u>	<u>1</u>
Total Operating Expenses	<u>3,456,579</u>	<u>7</u>	<u>2,229,868</u>	<u>8</u>
OPERATING INCOME	<u>692,546</u>	<u>2</u>	<u>97,862</u>	<u>-</u>
NONOPERATING INCOME				
Investment income recognized under the equity method - net (Notes 2 and 7)	3,961,957	8	2,266,736	8
Interest income	75,866	-	334,506	1
Foreign exchange gain - net (Note 2)	33,476	-	96,723	-
Dividends income	23,604	-	3,723	-
Gain on disposal of investments	3,275	-	103,502	1
Other income	<u>273,816</u>	<u>1</u>	<u>119,992</u>	<u>1</u>
Total Nonoperating Income	<u>4,371,994</u>	<u>9</u>	<u>2,925,182</u>	<u>11</u>
NONOPERATING EXPENSES				
Interest expense (Note 8)	268,132	1	521,795	2
Loss on disposal of inventories	35,380	-	-	-
Other expenses	<u>164,278</u>	<u>-</u>	<u>145,966</u>	<u>-</u>
Nonoperating Expenses	<u>467,790</u>	<u>1</u>	<u>667,761</u>	<u>2</u>

(Forward)

English Translation of Financial Statements Originally Issued in Chinese

	<u>2002</u>		<u>2001</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
INCOME BEFORE INCOME TAX	\$ 4,596,750	10	\$ 2,355,283	9
INCOME TAX BENEFIT (Notes 2 and 15)	<u>530,000</u>	<u>1</u>	-	-
INCOME FROM CONTINUED SEGMENTS	5,126,750	11	2,355,283	9
LOSS FROM DISPOSAL OF DISCONTINUED SEGMENTS (Note 20)	<u>-</u>	<u>-</u>	(<u>4,951</u>)	<u>-</u>
NET INCOME	<u>\$ 5,126,750</u>	<u>11</u>	<u>\$ 2,350,332</u>	<u>9</u>
	<u>Pre-tax</u>	<u>After-tax</u>	<u>Pre-tax</u>	<u>After-tax</u>
EARNINGS PER SHARE (Note 16)				
Basic earnings per share	<u>\$ 4.40</u>	<u>\$ 4.91</u>	<u>\$ 2.88</u>	<u>\$ 2.88</u>
Diluted earnings per share	<u>\$ 4.40</u>	<u>\$ 4.91</u>	<u>\$ 2.79</u>	<u>\$ 2.79</u>

Pro forma information on the assumption that shares of Lite-On Technology Corp. held by its direct and indirect subsidiaries were not treated as treasury stock.

	<u>2002</u>	
	<u>Pre-tax</u>	<u>After-tax</u>
NET INCOME	<u>\$ 4,843,128</u>	<u>\$ 5,373,128</u>
EARNINGS PER SHARE		
Basic earnings per share	<u>\$4.59</u>	<u>\$5.09</u>
Diluted earnings per share	<u>\$4.59</u>	<u>\$5.09</u>

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

(With T N Soong & Co report dated February 14, 2003)

LITE-ON TECHNOLOGY CORPORATION

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the Years Ended December 31, 2002 and 2001
(In Thousands of New Taiwan Dollars)

	CAPITAL STOCK		CAPITAL SURPLUS (Notes 2, 13, 14 and 20)							RETAINED EARNINGS (Notes 2 and 13)				UNREALIZED LOSS ON LONG-TERM STOCK INVESTMENTS (NOTE 2)	CUMULATIVE TRANSLATION ADJUSTMENTS (NOTE 2)	TREASURY STOCK - COST (NOTE 14)	TOTAL SHAREHOLDERS EQUITY
	Shares	Amount	Paid-in Capital in Excess of Par Value	Bond Conversion	Treasury Stock Transactions	Gain on Property Disposal	Long-term Stock Investments Under the Equity Method	Merger	Total	Legal Reserve	Special Reserve	Unappropriated					
	(Thousands)											Earnings	Total				
BALANCE, JANUARY 1, 2001	574,199	\$ 5,741,989	\$ 2,742,248	\$ 195,261	\$ -	\$ 25,916	\$ 99,793	\$ -	\$ 3,063,218	\$ 59,855	\$ -	\$ 3,019,661	\$ 3,079,516	(\$ 582,022)	\$ 12,948	(\$ 96,160)	\$ 11,219,489
Appropriation of prior year's earnings																	
Legal reserve	-	-	-	-	-	-	-	-	-	302,138	-	(302,138)	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	-	-	351,396	(351,396)	-	-	-	-	-
Cash dividends - 4%	-	-	-	-	-	-	-	-	-	-	-	(282,699)	(282,699)	-	-	-	(282,699)
Stock dividends - 19%	141,350	1,413,497	-	-	-	-	-	-	-	-	-	(1,413,497)	(1,413,497)	-	-	-	-
Bonus to employees - cash	-	-	-	-	-	-	-	-	-	-	-	(33,259)	(33,259)	-	-	-	(33,259)
Bonus to employees - stock	16,629	166,294	-	-	-	-	-	-	-	-	-	(166,294)	(166,294)	-	-	-	-
Bonus to directors and supervisors	-	-	-	-	-	-	-	-	-	-	-	(99,776)	(99,776)	-	-	-	(99,776)
Issuance of shares for the mergers on November 30, 2001	16,640	166,401	-	-	-	-	-	149,103	149,103	-	-	-	-	-	-	-	315,504
Transfer of net gain on disposal of properties	-	-	-	-	-	827	-	-	827	-	-	(827)	(827)	-	-	-	-
Adjustment arising from changes in equity in investees	-	-	-	-	-	-	-	-	-	-	-	(43,115)	(43,115)	-	-	-	(43,115)
Adjustment for capital surplus from long-term stock investments accounted for by the equity method	-	-	-	-	-	-	619	-	619	-	-	(619)	(619)	-	-	-	-
Net income in 2001	-	-	-	-	-	-	-	-	-	-	-	2,350,332	2,350,332	-	-	-	2,350,332
Reversal of unrealized loss on long-term stock investments	-	-	-	-	-	-	-	-	-	-	-	-	-	383,037	-	-	383,037
Cumulative translation adjustment of foreign-currency long-term stock investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	444,325	-	444,325
Purchase of treasury stock - 4,570 thousand shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(212,761)	(212,761)
BALANCE, DECEMBER 31, 2001	748,818	7,488,181	2,742,248	195,261	-	26,743	100,412	149,103	3,213,767	361,993	351,396	2,676,373	3,389,762	(198,985)	457,273	(308,921)	14,041,077
Transfer of special reserve to unappropriated earnings	-	-	-	-	-	-	-	-	-	-	(351,396)	351,396	-	-	-	-	-
Transfer of prior years' net gain from property disposal to retained earnings	-	-	-	-	-	(26,743)	-	-	(26,743)	2,592	-	24,151	26,743	-	-	-	-
Appropriation of prior year's earnings																	
Legal reserve	-	-	-	-	-	-	-	-	-	235,033	-	(235,033)	-	-	-	-	-
Cash dividends - 12.5%	-	-	-	-	-	-	-	-	-	-	-	(962,935)	(962,935)	-	-	-	(962,935)
Stock dividends - 12.5%	96,293	962,935	-	-	-	-	-	-	-	-	-	(962,935)	(962,935)	-	-	-	-
Bonus to employees - cash	-	-	-	-	-	-	-	-	-	-	-	(113,287)	(113,287)	-	-	-	(113,287)
Bonus to employees - stock	11,329	113,287	-	-	-	-	-	-	-	-	-	(113,287)	(113,287)	-	-	-	-
Bonus to directors and supervisors	-	-	-	-	-	-	-	-	-	-	-	(113,286)	(113,286)	-	-	-	(113,286)
Conversion of convertible bonds into common stock (Note 11)	70,565	705,648	-	2,293,635	-	-	-	-	2,293,635	-	-	-	-	-	-	-	2,999,283
Issuance of shares for the merger on November 4, 2002 (Notes 1 and 20)	1,066,508	10,665,085	-	-	-	-	-	12,067,613	12,067,613	-	-	-	-	-	-	-	22,732,698
Retirement of shares for the merger on November 4, 2002 (Note 20)	(84,075)	(840,753)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(840,753)
Assumption that treasury stock was transferred to employees from acquired investees - 1,846 thousand shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(53,847)	(53,847)

(Forward)

English Translation of Financial Statements Originally Issued in Chinese

	CAPITAL SURPLUS (Notes 2, 13, 14 and 20)											UNREALIZED LOSS ON LONG-TERM STOCK INVESTMENTS (NOTE 2)	CUMULATIVE TRANSLATION ADJUSTMENTS (NOTE 2)	TREASURY STOCK - COST (NOTE 14)	TOTAL SHAREHOLDERS EQUITY		
	CAPITAL STOCK		Paid-in Capital in Excess of Par Value	Bond Conversion	Treasury Stock Transactions	Gain on Property Disposal	Long-term Stock Investments Under the Equity Method	Merger	Total	RETAINED EARNINGS (Notes 2 and 13)							
	Shares (Thousands)	Amount								Legal Reserve	Special Reserve					Unappropriated Earnings	Total
Adjustment arising from changes in equity due to subsidiaries' retirement of treasury stock	-	\$ -	\$ -	\$ -	\$ -	\$ -	(\$ 619)	\$ -	(\$ 619)	\$ -	\$ -	(\$ 167,775)	(\$ 167,775)	\$ -	\$ -	\$ -	(\$ 168,394)
Adjustment arising from changes in equity in subsidiaries distributed bonus to employees	-	-	-	-	-	-	-	-	-	-	-	(121,158)	(121,158)	-	-	-	(121,158)
Adjustment arising from changes in equity in investees	-	-	-	-	-	1,824	-	1,824	-	-	-	-	-	-	-	-	1,824
Net income in 2002	-	-	-	-	-	-	-	-	-	-	5,126,750	5,126,750	-	-	-	-	5,126,750
Unrealized loss on long-term stock investments	-	-	-	-	-	-	-	-	-	-	-	-	(316,088)	-	-	-	(316,088)
Cumulative translation adjustment of foreign-currency long-term stock investments	-	-	-	-	-	-	-	-	-	-	-	-	-	61,089	-	-	61,089
Cash dividends received by subsidiaries	-	-	-	-	3,480	-	-	3,480	-	-	-	-	-	-	-	-	3,480
Adjustment of net gain on disposal of Parent Company's stock recognized by its subsidiaries	-	-	-	-	241,542	-	-	241,542	-	-	-	-	-	-	-	-	241,542
Purchase of treasury stock - 8,925 thousand shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(487,318)	(487,318)
Reclassification of long-term investment to treasury stock for subsidiaries holding the Parent Company's shares - 29,605 thousand shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,219,779)	(1,219,779)
Reissuance of treasury stock to employees - 1,675 thousand shares	-	-	-	-	-	-	-	-	-	-	-	(175)	(175)	-	-	58,800	58,625
BALANCE, DECEMBER 31, 2002	1,909,438	\$ 19,094,383	\$ 2,742,248	\$ 2,488,896	\$ 245,022	\$ 101,617	\$ 12,216,716	\$ 17,794,499	\$ 599,618	\$ -	\$ 5,388,799	\$ 5,988,417	(\$ 515,073)	\$ 518,362	(\$ 2,011,065)	\$ 40,869,523	

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

(With T N Soong & Co report dated February 14, 2003)

English Translation of Financial Statements Originally Issued in Chinese

LITE-ON TECHNOLOGY CORPORATION

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2002 and 2001

(In Thousands of New Taiwan Dollars)

	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 5,126,750	\$ 2,350,332
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	160,718	94,286
Amortization	116,066	69,719
Reversal of loss from decline in inventory value	(21,730)	(8,910)
Gain on investment disposal	(3,275)	(103,502)
Loss (gain) on property disposal	10,724	(122)
Investment income recognized under the equity method	(3,961,957)	(2,266,736)
Cash dividends from equity-accounted investees	1,712,610	344,755
Exchange loss (gain) on redemption of foreign convertible bonds	(261,237)	262,704
Product warranty reserve	501,630	13,206
Redemption premium on convertible bonds	(1,311,986)	319,535
Accrued pension costs	(90,132)	29,581
Deferred income taxes	(532,060)	-
Deferred income	(20,492)	(4,896)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Notes receivable	(39,094)	18,063
Accounts receivable	(918,939)	(656,145)
Receivable from related parties	(896,829)	(1,143,848)
Inventories	1,795,386	(600,829)
Prepaid expenses and other current assets	1,335,183	2,293,105
Increase (decrease) in:		
Notes payable	955,035	4,072
Accounts payable	(2,228,656)	863,493
Payable to related parties	(564,459)	2,262,407
Income tax payable	(24,122)	-
Accrued expenses	(21,383)	196,109
Advance from customers and other current liabilities	(763,941)	(648,715)
Net Cash Provided by Operating Activities	53,810	3,687,664
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in short-term investments	23,847	3,406
Proceeds from sale of long-term investments	51,807	615,713
Acquisition of long-term investments	(127,293)	(326,976)
Acquisition of properties	(597,691)	(257,345)
Proceeds from property disposal	79,637	13,366
Proceeds from disposal of discontinued segments	-	90,351
Decrease in refundable deposits	21,415	1,884
Increase in deferred charges	(13,875)	(18,011)
Net Cash Provided by (Used in) Investing Activities	(562,153)	122,388

(Forward)

English Translation of Financial Statements Originally Issued in Chinese

	<u>2002</u>	<u>2001</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of short-term bank loans	(\$ 1,016,186)	(\$ 544,123)
Repayment of commercial paper	(1,079,568)	(596,641)
Repayment of bonds payable	(1,871,681)	(189,640)
Decrease in guarantee deposits	(400)	(50)
Purchase of treasury stock	(487,318)	(212,761)
Cash dividends paid	(962,935)	(282,699)
Bonuses to directors, supervisors and employees	(226,573)	(133,035)
Proceeds on treasury stock reissued to employees	58,625	-
Net cash provided by mergers with Lite-On Electronics, Inc., Silitek Corp., and GVC Corp.	6,562,631	-
Net cash provided by merger with Lite-On Communications Corp.	<u>-</u>	<u>64,689</u>
Net Cash Provided by (Used in) Financing Activities	<u>976,595</u>	<u>(1,894,260)</u>
NET INCREASE IN CASH	468,252	1,915,792
CASH, BEGINNING OF YEAR	<u>7,826,608</u>	<u>5,910,816</u>
CASH, END OF YEAR	<u>\$ 8,294,860</u>	<u>\$ 7,826,608</u>
SUPPLEMENTARY INFORMATION		
Interest paid (excluding capitalized interests)	<u>\$ 194,666</u>	<u>\$ 198,656</u>
Income tax paid	<u>\$ 12,330</u>	<u>\$ -</u>
Noncash investing and financing activities		
Current portion of long-term liabilities	<u>\$ 1,614,167</u>	<u>\$ 3,338,432</u>
Conversion of bonds into capital stock and capital surplus	<u>\$ 2,999,283</u>	<u>\$ -</u>
Reclassification of the Corporation's shares held by direct and indirect subsidiaries as treasury stock	<u>\$ 1,219,779</u>	<u>\$ -</u>
Cash paid for acquisition of properties		
Increase in properties	\$ 628,139	\$ 248,399
Decrease (increase) in payable for properties	<u>(30,448)</u>	<u>8,946</u>
	<u>\$ 597,691</u>	<u>\$ 257,345</u>

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

(With T N Soong & Co report dated February 14, 2003)

LITE-ON TECHNOLOGY CORPORATION

NOTES TO FINANCIAL STATEMENTS

(Amounts In Thousands of New Taiwan Dollars, Unless Otherwise Stated)

1. GENERAL

Lite-On Technology Corporation (the Corporation) was established in March 1989 and its shares are traded on the Taiwan Stock Exchange. The Corporation mainly manufactures and markets (1) computer software, hardware, peripherals and components and (2) monitors, CD-ROMs, laptops, cameras, Internet equipment, system equipment and image-processing equipment.

The Corporation merged with Lite-On Electronics, Inc., Silitek Corp., and GVC Corp., with the Corporation as the surviving entity. The merger took effect on November 4, 2002, and the Corporation thus assumed all rights and obligations of the three merged companies on that date, the Corporation issued 1,066,508 thousand common shares to the former shareholders of Lite-On Electronics, Inc., Silitek Corp., and GVC Corp. to effect a share swap at this ratio: 1 Corporation share for 1.54 shares of Lite-On Electronics, Inc., 1.08 shares of Silitek Corp., and 2.58 shares of GVC Corp. The holders of the newly issued shares have the same rights and obligation as the Corporation's other common shareholders. The merger was approved by the Fair Trade Commission, Taiwan Stock Exchange Corporation, Securities and Futures Commission, and Ministry of Economic Affairs (MOEA) of the Republic of China.

Lite-On Electronics, Inc. was incorporated in June 1975. It mainly manufactures and sells LED (light-emitting diode) products, power supply switches for computers and communications products.

Silitek Corp. was incorporated in May 1978. It mainly manufactures and sells keyboards, scanners, printers and related products.

GVC Corp. was incorporated in December 1979. It mainly manufactures and sells mobile phones, modems, communications products and components of computer equipment.

The Corporation merged with Lite-On Communications Corp., with the Corporation as the surviving entity. On November 30, 2001, this merger took effect and the Corporation issued 16,640 thousand common shares to the former shareholders of Lite-On Communications Corp. to effect a share swap at this ratio: 1 Corporation share for 1.72 shares of Lite-On Technology Corp. The holders of the newly issued shares have the same rights and obligations as the Corporation's other common shareholders. The merger was approved by the MOEA and relevant authorities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Corporation's significant accounting policies, which conform to the regulations governing the preparation of financial statements of public companies and accounting principles generally accepted in the Republic of China, are summarized as follows:

Mergers

Mergers are accounted for under the Statement of Financial Accounting Standards No. 25 "Business combination - Purchase Method." When the market value of equity securities issued from merger cannot stand for the fair value of the acquired companies' net assets, the fair value of the acquired net assets should be evaluated. The net amount after deducting the par value of equity securities issued from merger and related costs from the fair value of net assets is included in capital surplus.

Allowance for doubtful receivables

Allowance for doubtful receivables is provided on the basis of a review of the collectibility of individual receivables.

Inventories

Inventories are stated at the lower of weighted-average cost or market value. (Market value is represented by replacement cost for merchandise, materials and supplies and net realizable value for finished goods and work in process.)

Long-term investments

Stock investments accounted for by the equity method are initially carried at cost and subsequently adjusted for the Corporation's proportionate share in the investees' earnings or losses and changes in capital surplus. The difference between the cost of the investment and the Corporation's equity in the investee's net assets when an investment is acquired or when the equity method is first adopted, is amortized over 5 to 20 years. Cash dividends received are recognized as a reduction of the carrying value of the investments. Investment income (or loss) is recognized over whenever the investees recognize income (or loss). If the equity in losses recognized exceeds the original investment acquisition costs, the excesses are recorded as part of other liabilities. Upon the disposal of equity-accounted investments, the Corporation's shares in the capital surplus recognized by the investee Corporation, if any, will be included in current income in proportion to the investments sold. However, if capital surplus from an investee's property disposal, it is transferred to retained earnings in proportion to the value of the investments sold. If the investee's accounting year is different from the Corporation's, investment income or loss recognized by the Corporation is based on its equity on the investee's balance sheet date.

All profits derived from sales of products by the Corporation to its majority owned subsidiaries are deferred but only profit in proportion to the Corporation's equity interest deferred for other investees that are not majority owned. Profit from the sales of products by investee companies to the Corporation or by one investee to another is deferred on the basis of the proportionate share in the investee's equity and credited against the investment. The deferred profits are included as part of other liabilities. These profits are realized through the subsequent sale of the related products to third parties.

Other investments are accounted for by the cost method. An allowance for decline in market value of listed stocks is recognized, with the related amount debited to stockholders' equity. An allowance is recognized to reflect an other than temporary decline in value of unlisted stocks, with the related provision for losses charged to current income. Cash dividends received in the year the investment is made are accounted for as a reduction in the carrying value of the investment, but cash dividends received in subsequent years are recognized as dividend income.

Stock dividends received are recorded only as an increase in the number of shares held but not recognized as investment income. Cost or carrying value per share is recomputed based on total shares after stock dividends are received.

For all stock investments, costs of investments sold are determined using the weighted-average method.

Long-term fund investments are stated at the lower of total cost or market value when market values are available. Allowance for decline in value is recognized whenever market value is less than cost. Unrealized holding loss is included as a reduction of stockholders' equity. When market values are unavailable, an allowance is recognized to reflect an other than temporary decline in value of funds, with the related provision for losses charged to current income.

Properties and leased assets

Properties and leased assets are stated at cost less accumulated depreciation. Major renewals and betterments are capitalized; maintenance and repairs are charged to current expense.

Depreciation is computed using the straight-line method over useful lives estimated as follows: buildings, 5 to 60 years; machinery and equipment, 2 to 10 years; molding equipment, 2 to 10 years; transportation equipment, 3 to 10 years; office equipment, 2 to 10 years; and miscellaneous equipment, 2 to 10 years. Properties still being used by the Corporation beyond their service lives are depreciated over their newly service lives.

Upon revaluation of properties and leased assets, the resulting revaluation increment is recognized as part of the cost of the properties, and a reserve for land value increment tax is included in long-term liabilities, with the difference credited to capital surplus.

Upon sale or other disposal of properties, the related cost and accumulated depreciation are removed from the accounts, and the resulting gain or loss is credited or charged to nonoperating income or expense.

Patents

Patents which are internet patent techniques are amortized over three years.

Idle assets

Idle assets are stated at the lower of carrying value or net realizable value.

Deferred charges

Deferred charges, consisting of issuance costs of bonds, office decoration expenditures, and computer software costs, are amortized using the straight-line method over periods ranging from 2 to 5 years.

Product warranty reserve

Estimate of related cost is based on historical experience about product service and warranty period.

Pension costs

Pension costs are recognized on the basis of actuarial calculations. Unrecognized net transition obligation is amortized over 10 years. Actuarial gain or loss is amortized using the straight-line method over the employees' remaining service years.

Treasury stock

The Corporation accounts for the cost of purchasing its outstanding stock as a deduction to arrive at stockholders' equity.

Upon disposal of the treasury stock, the sales proceeds in excess of the cost is accounted for as capital surplus - treasury stock. If the sales proceeds are less than the cost, the difference is accounted for as a reduction in the remaining balance of capital surplus - treasury stock of the same type. If the remaining balance of capital surplus - treasury stock is insufficient to cover the difference, the remainder is recorded as a reduction of retained earnings.

If treasury stock is retired, the weighted-average cost of the retired treasury stock is written off to offset the par value and the capital surplus premium, if any, of the stock retired. If the weighted-average cost written off exceeds the sum of both the par value and the capital surplus premium, the difference is accounted for as a reduction in capital surplus - treasury stock of the same type, or a reduction in retained earnings for any deficiency where capital surplus - treasury stock of the same type is insufficient to cover the difference. If the weighted-average cost written off is less than the sum of both the par value and premium, if any, of the stock retired, the difference is accounted for as an increase in capital surplus - treasury stock of the same type.

Sales revenues

Sales are recognized when titles of products and risks of ownerships are transferred to customers, primarily upon shipment, or when service is rendered.

Income tax

The Corporation applies intra-period and inter-period allocation for income tax. Deferred tax assets are recognized for the tax effects of deductible temporary differences, unused loss carryforwards and investment tax credits and deferred tax liabilities are recognized for the tax effects of taxable temporary differences. Valuation allowance is provided for deferred income tax assets that are not certain to be realized. Deferred income tax assets or liabilities are classified as current or noncurrent according to the nature of related assets or liabilities for financial reporting. But, if a deferred asset or liability cannot be related to an asset or liability in the financial statements, it is classified as current or noncurrent depending on the expected reversal date of the temporary difference.

Tax credits for certain purchases of equipment or technique, research and development, personnel training, and stock investments can be deducted from the current year's tax provision.

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

Income taxes (10%) on undistributed earnings are recorded as expense in the year the shareholders resolve to retain the earnings.

Foreign-currency transactions

Foreign-currency transactions (except derivative transactions) are recorded in New Taiwan dollars at the rates of exchange in effect when the transactions occur. Gains or losses resulting from the application of different foreign exchange rates when foreign-currency assets and liabilities are settled, are credited or charged to income in the year of settlement. At year-end, the balances of foreign-currency assets and liabilities are restated at prevailing exchange rates, and the resulting differences are recorded as follows: (a) equity-accounted investments - as cumulative translation adjustments under stockholders' equity; (b) cost-accounted investments same treatment as in (a) when the restated balances are lower than their costs; otherwise, no adjustment is made; and (c) other assets and liabilities - as credits or charges to current income.

Derivative transactions

Forward exchange contracts entered into for nontrading purposes are recorded in New Taiwan dollars as assets or liabilities, using the spot rates on the starting dates of the contracts. The premium or discount, computed using the foreign currency amount of the contract multiplied by the difference between the contracted forward rate and the spot rate on the contract starting dates, is also recognized. These premiums or discounts are amortized over the terms of the forward contracts using the straight-line method, and the amortizations are recognized in income.

On the balance sheet dates, the receivables and payables related to the forward contracts are netted out, and the resulting amount is presented as either an asset or liability.

The notional amounts of interest rate swap agreements used as hedge against interest rate fluctuations on existing obligations are not recognized as assets or liabilities since the agreements do not require the exchange of such amounts. The net interest amounts receivable or payable under the agreement as of the balance sheet dates and the settlement dates are recognized as adjustments to interest expense of the related hedged obligations.

Amounts received on options written are recognized as liabilities, and amounts paid on options bought are recognized as assets. Gains or losses on the exercise of options are included in current income. The outstanding option contracts are marked to market as of the balance sheet dates, with the exchange differences recognized as adjustments of current income.

Reclassifications

Certain 2001 accounts have been reclassified to conform to the 2002 presentation.

3. CHANGE IN ACCOUNTING PRINCIPLE

The Corporation adopted Statement of Financial Accounting Standard (SFAS) No. 30, "Accounting for Treasury Stock" on January 1, 2002. SFAS No. 30 requires that an amount equivalent to the carrying value of the Corporation's shares held by direct and indirect subsidiaries be reclassified as treasury stocks. This change resulted in the decrease in long-term investments and an increase in treasury stock by \$1,219,779 thousand each and an increase in capital surplus by \$245,022 thousand as of December 31, 2002 and a decrease of \$246,378 thousand in net income for the year ended December 31, 2002.

4. CASH	<u>2002</u>	<u>2001</u>
Cash on hand	\$ 4,437	\$ 947
Checking and demand deposits	7,426,928	6,740,692
Time deposits - interest: 1.15%-1.90% in 2002 and 1.80%-5.36% in 2001	<u>863,495</u>	<u>1,084,969</u>
	<u>\$ 8,294,860</u>	<u>\$ 7,826,608</u>
5. ACCOUNTS RECEIVABLE - NET	<u>2002</u>	<u>2001</u>
Accounts receivable	\$ 12,569,593	\$ 4,552,944
Less: Allowance for bad debts	<u>580,636</u>	<u>506,334</u>
Net	<u>\$ 11,988,957</u>	<u>\$ 4,046,610</u>
6. INVENTORIES - NET	<u>2002</u>	<u>2001</u>
Merchandise	\$ 3,635,862	\$ 3,484,793
Finished goods	836,584	13,953
Work in process	366,664	15,008
Materials and supplies	<u>1,032,975</u>	<u>48,139</u>
	5,872,085	3,561,893
Less: Allowance for decline in value	<u>181,099</u>	<u>8,594</u>
Net	<u>\$ 5,690,986</u>	<u>\$ 3,553,299</u>

Inventory insurance as of December 31, 2002 was \$2,224,000 thousand (US\$64,000 thousand).

7. LONG-TERM INVESTMENTS

	2002		2001	
	Carrying Value	% of Ownership	Carrying Value	% of Ownership
Long-term stock investments				
Equity method				
Listed				
Lite-On IT Corp.	\$ 8,687,899	69.85	\$ 5,787,969	69.44
Lite-On Semiconductor Corp.	1,036,826	20.48	-	-
	<u>9,724,725</u>		<u>5,787,969</u>	
Unlisted				
LTC Group Ltd. (BVI)	2,120,961	100.00	3,522,715	100.00
Lite-On Peripherals Pte. Ltd. (Singapore)	1,426,941	100.00	-	-
Lite-On Electronics Pte. Ltd. (Singapore)	1,315,901	100.00	-	-
Silitech Technology Corp.	1,080,226	99.99	-	-
Lite-On Electronics (Thailand) Co., Ltd.	987,117	100.00	-	-
GVC (Cayman) Corp.	647,199	100.00	-	-
Lite-On Capital Inc.	587,988	99.98	902,011	100.00
Maxi Switch Inc.	439,395	100.00	-	-
E-Business Ltd.	433,839	100.00	-	-
Lite-On Technology (Malaysia) Sdn. Bhd.	430,187	100.00	802,426	100.00
Lite-On Enclosure Inc.	398,150	37.46	-	-
Situng Investment & Development Corp.	348,352	99.99	-	-
Silitek Corporation (Malaysia) Sdn. Bhd.	324,147	100.00	-	-
Lite-On Inc. (USA)	258,302	100.00	-	-
G-Com (BVI) Technology Ltd.	207,276	100.00	-	-
Lite-On Electronics (Europe) Ltd.	197,364	100.00	-	-
G-Prime Computer Co., Ltd. (BVI)	179,065	100.00	-	-
Lite-On Electronics (BVI) Inc.	169,028	100.00	-	-
Lite-On Japan Ltd.	145,417	43.02	-	-
G-Base Investment Corp.	136,494	100.00	-	-
Lite-On Peripherals (HK) Ltd.	126,841	100.00	-	-
Starshine Technology Corp.	123,759	100.00	-	-
Simport Investment Co., Ltd.	106,173	99.99	-	-
China Bridge (BVI) Ltd.	102,327	75.00	-	-
Lite-On Technology International Inc. (USA)	91,408	100.00	60,334	100.00
Lite-On Electronics (HK) Ltd.	85,720	99.90	-	-
Innoveta Technologies, Inc.	73,832	59.88	-	-
GIGA-Radio Communication (BVI) Co., Ltd.	69,956	100.00	-	-
Nport Investment Co., Ltd.	69,884	99.99	-	-
Lite-On Peripherals Ireland Inc.	51,701	100.00	-	-
Quanix Technology Inc.	45,959	100.00	-	-
Lite-On Peripherals Inc. (USA)	39,028	100.00	-	-
Litegin Industry Co., Ltd. (Thailand)	29,915	69.99	-	-
Lite-On Peripherals De. Mexico S.A. De C.V.	19,505	100.00	-	-
Silitek Netherlands B.V.	14,232	100.00	-	-
GVC Subic Corp.	6,882	100.00	-	-
Gentek Marketing Inc.	945	40.00	-	-
Lite-On Eco Technology, Inc.	413	0.90	155	0.30
Lite-On Eoking, Inc.	63	0.67	-	-
Lite-On Technology (Europe) B.V.	-	100.00	-	100.00
Lite-On Communication International Corp.	-	100.00	19,554	100.00
Lite-On Computer Peripherals GMBH	-	100.00	-	-
	<u>12,891,892</u>		<u>5,307,195</u>	

(Forward)

	2002		2001	
	Carrying Value	% of Ownership	Carrying Value	% of Ownership
Cost method				
Listed				
United Epitaxy Co., Ltd.	\$ 460,224	2.63	\$ -	-
LingSen Precision Industries, Ltd.	225,717	5.13	-	-
Epistar Corp.	218,761	8.00	-	-
Hannstar Display Co., Ltd.	162,880	0.53	136,503	0.54
APCB Inc.	127,577	9.78	-	-
Tripod Technology Corp.	10,059	0.77	-	-
TVIA, Inc. (formerly Inter Graphics Systems Inc.)	4,202	3.25	-	-
Lite-On Electronics, Inc.	-	-	234,142	1.52
Silitek Corp.	-	-	101,428	1.83
GVC Corp.	-	-	295,822	2.49
	<u>1,209,420</u>		<u>767,895</u>	
Unlisted				
Uniwill Computer Corp.	260,303	7.79	147,419	5.13
Eastern Broadband Telecom Co., Ltd.	150,000	0.23	150,000	0.23
Aetas Technology Incorporated	141,722	4.91	-	-
Media Reality Technologies, Inc.	113,260	11.30	103,230	11.36
View Quest Technologies Inc.	81,751	7.78	98,832	9.40
Lite-On Automotive Corp.	71,365	17.62	-	-
Z-Com, Inc.	64,400	4.88	-	-
Ulycom Technology Co., Ltd.	57,000	19.00	-	-
Capella Microsystems Inc.	51,975	8.80	-	-
Co-Tech Copper Foil Corp.	45,900	0.99	45,900	0.99
Global Securities Finance Corp.	34,699	0.52	-	-
Tailink Venture Fund	34,000	10.30	-	-
Avamax Corp.	32,400	7.51	-	-
Sicon Touch Technology Inc.	15,000	10.00	-	-
G-TRAN/G-TRAN Wireless, Inc.	12,064	0.16	-	-
Good TV Broadcasting Corp.	10,000	11.76	-	-
IBASE Technology Inc.	3,300	2.51	3,300	3.00
Global Media Technology Inc.	2,594	10.79	-	-
Yi-Quan Co., Ltd.	1,500	0.53	1,500	0.79
Chi Mei Machinery Corp.	950	17.59	-	-
BroadLogic, Inc.	597	0.10	-	-
Allcomm Telecommunication Co.	-	7.70	9,950	3.85
Tonbu, Inc.	-	1.13	18,099	0.60
	<u>1,184,780</u>		<u>578,230</u>	
Long-term fund investments				
Crystal Internet Venture Funds II	129,548	-	46,108	0.99
International Network Capital Global Fund Inc, LDC	75,000	-	25,000	2.78
Global Strategic Investment Inc.	67,679	-	-	-
National Venture Capital Corp.	58,140	-	19,397	0.75
Springboard-Harper Technology Fund (Cayman) Ltd.	50,000	-	25,000	4.62
Springboard-Harper Technology Fund (Cayman) Ltd.	45,923	-	15,278	0.71
Dyna Fund International II L.P.	45,288	-	17,353	0.64
Beijing Technology Development Fund	44,429	-	-	-
Dyna Fund International L.P.	29,819	-	10,416	1.03

(Forward)

	2002		2001	
	Carrying Value	% of Ownership	Carrying Value	% of Ownership
APV Technology Partners, L.P.	\$ 18,000	-	\$ -	-
NIKKO Pacven Walden Investment Ltd.	17,639	-	-	-
International Network Capital Corp.	15,000	-	-	-
Dragon Venture	6,156	-	-	-
	<u>602,621</u>		<u>158,552</u>	
Prepayment - GVC Subic Corp.	102,461		-	
Allowance for decline in market value	(476,165)		(198,985)	
Total	<u>\$ 25,239,734</u>		<u>\$ 12,400,856</u>	

The combined equities of the Corporation and its subsidiaries are more than 20% of the outstanding common stock of Lite-On Eco Technology, Inc. and Lite-On Eoking, Inc. Thus, these investees are accounted for by the equity method.

Among the above equity-accounted investees, the calculation of the investment in equity-accounted Silitek Netherlands B.V. and related investment income or loss is based on the investee's unaudited financial statements because its capital is less than \$30,000 thousand and operating revenues is less than \$50,000 thousand and 10% of the Corporation's operating revenues. The Corporation believes there will be no significant adjustments in its financial statements had this investee's financial statements been audited. The accounting year of Gentek Marketing Inc. is different from the Corporation's; thus, recognition of investment income or loss is deferred one year.

Since the Corporation intends to continue supporting Lite-On Technology (Europe) B.V., Lite-On Communications International Corp. and Lite-On Computer Peripherals GMBH, investment loss is recognized proportionate to its equity. Thus, a credit balance of \$85,990 thousand has been added to the long-term stock investment accounts and included as part of other liabilities.

Information on cost - accounted investments is as follows:

	2002	2001
Listed stocks - bonds on market value	\$ 980,194	\$ 919,614
Unlisted stocks - proportionate share in the net assets of the investees (according to unaudited financial statements)	1,179,435	597,626
Funds - based on year-end net worth	<u>532,954</u>	<u>139,155</u>
	<u>\$ 2,692,583</u>	<u>\$ 1,656,395</u>

Except for Lite-On IT Corp., LTC Group Ltd. (BVI), Lite-On Peripherals (HK) Ltd., Lite-On Peripherals Pte. (Singapore), the individual total assets and operating revenues of the Corporation's majority owned subsidiaries less than 10% of the Corporation's unconsolidated total assets and operating revenues. Also, the aggregate total assets and aggregate total operating revenues of these subsidiaries are less than 30% of the Corporation's total assets and operating revenues. Thus, only the accounts of Lite-On IT Corp., LTC Group Ltd. (BVI), Lite-On Peripherals (HK) Ltd. and Lite-On Peripherals Pte. Ltd. (Singapore) were included in the consolidated financial statements of the Corporation.

8. PROPERTIES

Accumulated depreciation consisted of the following:

	<u>2002</u>	<u>2001</u>
Buildings	\$ 484,790	\$ 49,173
Machinery and equipment	1,312,421	80,012
Molding equipment	81,433	61,757
Transportation equipment	30,942	8,616
Office equipment	230,489	15,953
Miscellaneous equipment	<u>582,526</u>	<u>145,709</u>
	<u>\$ 2,722,601</u>	<u>\$ 361,220</u>

Depreciation expenses were \$160,718 thousand in 2002 and \$94,286 thousand in 2001.

The annual interest rates for capitalization were 2.04% to 6.00% in 2002 and 6.00% in 2001. Interest expenses were net of capitalized interests of \$77,091 thousand in 2002 and \$12,752 thousand in 2001.

Construction in progress mainly consisted of construction payments and interests capitalized for building the Corporation's headquarters office since 1998.

Property insurance as of December 31, 2002 was \$4,730,054 thousand.

9. SHORT-TERM BANK LOANS

	<u>2002</u>	<u>2001</u>
Unsecured bank loans - interest: 1.9%-2.1% in 2002 and 2.48%-4.30% in 2001	\$ 2,694,581	\$ 1,495,918
Usance payable - US\$6,849 thousand, ¥ 6,656 thousand and EUR€203 thousand in 2002 and US\$90 thousand in 2001; interest: 1.27%-3.96% in 2002 and 4.30% in 2001	<u>247,358</u>	<u>3,146</u>
	<u>\$ 2,941,939</u>	<u>\$ 1,499,064</u>

As of December 31, 2002, the Corporation's unused credit lines available for short-term loans were approximately \$11,850,577 thousand.

10. COMMERCIAL PAPER

These instruments have up to one-year maturities and are guaranteed by financial institutions. They were issued at discount rates of 1.9% in 2002 and 3.2% to 3.5% in 2001.

11. LONG-TERM DEBTS

	<u>Due Within One Year</u>	<u>Due After One Year</u>	<u>Total</u>
<u>December 31, 2002</u>			
Bank loans	\$ 184,167	\$ 1,271,397	\$ 1,455,564
Secured bonds	1,430,000	-	1,430,000
Reserve for land value incremental tax payable	<u>-</u>	<u>165,597</u>	<u>165,597</u>
	<u>\$ 1,614,167</u>	<u>\$ 1,436,994</u>	<u>\$ 3,051,161</u>
<u>December 31, 2001</u>			
Secured bonds	\$ -	\$ 1,430,000	\$ 1,430,000
First foreign exchangeable convertible bonds (ECB)	-	1,185,836	1,185,836
Second foreign convertible bonds (ECB)	2,649,424	-	2,649,424
Redemption premium on convertible bonds	<u>689,008</u>	<u>529,345</u>	<u>1,218,353</u>
	<u>\$ 3,338,432</u>	<u>\$ 3,145,181</u>	<u>\$ 6,483,613</u>

Bank loans bear 4.5% to 7.36% annual interest, and are repayable quarterly, semiannually, annually until, or in one lump sum at maturity in November 2006.

On October 6, 2000, the Corporation issued secured bonds with an aggregate face value of \$1,430,000 thousand at 5.3% annual interest rate. These bonds have five types: A to E. Types A to D stand for \$300,000 thousand, and Type E stands for \$230,000 thousand. These bonds are repayable through lump sum payment on their maturity in 3 years. Interest is payable annually. When the Corporation issued these bonds, a restriction covenant on financial ratio maintenance was made with a bank, as follows: Upper limit of 125% for liabilities exceeding stockholders' equity, and the lower limits of 100% for current ratio, 200% for interest coverage ratio, and \$35,000,000 thousand for tangible net assets. Except for the lower limit of 150% for interest coverage ratios for semiannual and quarterly reports, these ratio are the same as those for consolidated financial statements.

Foreign unsecured exchangeable convertible bonds (ECBs) were issued on May 1, 1997 for the first time. The bonds have an aggregate face value of US\$67,000 thousand, with each unit having a face value of US\$1,000 thousand. The interest rate is 0.75%, payable annually. Maturity period is 7 years. ECBs are convertible into the Corporation's common stocks or subscription warrants at any time between June 1, 1997 and April 1, 2004 at an agreed price. The ECBs can also be redeemed on May 1, 2002 at the option of ECB holders at 138.76% of face value. As of June 4, 2002, ECBs amounting to US\$2,035 thousand had been converted to 1,699 thousand shares of the Corporation's common stock.

On December 15, 1997, the Corporation issued credit enhanced zero-coupon convertible bonds on December 15, 1997, for the second time. The bonds have an aggregate face value of US\$78,000 thousand, with each unit having a face value of US\$1,000 thousand. The maturity period is 5 years. ECB holders may convert them into the Corporation's common stocks or subscription warrants at any time between January 15, 1998 and November 15, 2002. In addition, the ECBs can also be redeemed on December 15, 2002 at the option of ECB holders at 126.5% of the face value. As of October 2002, ECBs amounting to US\$65,550 thousand had been converted to common stocks and redeemed. When the Corporation issued the bonds, a restriction covenant

on financial ratio maintenance was made with a bank, as follows: a lower limit of 120% for current ratio; 400% for interest coverage ratio; and \$6,500,000 thousand for tangible net assets, and the upper limit is 150% for financial leverage ratio for the years 1997 to 1999 and 125% for the years thereafter.

The Corporation merged with Lite-On Electronics, Inc., Silitek Corp. and GVC Corp. on November 4, 2002. Reserve for land value increment tax due to this merger was \$147,831 thousand.

12. PENSION PLAN

The Corporation has a pension plan for all regular employees, which provides benefits based on length of service and average basic pay for the 6 months before retirement.

The Corporation contributes monthly an amount equal to 2% of salaries and wages to a pension fund, which is administered by the employees' pension fund committee and deposited in the committee's name in a trust corporation.

Pension information is summarized as follows:

	<u>2002</u>	<u>2001</u>
Net periodic pension cost		
Service cost	\$ 21,276	\$ 7,559
Interest cost	3,476	3,045
Actual return on plan assets	(7,245)	(9,230)
Loss on plan assets	4,419	4,407
Amortization	<u>430</u>	<u>(1,269)</u>
Pension cost	<u>\$ 22,356</u>	<u>\$ 4,512</u>
Reconciliation of the fund status of the plan and accrual pension cost		
	<u>2002</u>	<u>2001</u>
Benefit obligation		
Vested benefit obligation	(\$ 10,681)	\$ -
Non-vested benefit obligation	(311,693)	(62,745)
Accumulated benefit obligation	(322,374)	(62,745)
Additional benefits based on future salaries	(180,180)	(37,359)
Projected benefit obligation	(502,554)	(100,104)
Fair value of plan assets	<u>545,076</u>	<u>79,992</u>
Funded status	42,522	(20,112)
Unrecognized net transition obligation	12,973	14,270
Unrecognized net gain	<u>(100,184)</u>	<u>(29,892)</u>
Accrued pension cost	<u>(\$ 44,689)</u>	<u>(\$ 35,734)</u>

Summary of pension fund changes:

	<u>2002</u>	<u>2001</u>
Beginning balance	\$ 79,992	\$ 78,142
Contribution	13,295	4,949
Interest	7,245	9,230
Funds transferred from Lite-On Electronics, Inc., Silitek Corp., and GVC Corp.	460,796	9,240
Payment of benefits	(16,252)	(21,569)
Ending balance	<u>\$ 545,076</u>	<u>\$ 79,992</u>
Actuarial assumptions		
Discount rate used in determining present values	3.5%	4.0%
Future salary increase rate	3.0%	3.0%
Expected rate of return on plan assets	3.5%	4.0%

13. SHAREHOLDERS' EQUITY

On April 3, 1995, the GVC Corp. issued 5,000 units of global depositary receipts (GDRs) on the London Stock Exchange. These GDRs represented 25,000 thousand common shares of GVC Corp, which were assumed by the Corporation as a result of a merger. As of November 4, 2002, the outstanding GDRs were 7,627 thousand units, or 38,136 thousand common shares of GVC Corp. For merger purposes, these GDRs were exchanged for the Corporation's 1,478 thousand marketable equity securities, which represent 14,781 thousand common shares of the Corporation. As of December 31, 2002, the outstanding marketable equity securities were 6,877 thousand units, representing 68,768 thousand common shares of the Corporation. The rights and obligation of security holders are the same as those of common shareholders, except for voting rights. As of December 31, 2002, the unredeemed GDRs amounted to 887 thousand units.

The Corporation cannot use for any purpose its share in the changes of the capital surplus reported by its equity-accounted investees. Under relevant regulations, all other components of capital surplus can only be used to offset a deficit. In addition, only capital surplus from paid-in capital in excess of par value, bond conversion, merger, and treasury stock transactions can be transferred to capital. Paid-in capital in excess of par value may be capitalized by issuing new shares to shareholders in proportion to their holdings, within a certain limit every year.

The Corporation's Articles of Incorporation provide that the annual net income, less any deficit and 10% legal reserve, together with the distributable unappropriated earnings of prior years, can be retained partially on the basis of operating requirements. The remainder should be distributed as follows:

	<u>%</u>
Dividends	85
Bonus to employees	10
Bonus to directors and supervisors	<u>5</u>
	<u>100</u>

These appropriations should be resolved by the shareholders in the following year and given effect in the financial statements of that year.

In the board of directors' meeting on April 4, 2002, the directors resolved to distribute unappropriated earnings for bonus to employees, directors and supervisors, and the distribution also approved by the shareholders on May 22, 2002. The distribution is as follows:

	<u>Amount</u>
Bonus to employees - stock	\$ 113,287
Bonus to employees - cash	113,287
Bonus to directors and supervisors	<u>113,286</u>
	<u>\$ 339,860</u>

Distributed to employees were 11,329 thousand shares, or 1.53% of the Corporation's outstanding common stock as of December 31, 2001. Had all the bonus distributed to employees, directors and supervisors been in cash, the Corporation's basic earnings per share in 2001 would have decreased from \$3.24 to \$2.77.

As of February 14, 2003, the auditors' report date, the Corporation's board of directors had not decided the appropriation of the 2002 earnings. Related information may be accessed through the Market Observation Post System through the Web site of the Taiwan Stock Exchange.

Since the Corporation is in a growing stage and for future business extension, capital surplus and tax effect of the Corporation and its shareholders, the distribution of profits shall be based on the earnings in order to increase the earnings per share stably. In addition, stock dividends should not be less than 30% of total dividends paid and/or distributed.

Under regulations of the Securities and Futures Commission., the Corporation should appropriate a special reserve equivalent to the net debit balances, as of the balance sheet dates, of each stockholders' equity account, except for treasury stock and deficit. The special reserve should be adjusted to reflect changes in the total net debit balances of the appropriate accounts.

Under the Integrated Income Tax System, which that became effective took effect on January 1, 1998, ROC resident shareholders are allowed a tax credit for the income tax paid by the Corporation on earnings generated since January 1, 1998. An Imputation Credit Account (ICA) is maintained by the Corporation for such income tax and the tax credit allocated to each shareholder. The maximum credit available for allocation to each shareholder cannot exceed the ICA balance on the dividend distribution date.

Under the Company Law, the appropriation for legal reserve should be made until the reserve equals the Corporation's capital. This reserve may be used to offset a deficit. Also, when the reserve reaches 50% of the capital, up to 50% thereof may be transferred to capital.

14. TREASURY STOCK (COMMON STOCK)

Unit: In Thousand Shares

Reason for Repurchase	Shares in Thousands (Beginning of Year)	Changes in Current Fiscal Year			Shares in Thousands (End of Year)
		Increase from Merger	Increase	Decrease	
<u>2002</u>					
Reissuance to employees	8,800	-	8,925	1,675	16,050
Assumption that the treasury stock is held by acquired companies for transfer to employees	-	1,846	-	-	1,846
Reclassification of long-term stock investments to treasury stock because Corporation's shares were held by direct and indirect subsidiaries	-	<u>25,670</u>	<u>11,939</u>	<u>8,004</u>	<u>29,605</u>
	<u>8,800</u>	<u>27,516</u>	<u>20,864</u>	<u>9,679</u>	<u>47,501</u>
<u>2001</u>					
Transfer to employees	<u>4,230</u>	-	<u>4,570</u>	-	<u>8,800</u>

In 2002, the Corporation transfer \$1,219,779 thousand from short-term investment and long-term stock investments direct and indirect subsidiaries to treasury stock proportionate to its ownership. The carrying value and market value of treasury stock mentioned above were \$1,230,337 thousand and \$1,267,965 thousand, respectively, in 2002.

Under the Securities and Exchange Law, the maximum number of treasury stock purchased should not exceed 10% of the Corporation's total outstanding shares, and the aggregate purchase cost should not exceed the sum of retained earnings, additional paid-in capital in excess of par value and realized capital surplus. The Corporation cannot pledge the treasury stock or exercise shareholders' rights on the treasury stock. Treasury stock should be reissued within three years from the reacquisition date. Shares not transferred within the time limit be deemed unissued, and the Corporation should thus register with the authorities the resulting increase in the number of its shares. The Corporation's stock acquired by its subsidiaries or other investees should be regarded as treasury stock. However, the shareholders of subsidiaries or other investees can exercise shareholders' rights on the treasury stock.

15. INCOME TAX

- a. Reconciliation between income tax expense - current and income tax expense computed at the statutory rate to income before income tax is as follows:

	<u>2002</u>	<u>2001</u>
Income tax expense computed using the statutory rate (25%) to income before income tax	\$ 1,149,177	\$ 587,583
Deduct tax effects of: Permanent differences	(1,020,873)	(529,277)

(Forward)

	<u>2002</u>	<u>2001</u>
Temporary differences	(\$ 48,467)	(\$ 28,989)
Investment tax credits	(79,837)	-
Loss carryforwards	<u>-</u>	<u>(29,317)</u>
Income tax expense - current	<u>\$ -</u>	<u>\$ -</u>
b. The details of income tax benefit are shown below:		
	<u>2002</u>	<u>2001</u>
Income tax expense - current	\$ -	\$ -
Deferred income tax	(532,060)	-
Prior year's adjustment	(389)	-
Separate income tax on interest income on commercial paper	<u>2,449</u>	<u>-</u>
Income tax benefit	<u>(\$ 530,000)</u>	<u>\$ -</u>
c. Deferred income tax assets and liabilities consisted of:		
	<u>2002</u>	<u>2001</u>
Current		
Deferred income tax assts		
Investment tax credits	\$ 246,228	\$ -
Excess provisions for doubtful receivables	170,366	114,984
Accrued warranty expense	141,440	16,032
Allowance for loss on inventories	45,275	2,149
Loss carryforwards	48,056	-
Unrealized foreign exchange loss	-	44,415
Unrealized sales return and allowances	-	22,644
Others	<u>34,451</u>	<u>-</u>
	685,816	200,224
Valuation allowance	<u>-</u>	<u>(200,224)</u>
	685,816	-
Deferred income tax liabilities		
Unrealized foreign exchange gain	<u>(7,816)</u>	<u>-</u>
Deferred income tax assets - net	<u>\$ 678,000</u>	<u>\$ -</u>
Noncurrent		
Deferred income tax assets		
Accumulative equity in the net loss of foreign investees	\$ 573,377	\$ 12,087
Investment tax credit	508,500	158,127
Loss carryforwards	149,435	326,821
Excess provisions for pension costs	22,903	-
Allowance for loss on idle assets	17,242	1,448
Others	<u>13,033</u>	<u>-</u>
	1,284,490	498,483
Valuation allowance	<u>(422,376)</u>	<u>(67,037)</u>
	862,114	431,446

(Forward)

	<u>2002</u>	<u>2001</u>
Deferred income tax liabilities		
Accumulated equity in the net gain of foreign investees	(\$ 347,068)	(\$ 417,922)
Deferred income tax assets - net	<u>\$ 515,046</u>	<u>\$ 13,524</u>

The income tax rate used in recognizing deferred income tax was 25%.

Income tax payables as of December 31, 2002 and 2001 were net of prepayments of \$26,711 thousand and \$32,631 thousand, respectively.

Income tax returns through 2000 have been examined and cleared by the tax authorities.

- d. Upon merging with GVC Corp., the Corporation assumed GVC Corp.'s investment tax credit. The information on investment tax credit is as follows:

<u>Legislation</u>	<u>Deduction Item</u>	<u>Tax Credit Amount</u>	<u>Unused Tax Credits Ending Balance</u>	<u>Expiry Year</u>
Statute for Upgrading Industries	Research and development cost and professional training expenses	\$ 181,433	\$ 181,433	2003
	Research and development cost and professional training expenses	143,566	143,566	2004
	Machinery and equipment	27,146	27,146	2004
	Important and strategic industries	39,484	39,484	2004
	Research and development cost and professional training expenses	121,186	121,186	2005
	Machinery and equipment	3,033	3,033	2005
	Important and strategic industries	24,440	24,440	2005
	Research and development cost and professional training expenses	193,510	193,510	2006
	Machinery and equipment	<u>20,930</u>	<u>20,930</u>	2006
			<u>\$ 754,728</u>	<u>\$ 754,728</u>

- e. Upon merging with GVC Corp., the Corporation assumed GVC Corp.'s loss carryforwards based on the Corporation ownership percentage held by shareholders of GVC Corp. after merger. The information on loss carryforwards is as follows:

<u>Year</u>	<u>Examined Status</u>	<u>Amount of Loss Carryforwards</u>	<u>Ending Balance of Unused Loss Carryforwards</u>	<u>Expiry Year</u>
1998	Examined	\$ 192,224	\$ 192,224	2003
1999	Examined	254,540	254,540	2004
2000	Examined	106,762	106,762	2005
2001	Unexamined	92,270	92,270	2006
2002	Unexamined	<u>144,168</u>	<u>144,168</u>	2007
		<u>\$ 789,964</u>	<u>\$ 789,964</u>	

- f. Integrated income tax information:

	<u>2002</u>	<u>2001</u>
Balance of ICA	<u>\$ 1,026,878</u>	<u>\$ 13,699</u>

The expected creditable tax ratio for the 2002 earnings was 19.06%. The actual creditable tax ratio for the 2001 earnings distributed in 2002 was 0.99%.

Since the imputation credit allocated to each shareholder is based on the ICA balance on the dividend distribution date, the actual creditable tax ratio for 2002 earnings may differ from the estimated ratio.

The unappropriated earnings as of December 31, 2002 and 2001 did not include earnings generated up to December 31, 1997.

16. EARNINGS PER SHARE

The numerator and denominators used in computing earnings per share (EPS) were as follows:

	<u>Amounts (Numerator)</u>		<u>Shares (Denominator) (Thousands)</u>	<u>Earnings Per Share (Dollars)</u>	
	<u>Pre-tax</u>	<u>After-tax</u>		<u>Pre-tax</u>	<u>After-tax</u>
<u>2002</u>					
Basic EPS					
Operating profit of continued segments	\$ 4,596,750	\$ 5,126,750	1,045,078	\$ 4.40	\$ 4.91
Loss form disposal of discontinued segments	-	-	1,045,078	-	-
Net income	<u>\$ 4,596,750</u>	<u>\$ 5,126,750</u>	1,045,078	<u>\$ 4.40</u>	<u>\$ 4.91</u>

(Forward)

	<u>Amounts (Numerator)</u>		<u>Shares (Denominator) (Thousands)</u>	<u>Earnings Per Share (Dollars)</u>	
	<u>Pretax</u>	<u>After-tax</u>		<u>Pretax</u>	<u>After-tax</u>
Pro forma information on the assumption that The Corp.'s shares held by its direct and indirect subsidiaries were not treated as treasury stocks	<u>\$ 4,843,128</u>	<u>\$ 5,373,128</u>	1,056,025	<u>\$ 4.59</u>	<u>\$ 5.09</u>
<u>2001</u>					
Basic EPS					
Operating profit of continued segments	\$ 2,355,283	\$ 2,355,283	817,032	\$ 2.88	\$ 2.88
Loss from disposal of discontinued segments	(4,951)	(4,951)	817,032	-	-
Net income	<u>\$ 2,350,332</u>	<u>\$ 2,350,332</u>	817,032	<u>\$ 2.88</u>	<u>\$ 2.88</u>
Diluted earnings per share					
Operating profit of continued segments	\$ 2,494,224	\$ 2,494,224	891,084	\$ 2.80	\$ 2.80
Loss from disposal of discontinued segments	(4,951)	(4,951)	891,084	(0.01)	(0.01)
Net income	<u>\$ 2,489,273</u>	<u>\$ 2,489,273</u>	891,084	<u>\$ 2.79</u>	<u>\$ 2.79</u>

In the EPS computation, the effect of stock dividends has been made retroactive. Thus, in 2001, basic EPS before and after tax decreased from \$3.24 to \$2.88 and diluted EPS before and after tax decreased from \$3.11 to \$2.79.

17. RELATED-PARTY TRANSACTIONS

Significant transactions with related parties, in addition to those stated in Note 19, are summarized below and in the accompanying Table 1 and 2:

- a. The price of the Corp.'s sales to Silitek Corp. (Malaysia) Sdn. Bhd. and Yet Foundate Ltd., are based on cost plus specific profit. Prices of sales to Lite-On IT Corp. from discontinued segment are based on certain agreed prices. Except for these sales, the sales terms between the Corporation and its related parties are normal.
- b. The cost of purchases of the Corporation from LTC International Ltd. (BVI), Lite-On Computer Technology (Dong Guan) Ltd., Lite-On Communications International Corp., Lite-On Technology International Inc., Great Adelphi International Ltd., Lite-On Electronics (Thailand) Co., Ltd., Funbo Enterprises Ltd. (HK), Silitek Corp. (Malaysia) Sdn. Bhd., Yet Foundate Ltd., G-Com (BVI) Technology Ltd., GVC International USA, Inc. and G-PRIME Computer Co. are based on cost plus certain agreed profits. Before the merger, the price of purchase from GVC Corp. was based on carrying value. Except for these purchases, the purchase terms between the Corporation and its related parties are normal.

- c. The Corporation sells goods to overseas customers through foreign subsidiaries on the price of costs. The Corporation pays commission fees to subsidiaries for warehouse management, delivery and other product services rendered by subsidiaries. The commission payable as of December 31, 2002 was \$25,576 thousand.
- d. The Corporation signed processing agreements with Silitek Technology Corporation Ltd., Funbo Enterprises Ltd. (HK), Lite-On Electronics Co., Ltd. and Maxi-Switch S.A. De C.V. Mexico. The Corporation will pay processing fees to these companies based on the agreements.
- e. The endorsements and guarantees provided by the Corporation in 2002 are summarized in Table 3.

18. ASSETS PLEDGED OR MORTGAGED

The following assets had been pledged or mortgaged as collaterals for long-term liabilities: (None in 2001).

	<u>2002</u>
Properties - net	\$ 855,632
Idle assets	<u>32,107</u>
	<u>\$ 887,739</u>

19. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES

- a. The rentals of the Corporation for the following years are summarized as follows:

<u>Location</u>	<u>Lease Period</u>	<u>Monthly Rental Payable</u>
Taipei office	2002.02.01-2003.06.30	\$ 2,520
Shin-Chu Plant (Ja-Cheng)	2003.01.01-2003.12.31	790
Shin-Chu Plant	2003.01.01-2003.12.31	<u>1,005</u>
		<u>\$4,315</u>

- b. To build the Corporation's new main-office building, the Corporation, Lite-On Semiconductor Corp. and Silport Investment Corp. jointly entered into a construction management contract and a design contract with Metropolitan Engineering Co., Ltd., Way Found Engineering Enterprise Inc., Dah Ching Engineering Corp. HK Engineering Co., Ltd. and Vickers Industrial Co., Ltd. The total contract amount is \$2,575,497 thousand, payable by these companies in installments at agreed percentages. As of December 31, 2002, the Corporation had paid \$1,745,559 thousand. Expected future payments are \$788,445 thousand.

- c. The Corporation signed a product purchase and technical development agreement with United Epitaxy Co., Ltd. Under this agreement, the Corporation promised to buy \$2,400,000 thousand of LED products between July 1, 2000 and June 30, 2003. In addition, if the Corporation defaults on its commitment of buy a certain quantity, the Corporation will pay United Epitaxy Co., Ltd. a fine at 5% of the shortfall.

20. OTHERS

- a. Supplemental information on the mergers:

The Corporation recognized the fair value of assets and liabilities of Lite-On Electronics, Inc., Silitek Corp., and GVC Corp. on November 4, 2002. The Corporation issued stocks to exchange for the shares of the acquired companies, except for shares held by the Corporation and other acquired companies. Long-term stock investments on Lite-On Electronics Inc., Silitek Corp., and GVC Corp. were eliminated. In addition, shares of the Corporation held by Lite-On Electronics, Inc. and Silitek Corp. were retired, and the resulting difference was recognized as capital surplus - merger.

Assets

Cash	\$ 6,562,631
Other current assts	15,512,280
Properties - net	5,886,554
Long-term stock investments	17,623,496
Other assets	1,453,953

Liabilities

Current liabilities	(17,860,674)
Long-term liabilities	(2,857,432)
Other liabilities	(<u>619,350</u>)

Net assts acquired

25,701,458

Retirement of cross-holding stocks of the acquired companies (included in long-term stock investments)

(3,863,360)

Retirement of stocks of the Corporation held by Lite-On Electronics, Inc. and Silitek Corp.

840,753

Cost of the treasury stock which acquired companies plan to transfer to employees

53,847

Shares issued by the Corporation

(10,665,085)

Capital surplus - merger

\$12,067,613

Pro forma net sales, net income and earnings per share of the Corporation on the assumption that the merger with Lite-On Electronics, Inc., Silitek Corp. and GVC Corp., was completed on January 1, 2001 are as follows:

	<u>2002</u>	<u>2001</u>
Net sales	<u>\$87,368,547</u>	<u>\$66,491,675</u>
Income before income tax	<u>\$ 8,876,115</u>	<u>\$ 4,824,913</u>
Net income	<u>\$ 8,500,429</u>	<u>\$ 4,710,484</u>
Basic earnings per share		
Based on weighted-average number of shares outstanding		
- 1,836,329 thousand shares and 1,669,955 thousand		
shares in 2002 and 2001	<u>\$4.63</u>	<u>\$2.82</u>

The Corporation recognized the fair value of the assets and liabilities of Lite-On Communications Corp. on November 30, 2001. The Corporation issued stocks according to stock exchange ratio for the shares of Lite-On Communications Corp. Long-term stock investments in Lite-On Communications Corp. were eliminated. The difference was recognized as capital surplus-merger.

Assets	
Cash	\$ 64,689
Other current assets	394,438
Properties - net	87,875
Long-term investments	23,477
Other assets	186,497
Liabilities	
Current liabilities	(318,092)
Other liabilities	(<u>5,048</u>)
Net assets acquired	433,836
Elimination of long-term stock investments in Lite-On Communications Corp.	(118,333)
Shares issued by the Corporation	(<u>166,400</u>)
 Capital surplus - merger	 <u>\$ 149,103</u>

b. Supplemental information on the discontinued segment

Loss of discontinued segment, the optoelectronic product business unit, in 2001 is summarized as follows:

1) Operating income (or loss) before discontinuing operation: None.

2) Disposal loss

<u>Items</u>	<u>2001</u>
Net sales revenues	\$ 529,443
Costs of goods sold	(489,497)
Realized gross profits	4,896
Operating expenses	(<u>49,793</u>)
Operating loss before tax	(4,951)
Income tax	<u>-</u>
 Operating loss after tax	 <u>(\$ 4,951)</u>

21. ADDITIONAL DISCLOSURES

a. Following are the additional disclosures required by the Securities and Futures Commission for the Corporation and its investees:

1) Financing provided: None.

2) Endorsement/guarantee provided: Table 3.

- 3) Marketable securities held: Table 4.
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$100 million or 20% of the capital stock: Table 5.
- 5) Acquisition of individual real estates at costs of at least NT\$100 million or 20% of the capital stock: Table 6.
- 6) Disposition of individual real estates at least NT\$100 million or 20% of the capital stock: None.
- 7) Total purchase from or sale to related parties amounting to at least NT\$100 million or 20% of the capital stock: Table 7.
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the capital stock: Table 8.
- 9) Names, locations, and related information of investees on which the Corporation exercises significant influence: Table 9.
- 10) Derivative financial transactions: Note 21. c.

b. Investment in Mainland China

- 1) Investment in Mainland China: Table 10.
- 2) Significant direct or indirect transactions with the investee Corporation, prices, payment terms, and unrealized gain or loss: Table 11.

c. Derivative financial instruments

The Corporation used foreign currency options, foreign currency forward exchange, and interest rate swap contracts for notrading purposes. That is, the purpose of related transactions is to hedge exchange rate fluctuations.

- 1) The contract amounts (or notional amounts) and credit risk of open contracts were as follows:

<u>Financial Instruments</u>	<u>Currency</u>	<u>2002</u>		<u>2001</u>	
		<u>Contract (Notional) Amount</u>	<u>Credit Risk</u>	<u>Contract (Notional) Amount</u>	<u>Credit Risk</u>
Foreign-currency options	US	\$ -	\$ -	\$ 944,973	\$ -
	EUR	-	-	956,664	-
Foreign-currency forwards	US	1,563,885	-	874,975	-
Interest rate swap	US	-	-	1,749,950	-
	NT	-	-	300,000	-

The Corporation is exposed to credit risk from defaults by counter-parties on forward contracts and option contracts. To manage this risk, the Corporation transacts only with financial institutions with good credit ratings. Thus, no material losses resulting from counter-party defaults are anticipated.

- 2) Market risk. Market risks are the exposures to fluctuations in foreign exchange rates. To hedge exchange rate risks resulting from net foreign assets or liabilities, the Corporation uses foreign-currency options and forward contracts. Thus, gains or losses resulting from exchange rate changes will be offset by those of the hedged items. Thus, the impact of market risk is substantially reduced.
- 3) Liquidity risk, cash-flow risk and future cash demand. The cash flow requirements with respect to the Corporation's forward exchange contracts and option contracts are the net differences between the spot rates and contracted forward rates on settlement dates. The Corporation does not expect those requirements to be material and believes that it has sufficient operating capital to meet those requirements. Thus, there is no fund-raising risk and no significant demand for extra cash is expected.
- 4) Purpose and strategy. The forward contracts, interest rate swap contracts and option contracts are used to reduce the impact of changes in foreign currency exchange rates and are not entered into for trading or speculative purposes. The Corporation's hedge strategy is to use instruments that offset the fluctuations in their values with the changes in the values of the underlying exposures. The effectiveness of the hedging instruments is periodically evaluated.
- 5) Fair values of financial instruments

	2002		2001	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<u>Nonderivative instruments</u>				
Assets				
Cash	\$ 8,294,860	\$ 8,294,860	\$ 7,826,608	\$ 7,826,608
Accounts and notes receivable	12,133,998	12,133,998	4,062,126	4,062,126
Receivable from related parties	4,912,307	4,912,307	1,620,308	1,620,308
Long-term investments	25,239,734	25,309,200	12,400,856	12,552,575
Refundable deposits	46,998	46,998	28,627	28,627
Liabilities				
Short-term bank loans	2,941,939	2,941,939	1,499,064	1,499,064
Commercial paper	99,745	99,745	479,313	479,313
Accounts payable	8,731,961	8,731,961	1,430,417	1,430,417
Payable to related parties	8,194,191	8,194,191	6,117,147	6,117,147
Current portion of long-term liabilities	1,614,167	1,614,167	3,338,432	3,338,432
Long-term liabilities	1,436,994	1,436,994	3,145,181	3,145,181
Guarantee deposits	1,940	1,940	400	400

Derivative financial instruments	Currency	2002		2001	
		Carrying Value	Fair Value	Carrying Value	Fair Value
Foreign-currency options					
Short call options	US	\$ -	\$ -	\$ 638,521	\$ 632,855
Short put options	US	-	-	95,212	100,083
Short put options	EUR	-	-	751,044	752,729
Long call options	EUR	-	-	101,637	100,085
Long put options	EUR	-	-	106,887	106,601
Foreign-currency forwards					
Buy forwards	NT	-	-	345,600	345,600
Sell forwards	US	1,563,885	1,569,239	516,765	516,765
Interest rate swaps					
	US	-	-	-	22,235
	NT	-	-	-	(12,840)

d. The methods and assumptions used in estimating fair values are as follows:

- 1) The carrying values of cash, accounts and notes receivable, receivable from related parties, refundable deposits, short-term bank loans, commercial papers, accounts payable, notes payable, payable to related parties, guarantee deposits and current portion of long-term liabilities reported in the balance sheet approximate the fair values of these assets because of the short maturity of these instruments.
- 2) Fair values of short-term investments and long-term investments are based on market prices or, if market prices are unavailable, upon net asset values or fund net worth.
- 3) Fair values of long-term debts and bonds payable are based on the present value of expected cash inflows or outflows. The discount rate is determined using the Corporation's current incremental borrowing rates for similar types of borrowings.

The Corporation's subsidiary, Lite-On IT Corp., entered into an agreement with a bank on credit linked deposits. Under the agreement, interest of the above time deposit is higher than the market interest rate. However, the nominal amount of the credit-linked deposit also has a risk of value impairment due to credit risks of overseas convertible bonds of target companies. The Corporation thinks the credit risks and market risks of the targeted bonds were quite low as of December 31, 2002. Some information on credit-linked deposits are as follows:

Convertible Bonds Linked	Contract Amount (US\$)		Carrying Value (NT\$)		Estimated Fair Value (US\$)	
	2002	2001	2002	2001	2002	2001
GIGABYTE Technology Co., Ltd.	\$ -	\$ 3,000	\$ -	\$ 104,997	\$ -	\$ 3,000
BENQ Corp.	2,000	2,000	69,670	69,998	2,000	2,000

(Forward)

Convertible Bonds Linked	Contract Amount (US\$)		Carrying Value (NT\$)		Estimated Fair Value (US\$)	
	2002	2001	2002	2001	2002	2001
Hon Hai Precision Industry Co., Ltd.	\$ -	\$ 5,000	\$ -	\$ 174,995	\$ -	\$ 5,000
RITEK Corp.	<u>3,000</u>	<u>3,000</u>	<u>104,505</u>	<u>104,997</u>	<u>3,000</u>	<u>3,000</u>
	<u>\$ 5,000</u>	<u>\$13,000</u>	<u>\$ 174,175</u>	<u>\$ 454,987</u>	<u>\$ 5,000</u>	<u>\$13,000</u>

22. SEGMENT INFORMATION

- a. Industry: The Corporation manufactures and sells monitors, cell phones, printers, modems and computer peripherals. Therefore, no industry segment information is provided.
- b. Foreign operations: The Corporation has no revenue - generating foreign operating unit as of December 31, 2002.
- c. Export sales: Export sales, including sales from discontinued segments, are summarized by geographical area, as follows:

<u>Geographical Area</u>	<u>2002</u>	<u>2001</u>
America	\$ 22,624,571	\$ 15,441,933
Europe	17,057,196	8,718,056
Asia	5,599,328	3,542,165
Others	<u>2,000,561</u>	<u>392,107</u>
	<u>\$ 47,281,656</u>	<u>\$ 28,094,261</u>

- d. Major customers

<u>Customer</u>	<u>2002</u>		<u>2001</u>	
	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Total</u>
A	\$ 14,215,604	29.18	\$ 6,687,849	24.26
B	6,178,013	12.68	2,057,616	7.46
C	4,468,347	9.17	4,245,526	15.40
D	<u>2,520,430</u>	<u>5.18</u>	<u>4,342,958</u>	<u>15.76</u>
	<u>\$ 27,382,394</u>	<u>56.21</u>	<u>\$ 17,333,949</u>	<u>62.88</u>

LITE-ON TECHNOLOGY CORP.

RELATED PARTY TRANSACTIONS
December 31, 2002 and 2001
(In Thousands of New Taiwan Dollars)

Related Party	Nature of Relationship (Note 1)	Receivable from Related Parties					Payable to Related Parties								Prepaid Expenses and Other Current Assets			
		Accounts Receivable		Other Receivable		Total	Notes Payable		Accounts Payable		Other Payable		Processing and Commission Payable		Total	Amount	%	
		Amount	% (Note 2)	Amount	% (Note 2)		Amount	% (Note 2)	Amount	% (Note 2)	Amount	% (Note 2)	Amount	% (Note 2)				
2002																		
DW G-PRO Computer Co., Ltd.	f	\$ 28,603	-	\$ 1,235,613	26	\$ 1,264,216	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-
Lite-On Communication International Corp.	a	-	-	104,739	2	104,739	-	-	319,228	4	-	-	-	-	-	-	319,228	-
Titanic Capital Services Ltd.	b	-	-	74,743	2	74,743	-	-	1,227,397	16	2,356,854	29	-	-	-	-	3,584,251	-
Great Adelphi International Ltd.	b	-	-	213,388	4	213,388	-	-	1,007,932	12	-	-	-	-	-	-	1,007,932	-
G-PRIME Computer Co.	b	-	-	122,901	3	122,901	-	-	102,562	1	-	-	-	-	-	-	102,562	-
Lite-On Technology (Malaysia) Sdn. Bhd.	a	-	-	-	-	-	-	-	378,955	5	173,239	3	-	-	-	-	552,194	-
Lite-On Computer Tech. (DG) Ltd.	b	-	-	-	-	-	-	-	101,449	1	867	-	-	-	-	-	102,316	-
Lite-On Technology International Inc.	a	-	-	-	-	-	-	-	-	-	1,160	-	-	-	-	-	1,160	-
Lite-On Technology (Europe) B.V.	a	-	-	-	-	-	-	-	-	-	6,418	-	-	-	-	-	6,418	-
Quanix Technology Inc.	a	-	-	-	-	-	-	-	-	-	33,563	-	-	-	-	-	33,563	-
Silpert Travel Service Co., Ltd.	e	-	-	-	-	-	-	-	-	-	803	-	-	-	-	-	803	-
Lite-On Electronics Ltd. (H.K.)	a	239,834	5	174	-	240,008	-	-	-	-	-	-	-	-	-	-	-	-
Lite-On, Inc. (USA)	a	754,644	15	15,107	-	769,751	-	-	2,990	-	-	-	10,074	-	-	-	13,064	948
Lite-On Electronics (Europe) Ltd.	a	372,635	8	7,006	-	379,641	-	-	2,469	-	-	-	2,836	-	-	-	5,305	617
Lite-On Electronics Ltd.	b	204,647	4	328	-	204,975	-	-	-	-	-	-	184	-	-	-	184	-
Lite-On Japan Ltd.	a	164,006	3	199	-	164,205	-	-	8,451	-	-	-	298	-	-	-	8,749	862
Song Cheer International Ltd. (Cayman)	b	75,998	2	-	-	75,998	-	-	-	-	-	-	-	-	-	-	-	-
Funbo Enterprises Ltd. (HK)	b	22,380	-	527	-	22,907	-	-	64	-	-	-	46,602	1	-	-	46,666	-
Lite-On Semiconductor Corp.	c	12,468	-	2,397	-	14,865	-	-	-	-	-	-	-	-	-	-	-	-
G-Tech computer Ltd.	b	49,472	1	-	-	49,472	-	-	-	-	-	-	-	-	-	-	-	17
Lite-On Electronics(Tianjin), Inc.	b	-	-	45,712	1	45,712	-	-	-	-	-	-	-	-	-	-	-	-
G-Com (BVI) Technology Ltd.	a	611,844	12	20,534	-	632,378	-	-	233,045	3	337	-	-	-	-	-	233,382	944
Innoveta Technologies, Inc.	a	3,693	-	5,779	-	9,472	-	-	-	-	-	-	-	-	-	-	-	-
Lite-On IT Corp.	a	-	-	6,962	-	6,962	-	-	-	-	-	-	-	-	-	-	-	-
Lite-On Electronics (Thailand) Co., Ltd.	a	-	-	1,500	-	1,500	-	-	819,724	10	-	-	-	-	-	-	819,724	-
Lite-On Electronics (Malaysia) Ltd.	a	-	-	5,474	-	5,474	-	-	-	-	-	-	-	-	-	-	-	-
Lite-On Enclosure Inc.	a	-	-	2,216	-	2,216	-	-	-	-	-	-	-	-	-	-	-	-
Lite-On Electronics Co., Ltd. (HK)	b	-	-	44,790	1	44,790	-	-	106,439	1	-	-	17,860	-	-	-	124,299	-
Maxtech Holding Inc.	a	135,035	3	102	-	135,137	-	-	-	-	-	-	-	-	-	-	-	-
Giga-Radio Communication (BVI) Co. Ltd.	b	34,083	1	-	-	34,083	-	-	11	-	15	-	-	-	-	-	26	-
Silitech Technology Corp.	a	-	-	-	-	-	17,161	-	10,559	-	-	-	-	-	-	-	27,720	-
Silitek Corp. (Malaysia) Sdn. Bhd.	a	-	-	-	-	-	-	-	16,163	-	90	-	-	-	-	-	16,253	-
Lite-On Eoking Inc.	c	-	-	-	-	-	996	-	-	-	3,002	-	-	-	-	-	3,998	-
GPI (H.K.) Technology Ltd.	a	-	-	17,934	-	17,934	-	-	-	-	-	-	-	-	-	-	-	-
GVC Corp. Ltd.	b	-	-	201,468	4	201,468	-	-	-	-	-	-	-	-	-	-	-	-
GVC Holding Inc.	b	-	-	6,977	-	6,977	-	-	-	-	2,851	-	-	-	-	-	2,851	-
I-Solution Ltd.	b	142	-	117,639	2	117,781	-	-	-	-	-	-	-	-	-	-	-	-

(Forward)

Related Party	Nature of Relationship (Note 1)	Receivable from Related Parties					Payable to Related Parties								Prepaid Expenses and Other Current Assets		
		Accounts Receivable		Other Receivable		Total	Notes Payable		Accounts Payable		Other Payable		Processing and Commission Payable		Total	Amount	%
		Amount	% (Note 2)	Amount	% (Note 2)		Amount	% (Note 2)	Amount	% (Note 2)	Amount	% (Note 2)	Amount	% (Note 2)			
Yet Foundate Ltd.	b	\$ 3,145	-	\$ 26,888	1	\$ 30,033	\$ -	-	\$ 872,846	11	\$ 76,446	1	\$ -	-	\$ 949,292	\$ -	-
Maxi Switch Inc.	a	-	-	6,065	-	6,065	-	-	41,059	1	-	-	-	-	41,059	-	-
Lite-On Peripherals de. Mexico S.A. de C.V.	a	-	-	-	-	-	-	-	12,108	-	-	-	-	-	12,108	-	-
Lite-On Peripherals Inc.	a	5,764	-	-	-	5,764	-	-	-	-	56,627	1	12,184	-	68,811	-	-
Maxi Switch S.A. De C.V.	b	-	-	-	-	-	-	-	-	-	10,723	-	-	-	10,723	-	-
Silitek Netherlands B.V.	a	-	-	-	-	-	-	-	-	-	5,903	-	-	-	5,903	-	-
Others		41,666	1	20,734	-	62,400	-	-	18,692	-	74,955	-	-	-	93,647	23,757	1
Less: Allowance for doubtful accounts		(150,081)	(1)	(5,567)	-	(155,648)	-	-	-	-	-	-	-	-	-	-	-
		<u>\$2,609,978</u>	<u>54</u>	<u>\$2,302,329</u>	<u>46</u>	<u>\$4,912,307</u>	<u>\$ 18,157</u>	<u>-</u>	<u>\$5,282,143</u>	<u>65</u>	<u>\$2,803,853</u>	<u>34</u>	<u>\$ 90,038</u>	<u>1</u>	<u>\$8,194,191</u>	<u>\$ 27,145</u>	<u>1</u>
2001																	
GVC Corp.	d	\$ 181,497	11	\$ -	-	\$ 181,497	\$ -	-	\$ -	-	\$ 84,062	1	\$ -	-	\$ 84,062	\$ -	-
Lite-On Electronics, Inc.	d	-	-	-	-	-	-	-	-	-	23,601	1	-	-	23,601	-	-
Lite-On Technology (Malaysia) Sdn. Bhd.	a	-	-	-	-	-	-	-	383,673	6	175,183	3	-	-	558,856	-	-
Lite-On Technology International Inc.	a	-	-	-	-	-	-	-	14,615	-	3,520	-	-	-	18,135	-	-
Lite-On Technology (Europe) B.V.	a	-	-	-	-	-	-	-	-	-	1,548	-	-	-	1,548	-	-
LTC Group Ltd.	a	-	-	-	-	-	-	-	-	-	19,740	-	-	-	19,740	-	-
Lite-On Communication International Corp.	a	-	-	-	-	-	-	-	21,988	-	-	-	-	-	21,988	-	-
Lite-On IT Corp.	a	-	-	658	-	658	-	-	4,022	-	-	-	-	-	4,022	-	-
Lite-On Computer Tech. (DG) Ltd.	b	-	-	890,015	55	890,015	-	-	2,987,328	49	6,220	-	-	-	2,993,548	-	-
Lite-On Mexico S.A.De C.V.	c	-	-	7,339	1	7,339	-	-	-	-	-	-	-	-	-	-	-
G-PRIME Computer Co.	b	-	-	-	-	-	-	-	327,950	5	91,870	2	-	-	419,820	-	-
LTC International Ltd. (BVI)	b	-	-	230,603	14	230,603	-	-	1,413,429	24	111,632	2	-	-	1,525,061	-	-
GVC International (USA) Inc.	b	-	-	-	-	-	-	-	24,441	-	-	-	-	-	24,441	-	-
Great Adelphi International Ltd.	c	-	-	297,390	18	297,390	-	-	416,721	7	-	-	-	-	416,721	-	-
Siliport Travel Service Co., Ltd.	e	-	-	-	-	-	-	-	-	-	1,047	-	-	-	1,047	-	-
Others		-	-	12,806	1	12,806	-	-	4,218	-	339	-	-	-	4,557	-	-
		<u>\$ 181,497</u>	<u>11</u>	<u>\$1,438,811</u>	<u>89</u>	<u>\$1,620,308</u>	<u>\$ -</u>	<u>-</u>	<u>\$5,598,385</u>	<u>91</u>	<u>\$ 518,762</u>	<u>9</u>	<u>\$ -</u>	<u>-</u>	<u>\$6,117,147</u>	<u>\$ -</u>	<u>-</u>

- Note 1: a. Equity-accounted investee.
b. An investee of an equity-accounted subsidiary.
c. Same chairman.
d. The company merged with Lite-On Technology Corp.
e. Its chairman is a relative of the Corporation's chairman.
f. Indirect subsidiary of the Corporation.

Note 2: Percentage of specific account balance.

LITE-ON TECHNOLOGY CORP.

RELATED PARTY TRANSACTIONS
For the Years Ended December 31, 2002 and 2001
(In Thousands of New Taiwan Dollars)

Related Party	Nature of Relationship (Note 1)	Sales (Note 2)		Purchases (Note 2)		Rental Revenue	Other Revenue	Rental Expense	Other Expense (Note 4)	Property Transaction		
		Amount	% (Note 3)	Amount	% (Note 3)					Cost	Proceeds	Disposal Gain (Loss)
2002												
Lite-On Inc. (USA)	a	\$ 616,309	1	\$ 475,207	1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lite-On Electronics (Thailand) Co., Ltd.	a	-	-	751	-	-	-	-	-	-	188	(2)
Lite-On Japan Ltd.	a	129,270	-	103,586	-	-	-	-	-	-	-	-
Lite-On Electronics Ltd. (HK)	a	147,483	-	118,455	-	-	-	-	-	-	-	-
Innoveta Technologies, Inc.	a	678	-	519	-	-	-	-	-	-	-	-
Lite-On (Europe) Inc.	a	315	-	253	-	-	-	-	-	-	-	-
Lite-On Electronics (Europe) Ltd.	b	307,448	1	235,133	1	-	-	-	-	-	-	-
Lite-On Electronics Ltd.	a	122,823	-	98,648	-	-	-	-	-	-	-	-
Titanic Capital Services, Ltd.	b	8,740	-	21,691,320	49	-	-	-	-	-	-	-
G-Tech computer Ltd.	b	31,918	-	24,411	-	-	-	-	-	-	-	-
DW G-Pro Computer Co., Ltd.	e	23,578	-	2,458,169	6	-	-	-	-	-	-	-
Song Cheer International Ltd. (Cayman)	b	33,734	-	33,447	-	-	-	-	-	-	-	-
Funbo Enterprises Ltd.	b	-	-	-	-	-	-	-	79,325	-	-	-
Lite-On Electronics Co., Ltd. (HK)	b	-	-	-	-	-	-	-	165,693	-	-	-
G-Com (BVI) Technology Ltd.	a	229,092	-	264,879	1	-	-	-	-	-	-	-
Giga-Radio Communication (BVI) Co., Ltd.	b	19,368	-	-	-	-	-	-	-	-	-	-
Silitech Technology Corp.	a	-	-	16,470	-	-	-	-	-	-	-	-
Yet Foundate Ltd.	b	1,443	-	1,370,664	3	-	-	-	-	-	89	78
Lite-On Peripherals Inc. (USA)	a	203	-	-	-	-	-	-	-	-	-	-
Lite-On Capital Inc.	a	-	-	-	-	114	-	-	-	-	-	-
Lite-On IT Corp.	a	-	-	4,279	-	16,794	-	-	-	-	-	-
G-PRIME Computer Co.	b	-	-	-	-	-	-	-	-	-	70,859	-
Lite-On Computer Tech. (DG) Ltd.	b	-	-	4,420,007	10	-	-	-	-	-	-	-
Great Adelphi International Ltd.	b	-	-	5,442,436	12	-	-	-	-	-	-	-
Lite-On Technology International Inc.	a	-	-	13	-	-	-	-	128,520	-	-	-
Lite-On Communication International Corp.	a	-	-	707,438	2	-	-	-	-	-	-	-
Lite-On Electronics, Inc.	d	-	-	3,111	-	-	-	-	-	-	-	-
GVC Crop.	d	-	-	-	-	-	-	18,222	-	-	-	-
Lite-On Enclosure Inc.	a	-	-	488	-	-	-	-	-	-	-	-
Silitek Corp.	d	-	-	1,144	-	-	-	-	-	-	-	-
Others		21	-	875	-	-	-	-	-	-	-	-
		<u>\$ 1,672,423</u>	<u>2</u>	<u>\$37,471,703</u>	<u>85</u>	<u>\$ 16,908</u>	<u>\$ -</u>	<u>\$ 18,222</u>	<u>\$ 373,538</u>	<u>\$ -</u>	<u>\$ 71,136</u>	<u>\$ 76</u>

(Forward)

Related Party	Nature of Relationship (Note 1)	Sales (Note 2)		Purchases (Note 2)		Rental Revenue	Other Revenue	Rental Expense	Other Expense (Note 4)	Property Transaction		
		Amount	% (Note 3)	Amount	% (Note 3)					Cost	Proceeds	Disposal Gain (Loss)
2001												
GVC Corp.	d	\$ 337,774	1	\$ 37,346	-	\$ -	\$ -	\$ 32,547	\$ -	\$ 692,045	\$ -	\$ -
Lite-On Technology International Inc.	a	-	-	60,621	-	-	-	-	56,313	-	-	-
Lite-On Technology (Europe) B.V.	a	-	-	-	-	-	-	-	20,079	-	-	-
Lite-On Communication International Corp.	a	-	-	19,521	-	-	-	-	-	-	-	-
Lite-On Communication Corp.	a	-	-	-	-	-	12,225	-	-	-	-	-
Lite-On Capital Inc.	a	-	-	-	-	114	-	-	-	-	-	-
Lite-On IT Corp.	a	525,162	2	11,332	-	-	-	-	49,435	-	90,351	-
Lite-On Computer Tech. (DG) Ltd.	b	-	-	4,199,948	16	-	-	-	-	-	-	-
G-PRIME Computer Company	b	-	-	3,331,424	13	-	-	-	-	-	38,508	-
LTC Group Ltd.	a	-	-	14,225,162	55	-	-	-	-	-	8,960	242
GVC International USA, Inc.	b	-	-	63,322	-	-	-	-	-	-	-	-
Great Adelphi International Ltd.	c	-	-	416,493	2	-	-	-	-	-	-	-
LET (HK) Ltd.	c	-	-	760	-	-	-	-	-	-	-	-
Others		-	-	665	-	-	-	-	-	-	-	-
		<u>\$ 862,936</u>	<u>3</u>	<u>\$22,366,594</u>	<u>86</u>	<u>\$ 114</u>	<u>\$ 12,225</u>	<u>\$ 32,547</u>	<u>\$ 125,827</u>	<u>\$ 692,045</u>	<u>\$ 137,819</u>	<u>\$ 242</u>

Note 1: a. Equity-accounted investee.
b. An investee of an equity-accounted subsidiary.
c. Same chairman.
d. The company merged with Lite-On Technology Corp.
e. Indirect subsidiary of the Corporation.

Note 2: Except for certain transactions described in Note 17, these sales and purchases were conducted under normal terms.

Note 3: Percentage of specific account balance.

Note 4: Mainly included reprocessing fees, promotion fees and repair expenses.

LITE-ON TECHNOLOGY CORP. AND INVESTEEES
 ENDORSEMENT/GUARANTEE PROVIDED
 For the Year Ended December 31, 2002
 (In Thousands of New Taiwan Dollars, Unless Other Specified)

No.	Endorsement/ Guarantee Provider	Counter-party		Limits on Each Counter-party's Endorsement/ Guarantee Amount	Maximun Balance for the Year (Note 8)	Ending Balance (Note 8)	Value of Collaterals Property, Plant, or Equipment	Ratio of Accumulated Amount of Collateral to Net Equity of the Latest Financial Statements	Maximum Collateral/Guarantee Amounts Allowable
		Name	Nature of Relationship						
0	Lite-On Technology Corp.	Great Adelphi Inte'l Ltd.	Note 2	\$ 4,086,952 (Note 4)	\$ 562,999 (US\$ 16,200)	\$ 562,999 (US\$ 16,200)	\$ -	1.38	\$ 16,347,809 (Note 5)
		DW G-Pro Computer Co., Ltd.	Note 3	4,086,952 (Note 4)	302,351 (US\$ 8,700)	302,351 (US\$ 8,700)	-	0.74	16,347,809 (Note 5)
		Lite-on Peripherals, Inc. (USA)	Note 1	4,086,952 (Note 4)	34,753 (US\$ 1,000)	-	-	-	16,347,809 (Note 5)
		G-Com (BVI) Technology Ltd.	Note 1	4,086,952 (Note 4)	135,537 (US\$ 3,900)	135,537 (US\$ 3,900)	-	0.33	16,347,809 (Note 5)
1	Lite-On IT Corp.	Lite-On Opto Technology (Guangzhou) Ltd.	Note 2	1,253,543 (Note 6)	69,506 (US\$ 2,000)	69,506 (US\$ 2,000)	-	0.56	5,014,172 (Note 7)
		High Yield Group Co., Ltd.	Note 1	1,253,543 (Note 6)	289,731 (RMB 69,000)	289,731 (RMB 69,000)	-	2.29	5,014,172 (Note 7)
2	High Yield Group Co., Ltd.	Lite-On Opte Technology (Guangzhou) Ltd.	Note 1	1,253,543 (Note 6)	289,731 (RMB 69,000)	289,731 (RMB 69,000)	-	2.29	5,014,172 (Note 7)

Note 1: Subsidiary.

Note 2: Indirect subsidiary of Lite-On Technology Corp. (grandson subsidiary).

Note 3: Indirect subsidiary of Lite-On Technology Corp. (great grandson subsidiary).

Note 4: 10% of the shareholders' equity in Lite-On Technology Corp. as of December 31, 2002.

Note 5: 40% of the shareholders' equity in Lite-On Technology Corp. as of December 31, 2002.

Note 6: 10% of the shareholders' equity in Lite-On IT Corp. as of December 31, 2002.

Note 7: 40% of the shareholders' equity in Lite-On IT Corp. as of December 31, 2002.

Note 8: Exchange rates were US\$1 = NT\$34.753 and RMB\$1 = \$4.199 as of December 31, 2002.

LITE-ON TECHNOLOGY CORP. AND INVESTEEES

MARKETABLE SECURITIES HELD

December 31, 2002

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

Held Company Name	Marketable Securities Type and Name	Relationship with the Corporation	Financial Statement Account	December 31, 2002				Note
				Shares/Units (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
Lite-On Technology Corp.	<u>Stock</u>							
	Lite-On Technology (Malaysia) Sdn. Bhd.	Subsidiary	Long-term investment	43,000	\$ 430,187	100.00	\$ 430,187	
	Lite-On Technology International Inc. (USA)	"	"	3,000	91,408	100.00	91,408	
	Lite-On Technology (Europe) B.V.	"	"	-	Note 1	100.00	(3,874)	
	Lite-On Capital Inc.	"	"	30,000	587,988	99.98	665,756	
	LTC Group Ltd. (BVI)	"	"	28,650	2,120,961	100.00	2,311,730	
	Lite-On Communication International Corp.	"	"	250	Note 1	100.00	(72,926)	
	Lite-On IT Corp.	"	"	295,441	8,687,899	69.85	8,755,998	
	Quanix Technology Inc.	"	"	9,300	45,959	100.00	45,959	
	Lite-On Eco Technology, Inc.	Equity-accounted investee	"	90	413	0.90	413	
	Lite-On Electronics (Thailand) Co., Ltd.	Subsidiary	"	5,030	987,117	100.00	990,518	
	Lite-On Inc. (USA)	"	"	3,000	258,302	100.00	257,928	
	Lite-On Electronics (Europe) Ltd.	"	"	3,324	197,364	100.00	204,766	
	Lite-On Electronics (HK) Ltd.	"	"	20	85,720	99.90	85,163	
	Lite-On Japan Ltd.	Equity-accounted investee	"	2,240	145,417	43.02	147,255	
	Nport Investment Co., Ltd.	Subsidiary	"	44,000	69,884	99.99	443,219	
	Lite-On Electronics Pte. Ltd. (Singapore)	"	"	24,237	1,315,901	100.00	937,070	
	Simport Investment Co., Ltd.	"	"	19,500	106,173	99.99	227,939	
	Litegin Industry Co., Ltd. (Thailand)	"	"	315	29,915	69.99	38,697	
	Lite-On Enclosure Inc.	Equity-accounted investee	"	35,587	398,150	37.46	373,828	
	Lite-On Electronics (BVI) Inc.	Subsidiary	"	5,010	169,028	100.00	169,028	
Innoveta Technologies Inc.	"	"	20,150	73,832	59.88	18,441		
China Bridge (BVI) Ltd.	"	"	3,375	102,327	75.00	102,314		
Lite-On Semiconductor Corp.	Equity-accounted investee	"	61,713	1,036,826	20.48	780,725		
Silitek Corp. (Malaysia) Sdn. Bhd.	Subsidiary	"	30,500	324,147	100.00	324,147		

(Forward)

Held Company Name	Marketable Securities Type and Name	Relationship with the Corporation	Financial Statement Account	December 31, 2002				Note
				Shares/Units (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
	Maxi Switch Inc.	Subsidiary	Long-term investment	26	\$ 439,395	100.00	\$ 439,395	
	Lite-On Peripherals (HK) Ltd.	"	"	78,010	126,841	100.00	126,841	
	Lite-On Peripherals Inc. (USA)	"	"	1,500	39,028	100.00	39,028	
	Situng Investment & Development Corp.	"	"	47,800	348,352	99.99	481,277	
	Lite-On Peripherals Ireland Inc.	"	"	1,168	51,701	100.00	51,701	
	Lite-On Computer Peripherals GMBH	"	"	940	Note 1	100.00	(9,487)	
	Lite-On Peripherals De Mexico S.A. De C.V.	"	"	123	19,505	100.00	19,505	
	Lite-On Peripherals Pte. Ltd. (Singapore)	"	"	51,777	1,426,941	100.00	1,426,941	
	E-Business Ltd.	"	"	11,000	433,839	100.00	433,839	
	Silitek Netherlands B.V.	"	"	20	14,232	100.00	14,232	
	Lite-On Eoking, Inc.	Equity-accounted investee	"	100	63	0.67	63	
	Silitech Technology Corp.	Subsidiary	"	45,000	1,080,226	99.99	1,080,226	
	Starshine Technology Corp.	"	"	14,000	123,759	100.00	123,759	
	G-Com (BVI) Technology Ltd.	"	"	9,800	207,276	100.00	218,754	
	GIGA-Radio Communication (BVI) Co., Ltd.	"	"	8,852	69,956	100.00	69,966	
	G-Prime Computer Co., Ltd.	"	"	8,000	179,065	100.00	179,065	
	GVC Subic Corp.	"	"	1,000	6,883	100.00	6,883	
	G-Base Investment Corp.	"	"	18,000	136,494	100.00	144,152	
	Gentek Marketing Inc.	Equity-accounted investee	"	40	945	40.00	8,252	
	GVC (Cayman) Corp.	Subsidiary	"	10,000	647,198	100.00	647,198	
	BroadLogic, Inc.	-	"	135	597	0.10	597	
	LingSen Precision Industries, Ltd.	-	"	13,520	225,717	5.13	103,425	
	Good TV Broadcasting Corp.	-	"	1,000	10,000	11.76	6,685	
	Z-Com, Inc.	-	"	3,220	64,400	4.88	34,877	
	Global Media Technology Inc.	-	"	2,740	2,594	10.79	39,048	
	G-TRAN/G-TRAN Wireless Inc.	-	"	150	12,064	0.16	12,064	
	Ulycom Technology Co., Ltd.	-	"	5,700	57,000	19.00	60,806	
	Co-Tech Copper Foil Corp.	-	"	1,530	45,900	0.99	45,900	
	Media Reality Technologies, Inc.	-	"	5,084	113,260	11.30	113,260	
	IBASE Technology Inc.	-	"	420	3,300	2.51	3,300	
	Hannstar Display Co., Ltd.	-	"	13,409	162,880	0.53	148,438	
	Lite-On Automotive Corp.	Same chairman	"	9,131	71,365	17.62	118,858	
	Global Securities Finance Corp.	-	"	3,942	34,699	0.52	39,428	
	Tailink Venture Fund	-	"	3,400	34,000	10.30	31,154	
	Tripod Technology Corp.	-	"	1,285	10,059	0.77	31,364	
	Sicon Touch Technology Inc.	-	"	1,500	15,000	10.00	11,978	
	Uniwill Computer Corp.公司	-	"	23,314	260,303	7.79	253,156	

(Forward)

Held Company Name	Marketable Securities Type and Name	Relationship with the Corporation	Financial Statement Account	December 31, 2002				Note
				Shares/Units (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
	Epistar Corp.	-	Long-term investment	7,041	\$ 218,761	8.00	\$ 462,004	
	United Epitaxy Co., Ltd.	-	"	7,441	460,224	2.63	155,070	
	APCB Inc.	-	"	5,113	127,577	9.78	70,723	
	Allcomm Telecommunication Co.	-	"	1,990	Note 2	7.70	-	
	Yi-Quan Co., Ltd.	-	"	150	1,500	0.53	1,500	
	View Quest Technologies Inc.	-	"	6,715	81,751	7.78	81,751	
	Tonbu, Inc.	-	"	567	Note 2	1.13	-	
	Eastern Broadband Telecom Co., Ltd.	-	"	15,000	150,000	0.23	150,000	
	TVIA, Inc. (Formerly Inter Graphics Systems Inc.)	-	"	372	4,202	3.25	9,170	
	Chi Mei Machinery Corp.	-	"	570	950	17.59	950	
	Aetas Technology Inc.	-	"	1,969	141,722	4.91	141,722	
	Avamax Corp.	-	"	1,000	32,400	7.51	32,400	
	Capella Microsystems Inc.	-	"	1,200	51,975	8.80	3,637	
	Versata	-	Prepayment and other current assets	1	40	-	27	
	<u>Fund</u>	-						
	APV Technology Partners, L.P.	-	Long-term investment	-	18,000	-	18,000	
	NIKKO Pacven Walden Investment Ltd.	-	"	8	17,639	-	17,639	
	National Venture Capital fund	-	"	5,000	50,000	-	50,000	
	Springboard-Harper Technology Fund (Cayman) Ltd.	-	"	16	45,923	-	44,397	
	Crystal Internet Venture Funds II	-	"	0.06	129,548	-	87,762	
	Beijing Technology Development Fund	-	"	14	44,429	-	31,030	
	Global Strategic Investment Inc.	-	"	1,800	58,140	-	38,747	
	Dyna Fund International, L.P.	-	"	-	29,819	-	26,010	
	Dyna Fund International II L.P.	-	"	-	45,288	-	45,288	
	Dragon Venture	-	"	800	6,156	-	6,156	
	International Network Capital Corp.	-	"	7,500	75,000	-	74,532	
	International network capital Global Fund	-	"	1,500	15,000	-	22,078	
	International Network Capital LDC	-	"	2	67,679	-	67,679	
Lite-on Technology International Inc. (USA)	<u>Stock</u> Lite-On Mexico S.A. De C.V.	Subsidiary	Long-term investment	50	US\$ 18	100.00	US\$ 18	

(Forward)

Held Company Name	Marketable Securities Type and Name	Relationship with the Corporation	Financial Statement Account	December 31, 2002				Note
				Shares/Units (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
LTC Group Ltd. (BVI)	<u>Stock</u>							
	Titanic Capital Services Ltd.	Subsidiary	Long-term investment	4,220	US\$ 43,602	100.00	US\$ 46,549	
	Lite-On Technology Mexico S.A. De C.V.	"	"	50	US\$ 1,541	100.00	US\$ 1,684	
	LTC International Ltd.	"	"	9,150	US\$ 9,715	100.00	US\$ 9,610	
	Great Adelphi International Ltd.	"	"	6,000	US\$ 3,895	100.00	US\$ 3,883	
	Elite-On Corp.	"	"	9,500	US\$ 8,619	14.62	US\$ 8,623	
	Investar Burgeon Venture Capital Inc.	Its director	"	1,830	US\$ 1,104	3.61	US\$ 1,104	
	Diva Technologies Inc.	-	"	60	US\$ 6,000	11.01	US\$ 5,996	
	<u>Shares</u>							
	Lite-On Computer Tech.(DG) Ltd.	Subsidiary	"	-	US\$ 10,965	100.00	US\$ 10,965	
<u>Fund</u>								
Beijing Technology Development Fund	-	"	7	US\$ 667	-	US\$ 667		
Great Adelphi International Ltd.	<u>Fund</u>	-	Short-term investment	9	US\$ 8,571	-	US\$ 8,571	
Universal New Opportunity Fund								
Titanic Capital Services Ltd.	<u>Shares</u>							
G-PRIME Computer Company	Subsidiary	Long-term investment	-	US\$ 6,838	100.00	US\$ 6,838		
DW G-PRO Computer Co., Ltd.	"	"	-	US\$ 1,333	100.00	US\$ 1,333		
LTC International Ltd.	<u>Stock</u>							
Lite-On Technology Corp.	Parent company	Long-term investment	3,934	US\$ 4,849	0.21	US\$ 4,849		
Cisco System Inc.	-	Short-term investment	8	US\$ 535	-	US\$ 109		
<u>Depository receipts</u>								
Lite-On Technology Corp. GDR	Parent company	Long-term investment	333	US\$ 3,786	0.02	US\$ 4,105		
Lite-On IT Corp.	<u>Stock</u>							
LET (HK) Ltd.	Subsidiary	Long-term investment	10	\$ 5,582,516	100.00	\$ 5,582,516		
High Yield Group Co., Ltd.	"	"	10,970	728,291	100.00	728,291		
Lite-On (USA) International Inc.	"	"	10	2,859	100.00	2,859		
Lite-On Eco Technology, Inc.	Equity-accounted investee by Lite-On Technology Corp.	"	6	11	0.06	11		
JVC Lite-On IT Manufacturing and Sales, Limited	-	"	98	43,072	49.00	43,072		

(Forward)

Held Company Name	Marketable Securities Type and Name	Relationship with the Corporation	Financial Statement Account	December 31, 2002				Note
				Shares/Units (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
	China Bridge (BVI) Ltd.	Equity-accounted investee by Lite-On Technology Corp.	Long-term investment	1,125	\$ 34,105	25.00	\$ 34,105	
	Accumux Technologies, Inc.	-	"	2,667	34,360	7.00	34,360	
	Progressive Optoelectronics Technology Co., Ltd.	-	"	3,000	86,250	8.00	86,250	
	Eastern Broadband Telecom Co., Ltd.	-	"	15,000	150,000	0.23	150,000	
	Capella Microsystem, Inc.	-	"	2,700	85,838	12.00	85,838	
	Lite-On Technology Corp.	Parent company	Short-term investment	1,764	75,521	-	75,533	
	<u>Shares</u> Lite-On Information Technology GMBH	Subsidiary	Long-term investment	-	858	100.00	858	
	<u>Fund</u> Springboard-Harper Technology Fund (Cayman) Ltd.	-	"	5	15,365	-	15,365	
	Global Strategic Investment, Inc.	-	"	600	19,414	-	19,414	
	international Network Capital Global Fund	-	"	2,500	25,000	-	25,000	
High Yield Group Co., Ltd.	<u>Stock</u> Elite-On Corp.	Equity-accounted investee	Long-term investment	6,300	US\$ 5,754	9.69	US\$ 5,754	
	<u>Shares</u> Lite-On Opto Technology (GuangZhou) Ltd.	Subsidiary	Long-term investment	-	US\$ 14,278	100.00	US\$ 14,278	
	JVC Lite-On IT Components (Guangzhou) Ltd.	Equity-accounted investee	"	-	US\$ 437	49.00	US\$ 437	
LET (HK) Ltd.	<u>Fund</u> The Swisstech Fund	-	Short-term investment	-	US\$ 16,000	-	US\$ 16,000	
China Bridge (BVI) Ltd.	<u>Stock</u> Zhong Bao Holdings (China) Ltd.	Subsidiary	Long-term investment	4,500	US\$ 3,925	100.00	US\$ 3,925	
Zhong Bao Holdings (China) Ltd.	<u>Shares</u> China Bridge (China) Ltd.	Subsidiary	Long-term investment	-	US\$ 3,925	100.00	US\$ 3,925	
China Bridge (China) Ltd.	<u>Shares</u> China Bridge Express (WuXi) Co., Ltd.	Subsidiary	Long-term investment	-	RMB 6,235	100.00	RMB 6,235	

(Forward)

Held Company Name	Marketable Securities Type and Name	Relationship with the Corporation	Financial Statement Account	December 31, 2002				Note
				Shares/Units (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
Lite-On Capital Inc.	<u>Stock</u> First Taisec Securities Inc. (formerly Taisec Securities Inc.)	-	Long-term investment	3,683	\$ 30,000	1.79	\$ 30,000	
	Lite-On Technology Corp.	Parent company	"	695	29,752	0.04	29,752	
	Lite-On IT Corp.	Same chairman	"	1,747	71,308	0.41	183,981	
	DigiTimes Publication Inc.	-	"	250	5,000	0.84	5,000	
Simport Investment Co., Ltd.	<u>Stock</u> Lite-On Technology Corp.	Parent company	Long-term investment	3,063	121,944	0.16	131,178	
	Lite-On Semiconductor Corp.	Equity-accounted investee	"	807	14,254	0.27	14,737	
Nport Investment Co., Ltd.	<u>Stock</u> Lite-On Technology Corp.	Parent company	Long-term investment	8,186	350,600	0.43	350,624	
	Trump Electronics, Inc.	Equity-accounted investee by Lite-On Technology Corp.	"	6,550	62,685	30.61	62,685	
	Argus Technologies Co., Ltd.	-	"	1,000	23,375	13.33	14	
	CastleNet Technology Inc.	-	"	3,076	40,800	3.67	49	
	Lead Data Inc.	-	"	1,650	45,002	0.54	14,081	
	Lite-On IT Corp.	Same chairman	"	51	2,880	0.02	6,250	
	Internet Solution Lab., Inc.	-	"	720	11,302	2.06	11,302	
	Lite-On Semiconductor Corp.	Equity-accounted investee by Lite-On Technology Corp.	"	4,735	98,651	1.57	97,302	
Lite-On Electronics (Europe) Ltd.	<u>Stock</u> Lite-On Electronics Ltd.	Subsidiary	Long-term investment	324	EUR 755	100.00	EUR 755	
	Lite-On Ltd. (UK)	"	"	3,000	GBP 2,786	100.00	GBP 2,786	
Lite-On Electronics Ltd.	<u>Stock</u> Eite-On (Europe) Inc.	Subsidiary	Long-term investment	8,096	CHF 2,097	99.95	CHF 2,097	
Lite-On Electronics Pte. Ltd. (Singapore)	<u>Shares</u> Lite-On Electronics (Tianjin), Inc.	Subsidiary	Long-term investment	-	US\$ 27,596	100.00	US\$ 27,596	
	<u>Stock</u> Funbo Enterprises Ltd. (HK)	"	"	500	HK\$ 1,433	100.00	HK\$ 1,433	
	Lite-On Electronics Co., Ltd. (HK)	"	"	46,332	(HK\$ 4,628)	100.00	(HK\$ 4,628)	
Lite-On Electronics Co., Ltd. (HK)	<u>Shares</u> Lite-On Electronics (Guangzhou) Co., Ltd.	Subsidiary	Long-term investment	-	RMB 14,332	100.00	RMB 14,332	

(Forward)

Held Company Name	Marketable Securities Type and Name	Relationship with the Corporation	Financial Statement Account	December 31, 2002				Note
				Shares/Units (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
	Lite-On Electronics (Dongguan) Co., Ltd.	Subsidiary	Long-term investment	-	\$ 472,655	100.00	\$ 471,645	
	<u>Depository receipts</u> Lite-On Technology Corp. GDR	Parent Company	"	254	HK\$ 22,533	-	HK\$ 24,429	
	<u>Fund</u> International Mixed Portfolio Fund	-	Short-term investment	6	US\$ 5,390	-	US\$ 5,390	
Lite-On Electronics (BVI) Inc.	<u>Stock</u> Elite-On Corp.	Equity-accounted investee	Long-term investment	5,000	US\$ 4,942	7.70	US\$ 4,942	
Elite-On Corp.	<u>Stock</u> Investent. com Ltd. (BVI)	Subsidiary	Long-term investment	50,000	US\$ 13,319	100.00	US\$ 49,249	
Investent. com Ltd. (BVI)	<u>Stock</u> Lite-On Integrated Services Inc.	Subsidiary	Long-term investment	9,800	US\$ 1,154	98.00	\$ 22,315	
	Lite-On Eco Technology, Inc.	"	"	9,900	US\$ 2,623	99.00	18,711	
	Lite-On Eoking, Inc.	"	"	14,900	US\$ 3,601	99.33	9,339	
Lite-On Integrated Services Inc.	<u>Stock</u> Lite-On ECO Corp.(BVI)	Subsidiary	Long-term investment	1,120	\$ 31,078	76.19	US\$ 894	
Lite-On Eco Technology, Inc.	<u>Stock</u> Lite-On ECO Corp.(BVI)	Equity-accounted investee	Long-term investment	150	4,162	10.20	US\$ 120	
Lite-On Eoking, Inc.	<u>Stock</u> Lite-On ECO Corp.(BVI)	Equity-accounted investee	Long-term investment	200	5,550	13.61	US\$ 160	
Lite-On ECO Corp. (BVI)	<u>Shares</u> Lite-On (Guang Zhou) Infortech Ltd.	Subsidiary	Long-term investment	-	US\$ 1,044	100.00	RMB 8,638	
	Lite-On (Shanghai) Information Technology Inc.	"	"	-	-	100.00	(RMB 159)	
Situng Investment & Development Corp.	<u>Stock</u> Trump Electronics, Inc.	Equity-accounted investee	Long-term investment	6,550	\$ 62,144	30.61	\$ 62,144	
	Lite-On Technology Corp.	Parent Company	"	3,347	143,352	0.18	143,362	
	CastleNet Technology Inc.	-	"	1,538	20,400	1.90	20,400	
	Argus Technologies Co., Ltd.	-	"	825	22,183	0.29	6,885	
	Argus Technologies Co., Ltd.	-	"	800	18,700	13.33	18,700	

(Forward)

Held Company Name	Marketable Securities Type and Name	Relationship with the Corporation	Financial Statement Account	December 31, 2002				Note
				Shares/Units (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
	PAC interactive technology, Inc. Lite-On Semiconductor Corp.	- Equity-accounted investee by Lite-On Technology Corp.	Long-term investment "	375 1,624	\$ 16,875 42,494	2.28 0.54	\$ 8,438 43,077	
Maxi Switch, Inc.	<u>Stock</u> Maxi Switch S.A.De C.V.	Subsidiary	Long-term investment	1	MXN 34,387	100.00	MXN 34,387	
Lite-On Peripherals Pte. Ltd. (Singapore)	<u>Shares</u> Silitek Electronics (Dong Guan) Ltd. Xurong Electronic (Dong Guan) Ltd. Silitek Electronic (Guang Zhou) Ltd. Yet Foundate Electronic (Guang Zhou) Ltd.	Subsidiary " " "	Long-term investment " " "	- - - -	SG\$ 19,674 SG\$ 1,206 SG\$ 43,400 SG\$ 732	100.00 100.00 100.00 100.00	SG\$ 19,674 SG\$ 1,206 SG\$ 43,400 SG\$ 732	
Lite-On Peripherals (HK) Ltd.	<u>Shares</u> Yet Foundate Ltd.	Subsidiary	Long-term investment	-	HK\$ 76,070	100.00	HK\$ 76,070	
	<u>Stock</u> Investar Burgeon Venture Capital Inc.	-	"	1,830	HK\$ 14,361	3.61	HK\$ 14,361	
Yet Foundate Ltd.	<u>Fund</u> International Mixed Portfolio Fund	-	Short-term investment	6	US\$ 5,654	-	US\$ 5,654	
E-Business Ltd.	<u>Stock</u> Elite-On Corp. I-Solutions Ltd.	Equity-accounted investee Subsidiary	Long-term investment "	9,500 1,500	US\$ 8,619 US\$ 3,893	14.62 100.00	US\$ 8,619 US\$ 3,893	
Silitech Technology Corp.	<u>Stock</u> Silitech (BVI) Holding Ltd.	Subsidiary	Long-term investment	11,550	\$ 582,612	100.00	\$ 582,612	
Silitech (BVI) Holding Ltd.	<u>Stock</u> Silitech (Bermuda) Holding Ltd.	Subsidiary	Long-term investment	11,500	US\$ 16,714	100.00	US\$ 16,714	
Silitech (Bermuda) Holding Ltd.	<u>Stock</u> Silitech Technology Corp. Ltd. Silitech Technology Corp. Sdn. Bhd.	Subsidiary "	Long-term investment "	62,400 11,400	US\$ 12,533 US\$ 3,667	100.00 100.00	US\$ 12,533 US\$ 3,667	

(Forward)

Held Company Name	Marketable Securities Type and Name	Relationship with the Corporation	Financial Statement Account	December 31, 2002				Note
				Shares/Units (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
Silitech Technology Corp. Ltd.	S/G Industries, Inc.	Equity-accounted investee	Long-term investment	3	US\$ 376	49.95	US\$ 376	
	Silitech Technology (Europe) Ltd	Subsidiary	"	1	US\$ 206	100.00	US\$ 206	
	<u>Shares</u> Xurong Electronic (Shen Zhen) Ltd.	Subsidiary	Long-term investment	-	RMB 72,544	100.00	RMB 72,544	
Yet Foundate Ltd.	Silitek Plating Ltd.	"	"	-	RMB 7,633	55.04	RMB 7,633	
	<u>Depository receipts</u> Lite-On Technology Corp. GDR	Parent Company	Long-term investment	236	RMB 21,933	0.12	RMB 21,283	
G-Base Investment Corp.	<u>Stock</u> Lite-On Technology Corp.	Parent Company	Short-term investment	388	\$ 16,600	0.05	\$ 16,600	
	Taiwan IC Packaging Corp.	Its supervisor	Long-term investment	3,450	38,333	4.11	31,944	
	Z-Com, Inc.	Its director	"	4,149	68,235	6.29	44,954	
	LingSen Precision Industries, Ltd.	"	"	1,089	17,270	0.41	8,336	
G-Com(BVI) Technology Ltd.	<u>Shares</u> Dongguan G-Com Computer Co., Ltd.	Subsidiary	Long-term investment	-	286,697	100.00	286,697	
	<u>Shares</u> GIGA Radio Communication (BVI) Co., Ltd. (Dong-Guan) Co., Ltd.	Subsidiary	Long-term investment	-	(14,710)	100.00	(14,710)	
GVC (Cayman) Corp.	<u>Stock</u> Divine Inc.	-	Short-term investment	1	205	-	53	
	Conexant Systems Inc.	-	"	3	1,220	-	179	
	Cirrus Logic, Inc.	-	"	21	10,649	-	2,795	
	Yeh Chiang Technology Corp.	-	"	165	2,242	0.20	2,242	
	G&W Technology (BVI) Ltd.	Subsidiary	Long-term investment	4,500	185,565	50.00	194,171	
	GVC Corp. Ltd.	"	"	30,950	235,740	100.00	250,574	
	GVC Peripherals GMBH & Co KG	"	"	-	825	71.43	825	
	G-Tech USA, Inc.	"	"	9	25,916	100.00	25,916	
	GVC Holding Inc.	"	"	-	3,357	100.00	2,990	
	Maxtech Int'l Corp.	"	Other liability	-	(348)	100.00	(348)	
	NPG Display Ltd.	Equity-accounted investee	Long-term investment	2,220	55,306	30.00	48,220	
	Telmax Communication	-	"	400	34,753	2.95	34,753	
	Commit Incorporated	-	"	4,962	20,835	2.13	20,835	
<u>Fund</u> Crystal Internet Venture Fund	-	"	0.04	65,146	-	65,146		

Note 1: Since the Corporation recognizes investment loss in proportion to its equity in the investee, credit balance is created in the long-term investment account and included in other liabilities.

Note 2: Recognized investment loss in 2002.

LITE-ON TECHNOLOGY CORP.AND INVESTEES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

For the Year Ended 2002

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

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Investment Gain (Loss) Under Equity Method	Ending Balance		
					Shares/Units (Thousands)	Amount	Shares/Units (Thousands)	Amount	Shares/Units (Thousands)	Amount	Carrying Value	Gain (Loss) on Disposal		Shares/Units (Thousands)	Amount	
Lite-On Technology Corp.	<u>Beneficiary certificates</u>															
	First Global Investment Trust Duoli-2 Bond Fund	Short-term investment	-	-	-	\$ -	58,491	\$ 800,000	58,491	\$ 802,414	\$ 800,000	\$ 2,414	\$ -	-	\$ -	
	Phoenix Bond Fund	Short-term investment	-	-	-	-	25,263	350,000	25,263	351,621	350,000	1,621	-	-	-	
	Entrust Kirin Bond Fund	Short-term investment	-	-	-	-	14,635	150,000	14,635	150,433	150,000	433	-	-	-	
	JF First Bond Fund	Short-term investment	-	-	-	-	22,571	300,000	22,571	300,429	300,000	429	-	-	-	
	Solomon Bond Fund	Short-term investment	-	-	-	-	36,603	400,000	36,603	401,127	400,000	1,127	-	-	-	
	Asia Pacific Bond fund	Short-term investment	-	-	-	-	18,611	220,000	18,611	220,774	220,000	774	-	-	-	
	Prudential Well Pool Fund	Short-term investment	-	-	-	-	25,454	300,000	25,454	300,804	300,000	804	-	-	-	
	Barits Bond Fund	Short-term investment	-	-	-	-	84,394	956,500	84,394	958,249	956,500	1,749	-	-	-	
	Cathay Bond Securities Investment Trust Fund	Short-term investment	-	-	-	-	80,508	872,000	80,508	873,886	872,000	1,886	-	-	-	
	IIT Hight-Yield Fund	Short-term investment	-	-	-	-	37,042	495,000	37,042	495,894	495,000	894	-	-	-	
	Sheng Hua 1699 Bond Fund	Short-term investment	-	-	-	-	38,597	447,800	38,597	448,751	447,800	951	-	-	-	
	Sheng Hua 5599 Bond Fund	Short-term investment	-	-	-	-	47,635	500,000	47,635	501,007	500,000	1,007	-	-	-	
	President James Bond Fund	Short-term investment	-	-	-	-	20,662	300,000	20,662	300,512	300,000	512	-	-	-	
	ABN AMRO Bond Fund	Short-term investment	-	-	-	-	29,528	415,000	29,528	416,473	415,000	1,473	-	-	-	
	ABN AMRO Select Bond Fund	Short-term investment	-	-	-	-	28,060	300,000	28,060	300,421	300,000	421	-	-	-	
	Shinkong Chi-Shin Fund	Short-term investment	-	-	-	-	14,818	200,000	14,818	200,335	200,000	335	-	-	-	
	United Bond Fund	Short-term investment	-	-	-	-	24,485	300,000	24,485	300,872	300,000	872	-	-	-	
	Polaris De-Li Bond Fund	Short-term investment	-	-	-	-	65,900	928,000	65,900	929,351	928,000	1,351	-	-	-	
	Polaris De-Bao Bond Fund	Short-term investment	-	-	-	-	90,870	940,000	90,870	942,288	940,000	2,288	-	-	-	
Prudential Financial Bond Fund	Short-term investment	-	-	-	-	14,233	200,000	14,233	200,461	200,000	461	-	-	-		
Invesco GP R.O.C. Bond Fund	Short-term investment	-	-	-	-	54,785	749,000	54,785	751,036	749,000	2,036	-	-	-		
Lite-On IT Corp.	<u>Stock</u>															
	High Yield Group Co., Ltd.	Long-term investment	-	(Note 1)	9,070	285,080	1,900	439,286	-	-	-	-	(23,963)	10,970	700,403	
	<u>Beneficiary certificates</u>															
	Capital Safeincome Fund	Short-term investment	-	-	-	-	20,070	270,000	20,070	271,241	270,000	1,241	-	-	-	
	NITC Bond Fund	Short-term investment	-	-	-	-	994	150,000	994	150,082	150,000	82	-	-	-	
	HSBC NTD Money Management Fund	Short-term investment	-	-	-	-	103,012	1,430,000	103,012	1,435,916	1,430,000	5,916	-	-	-	
	Invesco GP R.O.C. Bond Fund	Short-term investment	-	-	-	-	115,060	1,600,000	115,060	1,605,117	1,600,000	5,117	-	-	-	
	ABN AMRO Bond Fund	Short-term investment	-	-	-	-	59,933	840,000	59,933	844,022	840,000	4,022	-	-	-	
	Prudential Bond Fund	Short-term investment	-	-	-	-	132,084	1,910,000	132,084	1,915,956	1,910,000	5,956	-	-	-	
	Union Bond Fund	Short-term investment	-	-	-	-	8,980	100,000	8,980	100,774	100,000	774	-	-	-	
	First Global Investment Trust Duoli-2 Bond Fund	Short-term investment	-	-	-	-	22,359	300,000	22,359	302,278	300,000	2,278	-	-	-	
	Polaris De-Li Bond Fund	Short-term investment	-	-	-	-	7,201	100,000	7,201	100,770	100,000	770	-	-	-	
	Wanpao Security Investment Trust Fund	Short-term investment	-	-	-	-	12,909	180,000	12,909	180,445	180,000	445	-	-	-	
	Sheng Hua 5599 Bond Fund	Short-term investment	-	-	-	-	19,539	200,000	19,539	201,575	200,000	1,575	-	-	-	
	Grant Cathey Bond Fund	Short-term investment	-	-	-	-	12,631	150,000	12,631	150,888	150,000	888	-	-	-	
	JF First Bond Fund	Short-term investment	-	-	-	-	128,928	1,700,000	128,928	1,703,760	1,700,000	3,760	-	-	-	
	President James Bond Fund	Short-term investment	-	-	-	-	21,196	300,000	21,196	302,136	300,000	2,136	-	-	-	
	Fubon Ju-I II Fund	Short-term investment	-	-	-	-	129,488	1,920,000	129,488	1,923,668	1,920,000	3,668	-	-	-	
	Polaris De-Bao Bond Fund	Short-term investment	-	-	-	-	9,831	100,000	9,831	100,772	100,000	772	-	-	-	

(Forward)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Investment Gain (Loss) Under Equity Method	Ending Balance	
					Shares/Units (Thousands)	Amount	Shares/Units (Thousands)	Amount	Shares/Units (Thousands)	Amount	Carrying Value	Gain (Loss) on Disposal		Shares/Units (Thousands)	Amount
	Credit Suisse	Short-term investment	-	-	-	\$ -	37	\$ 610,511	37	\$ 611,589	\$ 610,511	\$ 1,078	\$ -	-	\$ -
	Citi Liquidity Fund	Short-term investment	-	-	-	-	13,000	449,435	13,000	450,479	449,435	1,044	-	-	-
	Solomon Bond Fund	Short-term investment	-	-	-	-	9,383	100,000	9,383	100,767	100,000	767	-	-	-
	B.B. Bond Fund	Short-term investment	-	-	-	-	9,651	100,000	9,651	100,370	100,000	370	-	-	-
	Jih Sun Bond Fund	Short-term investment	-	-	-	-	8,014	100,000	8,014	100,786	100,000	786	-	-	-
	ABN AMRO Select Bond Fund	Short-term investment	-	-	-	-	109,939	1,170,000	109,939	1,172,348	1,170,000	2,348	-	-	-
	JF Taiwan Bond Fund	Short-term investment	-	-	-	-	36,112	520,000	36,112	520,473	520,000	473	-	-	-
	Prudential Well Pool Fund	Short-term investment	-	-	-	-	24,569	290,000	24,569	290,355	290,000	355	-	-	-
	The First Global Investment Trust Wan Tai Bond Fund	Short-term investment	-	-	-	-	43,982	580,000	43,982	580,771	580,000	771	-	-	-
	Barits Bond Fund	Short-term investment	-	-	-	-	50,671	580,000	50,671	581,085	580,000	1,085	-	-	-
	Dresdner Bond Fund	Short-term investment	-	-	-	-	46,858	510,000	46,858	510,617	510,000	617	-	-	-
High Yield Group Co., Ltd.	Lite-On Opto Technology (Guangzhou) Ltd.	Long-term investment	Original investment	(Note 1)	-	US\$1,710	-	US\$12,842	-	-	-	-	(US\$ 274)	-	US\$ 14,278
Lite-On Capital Inc.	Lite-On Technology Corp.	Short-term investment	-	(Note 2)	8,004	225,269	-	-	8,004	466,810	225,269	241,541	-	-	-
	Barits Bond Fund	Short-term investment	-	-	-	-	24,547	278,600	24,547	280,499	278,600	1,899	-	-	-
	First Global Investment Trust Duoli-2 Bond Fund	Short-term investment	-	-	-	-	14,677	197,000	14,677	198,715	197,000	1,715	-	-	-
	Polaris De-Bao Bond Fund	Short-term investment	-	-	-	-	59,399	611,260	59,399	615,481	611,260	4,221	-	-	-
	Increment Securities Investment Trust Fund	Short-term investment	-	-	-	-	15,537	218,600	15,537	220,890	218,600	2,290	-	-	-
	IIT High-Yield Fund	Short-term investment	-	-	-	-	15,698	209,250	15,698	211,070	209,250	1,820	-	-	-
	NITC Taiwan Bond Fund	Short-term investment	-	-	-	-	7,767	100,000	7,767	100,053	100,000	53	-	-	-
	The First Global Investment Trust Wan Tai Bond Fund	Short-term investment	-	-	-	-	37,196	485,600	37,196	487,899	485,600	2,299	-	-	-
Simport Investment Co., Ltd.	UBS Taiwan Bond Fund	Short-term investment	-	-	7,937	108,709	15,875	221,227	23,812	332,653	329,936	2,717	-	-	-
	ABN AMRO Kwang Hua Fund	Short-term investment	-	-	-	-	8,695	93,000	8,695	93,070	93,000	70	-	-	-
Silitech Technology Corp.	Sheng Hua 5599 Bond Fund	Short-term investment	-	-	-	-	11,238	117,500	11,238	117,896	117,500	396	-	-	-
Starshine Technology Corp.	Entrust Kirin Bond Fund	Short-term investment	-	-	-	-	13,468	138,000	13,468	139,319	138,000	1,319	-	-	-
	JF Taiwan Bond Fund	Short-term investment	-	-	-	-	7,563	109,000	7,563	109,125	109,000	125	-	-	-

Note 1: Equity-accounted investee.

Note 2: Parent Company.

LITE-ON TECHNOLOGY CORP.AND INVESTEES

ACQUISITION OF INDIVIDUAL REAL ESTATES AT COSTS OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
 For the Year Ended December 31, 2002
 (In Thousands of New Taiwan Dollars)

Company Name	Property	Transaction Date	Transaction Amount	Payment Term	Counter-Party	Nature of Relationship	Prior Transaction of Related Counter-Party				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationship	Transfer Date	Amount			
Lite-On Technology Corp.	Headquarters office building	July 1999	\$2,575,497	The Company had paid \$1,745,559 thousand as of December 31, 2002 by installments according to the terms of the contracts.	Metropolitan Engineering Co. Ltd., Way Fund Engineering Enterprise Inc., Dah Ching Engineering Corp., HK Engineering Co., Ltd., and Vickers Industrial Co., Ltd.	None	-	-	-	-	Contract	Headquarters office building	

LITE-ON TECHNOLOGY CORP.AND INVESTEES

TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
For the Year Ended December 31, 2002
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Note/Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Payment Terms	Period of Credit	Ending Balance	% to Total	
Lite-On Technology Corp.	Lite-On, Inc.(USA)	Note 1	Sale	\$ 616,309	1	60-75 days	-	-	\$ 754,644	15	
	Lite-On Japan Ltd.	Note 1	Sale	129,270	-	60-75 days	-	-	164,006	3	
	Lite-On Electronics Ltd.(H.K.)	Note 1	Sale	147,483	-	60-75 days	-	-	239,234	5	
	Lite-On Electronics (Europe) Ltd.	Note 1	Sale	307,448	1	60-75 days	-	-	372,635	8	
	Lite-On Electronics Ltd.	Note 2	Sale	122,823	-	60-75 days	-	-	204,647	4	
	G-COM (BVI) Technology Ltd.	Note 1	Sale	229,092	-	90 days	-	-	611,844	12	
	Lite-On, Inc.(USA)	Note 1	Purchase	475,207	1	60 days	-	-	2,990	-	
	Lite-On Japan Ltd.	Note 1	Purchase	103,586	-	60 days	-	-	8,451	-	
	Lite-On Electronics Ltd. (HK)	Note 1	Purchase	118,455	-	60 days	-	-	-	-	
	Lite-On Electronics (Europe) Ltd.	Note 1	Purchase	235,133	1	60 days	-	-	2,469	-	
	Titanic Capital Services, Ltd.	Note 2	Purchase	21,691,320	49	30-90 days	-	-	1,227,397	16	
	G-COM (BVI) Technology Ltd.	Note 1	Purchase	264,879	1	30 days	Cost markup	Normal	233,045	3	
	Yet Fundate Ltd.	Note 2	Purchase	1,370,664	3	30-90 days	Cost markup	Normal	872,846	11	
	Lite-On Computer Tech (DG) Ltd.	Note 2	Purchase	4,420,007	10	30-90 days	Cost markup	Normal	101,449	1	
	Great Adelphi International Ltd.	Note 2	Purchase	5,442,436	12	30-90 days	Cost markup	Normal	1,007,932	12	
	DW G-PRO Computer Co. Ltd.	Note 3	Purchase	2,458,169	6	30-90 days	-	-	-	-	
	Lite-On Communication International Corp.	Note 1	Purchase	707,438	2	30-90 days	Cost markup	Normal	319,228	4	
Lite-On IT Corp.	Great Adelphi International Ltd.	Note 4	Sale	299,572	1	30-90 days	-	-	35,414	1	
	LET (HK) Ltd.	Note 1	Purchase	34,304,920	98	30-90 days	Cost markup	Normal	7,089,006	98	
	JVC Lite-On IT Manufacturing and Sales, Ltd.	Note 1	Sale	7,605,813	19	30-90 days	Contract	Normal	1,923,526	31	

Note 1: Equity-accounted investee.

Note 2: Investee of an equity-accounted subsidiary.

Note 3: Indirect subsidiary of the Corporation (great grandson subsidiary).

Note 4: Indirect subsidiary of the Corporation (grandson subsidiary).

LITE-ON TECHNOLOGY CORP.AND INVESTEES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
For the Year Ended December 31, 2002
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance of Notes Receivable	Ending Balance of Accounts Receivable	Ending Balance of Other receivable	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
							Amount	Action Taken		
Lite-On Technology Corp.	Lite-On, Inc. (USA)	Note 1	\$ -	\$ 754,644	\$ 15,107	4.70	\$ -	-	\$ 268,696	\$ -
	Lite-On Electronics (Europe) Ltd.	Note 1	-	372,635	7,006	4.63	-	-	75,245	-
	Lite-On Electronics Ltd. (HK)	Note 1	-	239,834	174	4.26	-	-	767	-
	Lite-On Japan Ltd.	Note 1	-	164,006	199	6.38	-	-	-	-
	Lite-On Electronics Ltd.	Note 1	-	204,647	328	3.48	-	-	63,222	-
	Maxtech Holding, Inc.	Note 1	-	135,035	102	-	135,035	Enhance collection	-	130,043
	G-Com (BVI) Technology Ltd.	Note 1	-	611,844	20,534	4.49	-	-	43,964	-
	GVC Corp. Ltd.	Note 2	-	-	201,468	-	201,468	Enhance collection	-	-
	I-Solutions Limited	Note 2	-	142	117,639	-	-	-	-	-
	DW G-PRO Computer Co., Ltd.	Note 3	-	28,603	1,235,613	3.74	-	-	-	-
	Lite-On Communications International Corp.	Note 1	-	-	104,739	-	-	-	-	-
	Great Adelphi International Ltd.	Note 2	-	-	213,388	-	-	-	-	-
G-PRIME Computer Co.	Note 2	-	-	122,901	-	-	-	-	-	
Lite-On IT Corp.	JVC Lite-On IT Manufacturing and Sales, Ltd.	Note 1	-	1,923,526	-	6.29	-	-	71,644	-

Note 1: Equity-accounted investee.

Note 2: An investee of an equity-accounted subsidiary.

Note 3: Indirect subsidiary of the Corporation (great grandson subsidiary).

LITE-ON TECHNOLOGY CORP.AND INVESTEES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
For the Year Ended December 31, 2002
(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2002			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				Dec. 31, 2002	Dec. 31, 2001	Shares (Thousand)	Percentage of Ownership	Carrying Value			
Lite-On Technology Corp.	Lite-On Technology International Inc.(USA)	CA, USA	Market information collection and product warranty	\$ 95,531	\$ 95,531	3,000	100.00	\$ 91,408	\$ 31,782	\$ 31,782	Subsidiary
	Lite-On Technology (Malaysia) Sdn. Bhd.	Penang, Malaysia	Manufacture and sale of monitors	433,149	433,149	43,000	100.00	430,187	(9,828)	(9,828)	Subsidiary
	LTC Group Ltd. (BVI)	British Virgin Islands	Holding company	1,844,373	2,379,575	28,650	100.00	2,120,961	34,123	105,760	Subsidiary
	Lite-On Technology (Europe) B.V.	Eindhoven, The Netherlands	Market information collection and product warranty	654	654	-	100.00	Note 1	(1,377)	(1,377)	Subsidiary
	Quanix Technology Inc.	Hsin Chu	Manufacture and sale of overhead projectors	73,450	-	9,300	100.00	45,959	(18,995)	(79,351)	Subsidiary
	Lite-On Capital Inc.	Taipei	Investing company	300,000	300,000	30,000	99.98	587,988	258,745	17,203	Subsidiary
	Lite-On IT Corp.	Taipei	Manufacture and sale of CD-ROM drivers	2,453,361	2,378,649	295,441	69.85	8,687,899	5,767,681	3,874,858	Subsidiary
	Lite-On Eco Technology, Inc.	Taipei	Information software and data processing services	900	300	90	0.90	413	(9,502)	(99)	Equity-accounted investee
	Lite-on Japan Ltd.	Japan	Sale of LED products and power supply switches	13,335	13,335	2,240	43.02	145,417	26,461	1,329	Equity-accounted investee
	Lite-On Enclosure Inc.	Taipei	Manufacture of computer cases	593,736	593,736	35,587	37.46	398,150	(389,135)	15,980	Equity-accounted investee
	Lite-On Semiconductor Corp.	Taipei	Manufacture of image sensor.	1,017,855	1,017,855	61,713	20.48	1,036,826	340,617	5,637	Equity-accounted investee
	Lite-On Eoking, Inc.	Taipei	Telecommunications , information software service and retailer of telecommunication equipment	1,000	1,000	100	0.67	63	(72,374)	(246)	Equity-accounted investee
	Gentek Marketing Inc.	485 Millway Ave. Concord ON L4K 3V4	Sale of computer peripherals	479,005	479,005	40	40.00	945	915	366	Equity-accounted investee Note 2
	Lite-On Communication International Corp.	British Virgin Islands	Manufacture and sale of internet products	8,310	8,310	250	100.00	Note 1	(92,436)	(92,436)	Subsidiary
	Lite-On Electronics (Thailand) Co., Ltd.	Thailand	Manufacture and sale of LED products	529,106	529,106	5,030	100.00	987,117	(82,970)	(30,249)	Subsidiary
	Lite-On Inc. (USA)	USA	Sale of LED product and power supply	84,640	84,640	3,000	100.00	258,302	3,081	(7,315)	Subsidiary
	Lite-On Electronics (Europe) Ltd.	United Kingdom	Manufacture and sale of power supply	159,020	159,020	3,324	100.00	197,364	21,338	22,683	Subsidiary
	Lite-On Electronics (HK) Ltd.	Hong Kong	manufacture and sale of LED products	9,369	9,369	20	99.90	85,720	15,959	2,972	Subsidiary
	Nport Investment Co., Ltd.	Taipei	Investing	440,000	440,000	44,000	99.99	69,884	39,888	(4,062)	Subsidiary
	Lite-On Electronics Pte. Ltd. (Singapore)	Singapore	Investing	1,663,769	1,663,769	24,237	100.00	1,315,901	20,973	24,905	Subsidiary
	Simport Investment Co., Ltd.	Taipei	Investing	195,000	195,000	19,500	99.99	106,173	8,276	343	Subsidiary
	Litegin Industry Co., Ltd. (Thailand)	Thailand	Manufacture and sale of LED products	30,405	30,405	315	69.99	29,915	(3,181)	(1,196)	Subsidiary
	Lite On Electronics (BVI) Inc.	British Virgin Islands	Investing	153,486	153,486	5,010	100.00	169,028	(4,530)	(4,429)	Subsidiary
	Innoveta Technologies, Inc.	USA	Manufacture of power supply	265,206	183,813	20,150	59.88	73,832	(169,562)	(25,254)	Subsidiary
	China Bridge (BVI) Ltd.	British Virgin Islands	Investing	114,986	-	3,375	75.00	102,327	(19,915)	(13,506)	Subsidiary
	Silitek Corp. (Malaysia) Sdn. Bhd.	Pulau Pinang, Malaysia	Manufacture of computer peripherals	MYS 27,000	MYS 27,000	30,500	100.00	324,147	43,905	24,819	Subsidiary
	Maxi Switch, Inc.	Arizona USA	Manufacture of products of data processing business unit	US\$ 5,687	US\$ 5,687	26	100.00	439,395	(30,757)	(18,847)	Subsidiary
Lite-On Peripherals (HK) Ltd.	Kowloon, Hong Kong	Investing	HKS 78,010	HKS 78,010	78,010	100.00	126,841	(85,094)	(1,533)	Subsidiary	
Lite-On Peripherals, Inc. (USA)	CA, USA	Sale and product warranty of keyboards	US\$ 1,500	US\$ 1,500	1,500	100.00	39,028	8,216	(4,571)	Subsidiary	
Situng Investment & Development Corp.	Taipei	Investing	200,000	200,000	47,800	99.99	348,352	32,739	(1,536)	Subsidiary	
Lite-On Peripherals Ireland Inc.	Limerick Ireland	Sale and product warranty of keyboards	EUR 1,459	EUR 1,459	1,168	100.00	51,701	(1,214)	(1,337)	Subsidiary	
Lite-On Computer Peripherals GMBH	Neuss, Germany	Manufacture of computer peripherals	EUR 481	EUR 481	940	100.00	Note 1	-	-	Subsidiary	
Lite-On Peripherals De Mexico S.A. De C.V.	Hermosillo, Sonora, Mexico	International trading	MXN 6,157	MXN 6,157	123	100.00	19,505	-	-	Subsidiary	
Lite-On Peripherals Pte. Ltd.(Singapore)	Henderson Ind. Park Singapore	Manufacture of computer peripherals	US\$ 29,650	US\$ 29,650	51,777	100.00	1,426,941	273,046	44,547	Subsidiary	

(Forward)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2002			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				Dec. 31, 2002	Dec. 31, 2001	Shares (Thousand)	Percentage of Ownership	Carrying Value			
	E-Business Ltd.	British Virgin Islands	Investing	US\$ 11,000	US\$ 11,000	11,000	100.00	\$ 433,839	\$ 194,594	\$ 52,101	Subsidiary
	Silitek Netherlands B.V.	Eindhoven, Netherlands	Sales services	EUR 220	EUR 220	20	100.00	14,232	2,050	2,394	Subsidiary
	Silitech Technology Corp.	Taipei county	Manufacture of molding equipment	450,000	300,000	45,000	99.99	1,080,226	125,884	79,783	Subsidiary
	Starshine Technology Corp.	Taipei	IC design	140,000	140,000	14,000	100.00	123,759	(16,241)	(12,195)	Subsidiary
	GVC Subic Corp.	Subic Bay Freeport Zone	Leasing	PHP175,000	-	1,000	100.00	109,383	366	355	Subsidiary
	GVC (Cayman) Corp.	Cayman Islands	Professional investing company	284,546	284,546	10,000	100.00	647,199	6,184	8,175	Subsidiary
	G-Base Investment Corp.	Taipei	Professional investing company	180,000	800,000	18,000	100.00	136,494	(1,264)	157	Subsidiary
	G-PRIME Computer Co., Ltd.	British Virgin Islands	Holding company	255,520	255,520	8,000	100.00	179,065	(50)	(50)	Subsidiary
	GIGA-Radio Communication (BVI) Co., Ltd.	British Virgin Islands	Holding company	287,807	287,807	8,852	100.00	69,956	(14,237)	(14,237)	Subsidiary
	G-Com (BVI) Technology Ltd.	British Virgin Islands	Holding company	318,793	318,793	9,800	100.00	207,276	(19,574)	(30,538)	Subsidiary
Lite-On Technology International Inc. (USA)	Lite-On Mexico S.A. De C.V.	BC, Mexico	Manufacture and sale of computer systems	US\$ 5	US\$ 5	50	100.00	US\$ 18	US\$ 12	-	Indirect subsidiary
LTC Group Ltd. (BVI)	Titanic Capital Services Ltd.	British Virgin Islands	Holding company	819,662	819,662	4,220	100.00	US\$ 43,602	US\$ 4,136	US\$ 4,136	Indirect subsidiary
	Lite-On Computer Tech. (DG) Ltd.	Dong Guan, Guang Dong	Manufacture and sale of monitors	610,241	610,241	-	100.00	US\$ 10,965	(US\$ 1,049)	(US\$ 1,049)	Indirect subsidiary
	Lite-On Technology Mexico S.A. De. C.V.	BC, Mexico	Manufacture and sale of monitors	51,180	51,180	50	100.00	US\$ 1,541	(US\$ 19)	(US\$ 19)	Indirect subsidiary
	LTC International Ltd.	British Virgin Islands	Manufacture and sale of computer systems	485,514	485,514	9,150	100.00	US\$ 9,715	US\$ 36	US\$ 36	Indirect subsidiary
	Elite-On Corporation	Grand Cayman, Cayman Islands	Supplier of internet and application service	US\$ 9,500	US\$ 9,500	9,500	14.62	US\$ 8,619	US\$ 629	US\$ 629	Equity-accounted investee
	Great Adelphi International Ltd.	British Virgin Islands	Manufacture and sale of computer systems	US\$ 6,000	US\$ 6,000	6,000	100.00	US\$ 3,895	(US\$ 4,305)	(US\$ 1,944)	Indirect subsidiary
Titanic Capital Services Ltd.	G-PRIME Computer Co.	Dong Guan, Guang Dong	Manufacture and sale of computer systems	US\$ 3,988	US\$ 3,988	-	100.00	US\$ 6,838	RMB 6,721	-	Indirect subsidiary
	DW G-PRO Computer Co., Ltd.	Dong Guan, Guang Dong	Manufacture and sale of computer systems	US\$ 225	US\$ 225	-	100.00	US\$ 1,333	(RMB 5,483)	-	Indirect subsidiary
Lite-On IT Corp.	LET (HK) Ltd.	Hong Kong	Manufacture and sale of CD-ROM drivers	446,293	446,293	10	100.00	5,582,516	4,366,028	4,181,101	Indirect subsidiary
	High Yield Group Co., Ltd.	British Virgin Islands	Holding company	730,031	292,527	10,970	100.00	728,291	(23,963)	(23,963)	Indirect subsidiary
	Lite-On (USA) International Inc.	USA	Market service and customer service	338	338	10	100.00	2,859	1,899	1,899	Indirect subsidiary
	Lite-On Eco Technology, Inc.	Taipei	Information software data processing service	60	60	6	0.06	11	(32,884)	(20)	Equity-accounted investee
	JVC Lite-On IT Manufacturing and Sales, Limited.	Hong Kong	Sale of CD-ROM drivers	3,383	3,383	98	49.00	43,072	80,545	39,467	Equity-accounted investee
	Lite-On Information Technology GMBH	Germany	Sale of CD-ROM drivers	858	-	-	100.00	858 (Note 3)	-	-	Indirect subsidiary
	China Bridge (BVI) Ltd.	British Virgin Islands	Holding company	38,615	-	1,125	25.00	34,105	(19,826)	(4,956)	Equity-accounted investee
High Yield Group Co., Ltd.	Elite-On Corporation	Grand Cayman, Cayman Islands	Supplier of Internet and application services	US\$ 6,300	US\$ 6,300	6,300	9.69	US\$ 5,754	(US\$ 4,305)	(US\$ 417)	Indirect subsidiary
	Lite-On Opto Technology (Guang Zhou) Ltd.	Guang Zhou, Guang Dong	Manufacture and sale of CD-ROM drivers	US\$ 14,592	US\$ 1,750	-	100.00	US\$ 14,278	(US\$ 274)	(US\$ 274)	Indirect subsidiary
	JVC Lite-On IT Components (Guang Zhou) Ltd.	Guang Zhou, Guang Dong	Manufacture and sale of CD-ROM drivers	US\$ 441	-	-	49.00	US\$ 437	(US\$ 7)	(US\$ 3)	Equity-accounted investee
Lite-On Electronics Pte. Ltd. (Singapore)	Lite-On Electronics (Tianjin), Inc.	Tianjin,	Manufacture of optoelectronic products	US\$ 29,500	US\$ 29,500	-	100.00	US\$ 27,596	(RMB 620)	(RMB 620)	Indirect subsidiary
	Funbo Enterprises Ltd.(HK)	Hong Kong	Manufacture of optoelectronic products	HK\$ 500	HK\$ 500	500	100.00	HK\$ 1,433	(HK\$ 37)	(HK\$ 37)	Indirect subsidiary
	Lite-On Electronics Co., Ltd. (HK)	Hong Kong	Manages Lite-On Electronic (Dongguan) Co., Ltd.	US\$ 5,940	US\$ 5,940	46,332	100.00	(HK\$ 4,628)	HK\$ 20,478	HK\$ 20,478	Indirect subsidiary

(Forward)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2002			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				Dec. 31, 2002	Dec. 31, 2001	Shares (Thousand)	Percentage of Ownership	Carrying Value			
Lite-On Electronics Co., Ltd. (HK)	Lite-On Electronic (Guang Zhou) Co., Ltd.	Guang Zhou, Guang Dong	Manufacture of electronic products	US\$ 1,740	US\$ 1,740	-	100.00	RMB 14,332	(RMB 18)	(RMB 18)	Indirect subsidiary
	Lite-On Electronic (Dong Guan) Co., Ltd.	Dong Guan, Guang Dong	Manufacture and sale of LED products	US\$ 18,000	US\$ 18,000	-	100.00	472,655	(16,051)	(16,051)	Indirect subsidiary
Lite-On Electronics (Europe) Ltd.	Lite-On Electronics Ltd. Lite-On Ltd. (UK)	United Kingdom	Manufacture and sale of LED products	GBP 324	GBP 324	324	100.00	EUR 755	EUR 251	EUR 251	Indirect subsidiary
		United Kingdom	Manufacture and sale of LED products	GBP 3,000	GBP 3,000	3,000	100.00	GBP 2,786	GBP 258	GBP 258	Indirect subsidiary
Lite-On Electronics Ltd.	Lite-On (Europe) Inc.	Switzerland	Manufacture and sale of LED products	CHF 810	CHF 810	8,096	99.95	CHF 2,097	CHF 261	CHF 261	Indirect subsidiary
Maxi Switch, Inc.	Maxi Switch S. A. De C.V.	Hermosillo, Sonora, Mexico	Processing and assembly of electronic parts	MXN30,369	MXN30,369	1	100.00	MXN34,387	MXN 1,856	MXN 1,856	Indirect subsidiary
Lite-On Peripherals (HK) Ltd.	Yet Foundate Ltd.	Kowloon, Hong Kong	Manufacture of rubber products and computer peripherals	HK\$ 68,430	HK\$ 68,430	-	100.00	HK\$ 76,070	(RMB 24,588)	(RMB 24,589)	Indirect subsidiary
Lite-On Peripherals Pte. Ltd. (Singapore)	Silitek Electronic (Dong Guan) Ltd.	Dong Guan, Guang Dong	Manufacture and sale of keyboards	US\$ 3,500	US\$ 3,500	-	100.00	SG\$ 19,674	RMB 24,446	SG\$ 5,286	Indirect subsidiary
	Xurong Electronic (Dong Guan) Ltd.	Dong Guan, Guang Dong	Manufacture and sale of scanner	US\$ 700	US\$ 700	-	100.00	SG\$ 1,206	RMB 37	SG\$ 8	Indirect subsidiary
	Silitek Electronic (Guang Zhou) Ltd.	Guang Zhou, Guang Dong	Manufacture of printers and scanners	US\$ 21,600	US\$ 21,600	-	100.00	SG\$ 43,400	RMB 29,674	SG\$ 6,416	Indirect subsidiary
	Yet Foundate Electronic (Guang Zhou)	Guang Zhou, Guang Dong	Manufacture and sale of keyboards	US\$ 932	US\$ 932	-	100.00	SG\$ 732	(RMB 1,390)	SG\$ 300	Indirect subsidiary
E-Business Ltd.	Elite-On Corp. I-Solutions Ltd.	Cayman Islands.	Investing	US\$ 9,500	US\$ 9,500	9,500	14.62	US\$ 8,619	(US\$ 4,305)	(US\$ 629)	Equity-accounted investee
		British Virgin Islands	Manufacture of electronic products and OEM products	US\$ 1,500	US\$ 1,500	1,500	100.00	US\$ 3,893	US\$ 6,254	US\$ 6,254	Indirect subsidiary
Silitech Technology Corp.	Silitech (BVI) Holding Ltd.	British Virgin Islands	Investing	US\$ 11,550	US\$ 11,550	11,550	100.00	582,612	US\$ 5,187	US\$ 5,187	Subsidiary
Silitech (BVI) Holding Ltd.	Silitech (Bermuda) Holding Ltd.	Bermuda	Investing	US\$ 11,500	US\$ 11,500	11,500	100.00	US\$ 16,714	US\$ 5,187	US\$ 5,187	Indirect subsidiary
Silitech (Bermuda) Holding Ltd.	Silitech Technology Corp. Ltd.	Hong Kong	Manufacture of rubber products and computer peripherals	US\$ 8,000	US\$ 8,000	62,400	100.00	US\$ 12,533	HK\$ 37,332	US\$ 4,510	Indirect subsidiary
	Silitech Technology Corp. Sdn. Bhd.	Malaysia	Manufacture of keyboards and computer peripherals silica gel	US\$ 3,000	US\$ 3,000	11,400	100.00	US\$ 3,667	RMB 2,535	US\$ 667	Indirect subsidiary
	S/G Industries, Inc.	TN, USA	Sale of electronic parts and rubber products	US\$ 380	US\$ 201	3	49.95	US\$ 376	(US\$ 1)	(US\$ 4)	Equity-accounted investee
	Silitech Technology (Europe) Ltd.	Witney Oxon, England	Sale of molding equipment and keyboards	US\$ 180	US\$ 180	1	100.00	US\$ 206	EUR 61	US\$ 13	Indirect subsidiary
Silitech Technology Corp. Ltd.	Silitek Plating Ltd.	Hong Kong	Electroplating	US\$ 3,738	US\$ 3,738	-	55.04	RMB 7,633	RMB 3,655	HK\$ 461	Indirect subsidiary
	Xurong Electronic (Shen Zhen) Ltd.	Shen Zhen, Guang Dong	Manufacture and sale of rubber and printer peripherals	RMB 37,131	RMB 37,131	-	100.00	RMB 72,544	RMB 49,604	HK\$ 35,411	Indirect subsidiary
China Bridge (BVI) Ltd.	Zhong Bao Holdings (China) Ltd.	British Virgin Islands	Investing	US\$ 4,500	US\$ 4,500	4,500	100.00	US\$ 3,925	(US\$ 573)	(US\$ 573)	Indirect subsidiary
Zhong Bao Holdings (China) Ltd.	China Bridge (China) Ltd.	WuXi, Jiangsu	Holding computer, consulting and sales agency	US\$ 4,500	US\$ 4,500	-	100.00	US\$ 3,925	(RMB 4,747)	(RMB 4,747)	Indirect subsidiary
China Bridge (China) Ltd.	China Bridge Express (WuXi) Co., Ltd.	WuXi, Jiangsu	Assembly and sale of printers, monitors, and scanners	US\$ 4,500	US\$ 4,500	-	100.00	RMB 6,235	(RMB 3,366)	(RMB 3,366)	Indirect subsidiary

(Forward)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2002			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				Dec. 31, 2002	Dec. 31, 2001	Shares (Thousand)	Percentage of Ownership	Carrying Value			
GVC (Cayman) Corp.	GVC Peripherals GMBH & Co KG	Germany	Manufacture and sale of monitors	US\$ 571	US\$ 571	-	71.43	\$ 825	\$ -	\$ -	Indirect subsidiary (liquidating)
	G&W Technology (BVI) Ltd.	Hong Kong	Purchase of land and plants	US\$ 4,513	US\$ 4,513	4,500	50.00	185,565	12,366	872	Indirect subsidiary
	GVC Corp. Ltd.	Hong Kong	Holding company	US\$ 14,500	US\$ 14,500	30,950	100.00	235,740	(22,251)	(36,291)	Indirect subsidiary
	G-Tech USA, Inc.	CA, USA	Assembly of system products	US\$ 12,312	US\$ 12,312	9	100.00	25,916	(1,616)	(1,616)	Indirect subsidiary
	GVC Holding Inc.	CA, USA	Holding company	US\$ 10	US\$ 10	-	100.00	3,357	(563)	(563)	Indirect subsidiary
	Maxtech Int'l Corp.	CA, USA	Holding company	US\$ 10	US\$ 10	-	100.00	(348)	(348)	(348)	Indirect subsidiary
	NPG Display Ltd.	Hong Kong	Manufacture and sale of color monitors	US\$ 2,500	US\$ 2,500	2,220	30.00	55,306	111,748	33,463	Equity-accounted investee
G-Com (BVI) Technology Ltd.	DongGuan G-Com Computer Co., Ltd.	Dong Guan, Guang Dong	Manufacture and sale of communications products	US\$ 9,800	US\$ 9,800	-	100.00	286,696	(18,641)	(18,641)	Indirect subsidiary
GIGA-Radio Communication (BVI) Co., Ltd.	GIGA Radio Communication (DongGuan) Co.	Dong Guan, Guang Dong	Manufacture and sale of communications products	US\$ 4,750	US\$ 4,750	-	100.00	(14,710)	(14,222)	(14,222)	Indirect subsidiary
Elite-On Corp.	Investnet.com Ltd.(BVI)	British Virgin Islands	Investing	US\$ 50,000	US\$ 50,000	50,000	100.00	US\$ 13,319	(US\$ 2,360)	(US\$ 6,190)	Equity-accounted investee
Investnet.com Ltd. (BVI)	Lite-On integrated Services Inc.	Taipei county	Information system integration	98,000	98,000	9,800	98.00	US\$ 1,154	(US\$ 40,532)	(US\$ 1,682)	Equity-accounted investee
	Lite-On Eco Technology, Inc.	Taipei county	Information system services	99,000	99,000	9,900	99.00	US\$ 2,623	(US\$ 32,884)	(US\$ 229)	Equity-accounted investee
	Lite-On Eoking, Inc.	Taipei county	Information software-database services	149,000	149,000	14,900	99.33	US\$ 3,601	(US\$ 72,374)	(US\$ 691)	Equity-accounted investee
Lite-On Integrated Services Inc.	Lite-On ECO Corp.(BVI)	British Virgin Islands	Holding company	US\$ 1,120	US\$ 1,120	1,120	79.16	31,078	(US\$ 296)	(US\$ 7,811)	Equity-accounted investee
Lite-On Eco Technology, Inc.	Lite-On ECO Corp.(BVI)	British Virgin Islands	Holding company	US\$ 150	US\$ 150	150	10.20	4,162	(US\$ 296)	(US\$ 1,045)	Equity-accounted investee
Lite-On Eoking, Inc.	Lite-On ECO Corp.(BVI)	British Virgin Islands	Holding company	US\$ 200	-	200	13.61	5,550	(US\$ 296)	(US\$ 1,395)	Equity-accounted investee
Lite-On ECO Corp.(BVI)	Lite-On (GuangZhou) Infortech Ltd.	Guang Zhou, Guang Dong	Information system services, global Internet integration services	US\$ 1,120	US\$ 1,120	-	100.00	US\$ 1,044	(RMB 632)	(US\$ 76)	Equity-accounted investee
	Lite-On (Shanghai) Information Technology Inc.	Shanghai	Information system services	US\$ 200	-	-	100.00	-	(RMB 1,814)	(US\$ 219)	Equity-accounted investee
Nport Investment Co., Ltd.	Trump Electronics, Inc.	Taipei	Real estate leasing	\$ 65,500	\$ 65,500	6,550	30.61	\$ 62,685	(\$ 2,303)	(\$ 705)	Subsidiary
Situng Investment & Development Corp.	Trump Electronics, Inc.	Taipei	Real estate leasing	65,500	65,500	6,550	30.61	62,144	(2,303)	(705)	Subsidiary

Note 1: The Corporation recognizes investment loss in proportion to its equity in the investee. Thus, credit balance is created in the long-term investment account and included in other liabilities.

Note 2: The accounting year is different from the Parent Company's, thus, recognition of investment income or loss recognized is deferred for one year.

Note 3: Prepaid investment.

LITE-ON TECHNOLOGY CORP.AND INVESTEEES

INVESTMENT IN MAINLAND CHINA

For the Year Ended 2002

(In Thousand New Taiwan Dollars Unless Otherwise Specified Unless)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital (Note 5)	Investment Type (e.g., Direct or Indirect)	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2002 (Note 5)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Dec. 31, 2002 (Note 5)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 6)	Carrying Value as of Dec. 31, 2002 (Note 5)	Accumulated Inward Remittance of Earnings as of Dec. 31, 2002
					Outflow	Inflow					
Lite-On Computer Tech. (DG) Ltd.	Manufacture and sale of monitors	\$ 538,672 (US\$ 15,500)	Note 2	\$ 989,383 (US\$ 28,469)	\$ -	\$ -	\$ 989,383 (US\$ 28,469)	100.00%	\$ 36,292 (US\$ 1,049) (Note 4)	\$ 381,067 (US\$ 10,965)	\$ 249,978 (US\$ 7,193)
G-PRIME Computer Co. Ltd.	Manufacture and sale of system products	247,892 (RMB 59,036)	Note 3	Note 7	-	-	-	100.00%	28,094 (RMB 6,721) (Note 4)	237,641 (US\$ 6,838)	-
DW G-PRO Computer Co. Ltd.	Manufacture and sale of system products	7,865 (RMB 1,873)	Note 3	Note 7	-	-	-	100.00%	(22,919) (RMB 5,483) (Note 4)	46,326 (US\$ 1,333)	-
Lite-On Electronics (Tianjin), Inc.	Manufacture of opto electronic products	1,025,214 (US\$ 29,500)	Note 1	1,025,214 (US\$ 29,500)	-	-	1,025,214 (US\$ 29,500)	100.00%	2,592 (RMB 620)	959,044 (US\$ 27,596)	-
Lite-On Electronic (Dong Guan) Co. Ltd.	Manufacture and sale of power supply switches	625,554 (US\$ 18,000)	Note 1	625,554 (US\$ 18,000)	-	-	625,554 (US\$ 18,000)	100.00%	16,051 (Note 4)	472,655	-
Lite-ON Electronic (Guang Zhou) Co. Ltd.	Manufacture and sale of power supply switches	60,407 (US\$ 1,740)	Note 3	60,470 (US\$ 1,740)	-	-	60,470 (US\$ 1,740)	100.00%	75 (RMB 18) (Note 4)	60,180 (RMB 14,332)	-
Silitek Electronic (Dong Guan) Ltd.	Manufacture and sale of keyboards	121,636 (US\$ 3,500)	Note 2	121,636 (US\$ 3,500)	-	-	121,636 (US\$ 3,500)	100.00%	102,189 (SG\$ 5,286)	393,480 (SG\$ 19,674)	-
Xurong Electronic (Shen Zhen) Ltd.	Manufacture and sale of rubber and computer peripherals	97,308 (US\$ 2,800)	Note 2	67,212 (US\$ 1,934)	30,096 (US\$ 866)	-	97,308 (US\$ 2,800)	100.00%	157,789 (HK\$ 34,412)	323,546 (HK\$ 72,544)	-
Xurong Electronic (Dong Guan) Ltd.	Manufacture and sale of scanners	24,327 (US\$ 700)	Note 2	24,327 (US\$ 700)	-	-	24,327 (US\$ 700)	100.00%	155 (SG\$ 8)	24,120 (SG\$ 1,206)	-
Silitek Electronic (Guang Zhou) Ltd.	Manufacture and sale of printers and scanners	750,665 (US\$ 21,600)	Note 2	750,665 (US\$ 21,600)	-	-	750,665 (US\$ 21,600)	100.00%	124,034 (SG\$ 6,416) (Note 4)	868,000 (SG\$ 43,400)	-

(Forward)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital (Note 5)	Investment Type (e.g., Direct or Indirect)	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2002 (Note 5)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Dec. 31, 2002 (Note 5)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 6)	Carrying Value as of Dec. 31, 2002 (Note 5)	Accumulated Inward Remittance of Earnings as of Dec. 31, 2002
					Outflow	Inflow					
Yet Foundate Electronic (Guang Zhou) Ltd.	Manufacture and sale of rubber and computer peripherals	\$ 32,390 (US\$ 932)	Note 2	\$ 32,390 (US\$ 932)	\$ -	\$ -	\$ 32,390 (US\$ 932)	100.00%	\$ 5,800 (SG\$ 300) (Note 4)	\$ 14,640 (SG\$ 732)	\$ -
China Bridge (China) Ltd.	Holding company, business consulting	156,389 (US\$ 4,500)	Note 2	-	117,291 (US\$ 3,375)	-	117,291 (US\$ 3,375)	100.00%	19,842 (RMB 4,747) (Note 4)	136,753 (US\$ 3,935)	-
Nan Chiang Container	Manufacture and sale of PVC and PET products	277,134 (RMB 66,000)	Note 2	25,648 (US\$ 738)	-	-	25,648 (US\$ 738)	9.50%	-	-	-
NPG Display (Dong Guan) Co., Ltd.	Manufacture and sale of color monitors	348,475 (RMB 82,990)	Note 2	77,151 (US\$ 2,220)	-	-	77,151 (US\$ 2,220)	30.00%	111,748	55,306	-
Dongguan G-Com Computer Co., Ltd.	Manufacture and sale of communications product	341,295 (RMB 81,200)	Note 2	340,579 (US\$ 9,800)	-	-	340,579 (US\$ 9,800)	100.00%	(18,641) (Note 4)	286,696	-
GIGA Radio Communication (Dong Guan) Co.	Manufacture and sale of communications product	165,147 (RMB 39,330)	Note 2	165,077 (US\$ 4,750)	-	-	165,077 (US\$ 4,750)	100.00%	(14,222) (Note 4)	(14,710)	-
Commit Incorporated	Manufacture and sale of software	979,837 (RMB 233,350)	Note 2	20,852 (US\$ 600)	-	-	20,852 (US\$ 600)	2.13%	-	20,835	-

Accumulated Investment in Mainland China as of Dec. 31, 2002 (Note 5)	Investment Amounts Authorized by Investment Commission, MOEA (Note 5)	Upper Limit on Investment
\$4,473,545 (US\$128,724)	\$5,699,318 (US\$163,995)	\$9,673,905

Note 1: Indirect investment in China.

Note 2: Investment in China through incorporating overseas company.

Note 3: Investment in China through investment existing oversea company.

Note 4: Financial Statements of the parent company's auditors.

Note 5: The exchange rates as of December 31, 2002 were US\$1=NT\$34.753, RMB\$1=\$4.199, SG\$1=\$20, and HK\$1=4.46.

Note 6: The average exchange rates in 2002 were US\$1=NT\$34.597, RMB\$1=\$4.180, SG\$1=\$19.332, and HK\$1=4.44.

Note 7: LTC Group Ltd. (BVI), investee of the Corporation, invested G-PRIME Computer Co. and DW G-PRO Computer Company.

LITE-ON TECHNOLOGY CORP. AND INVESTEES

SIGNIFICANT DIRECT OR INDIRECT TRANSACTIONS WITH THE INVESTEE COMPANY PRICES, PAYMENT TERMS, AND UNREALIZED GAIN OR LOSS
For the Year Ended December 31, 2002
(In Thousands of New Taiwan Dollars)

Company Name	Transactions	Purchase/Sales		Transaction Details			Accounts receivable		Unrealized (Loss)	Note
		Amount	% to Total	Payment Terms	Payment Terms	Period of Credit	Amount	% to Total	Amount	
G-COM (BVI) Technology Ltd.	Sale	\$ 229,092	-	-	90 days	-	\$ 611,844	12	(\$ 194)	
G-COM (BVI) Technology Ltd.	Purchase	264,879	1	Cost markup	30 days	Normal	233,045	3	-	
Titanic Capital Services. Ltd.	Purchase	21,691,320	49	Cost markup	30-90 days	-	1,227,397	16	-	
DW G-PRO Computer Co. Ltd.	Purchase	2,458,169	6	-	30-90 days	Normal	-	-	-	
Lite-On Computer Tech (DG) Ltd.	Purchase	4,420,007	10	Cost markup	30-90 days	Normal	101,449	1	-	
Great Adelphi International Ltd.	Purchase	5,442,436	12	Cost markup	30-90 days	Normal	1,007,932	12	-	
Yet Founded Ltd.	Purchase	1,370,664	3	Cost markup	30-90 days	Normal	872,846	11	-	

Lite-On Technology Corporation and Subsidiaries

Consolidated Financial Statements as of December 31, 2002 and 2001

Together with Independent Auditors' Report

Readers are advised that the original version of these financial statements is in Chinese. If there is any conflict between these financial statements and the Chinese version or any difference in the interpretation of the two versions, the Chinese-language financial statements shall prevail.

English Translation of a Report Originally Issued in Chinese

Independent Auditors' Report

February 14, 2003

The Board of Directors and Stockholders
Lite-On Technology Corporation

We have audited the accompanying consolidated balance sheets of Lite-On Technology Corporation and subsidiaries as of December 31, 2002 and 2001, and the related consolidated statements of income, changes in stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements as of and for the year ended December 31, 2002 of Lite-On Peripherals (HK) Ltd. and Lite-On Peripherals Pte. Ltd. (Singapore), and the financial statements as of and for the year ended December 31, 2001 of LET (HK) Ltd. (Lite-On IT Corp.'s subsidiary), Titanic Capital Services Ltd. [LTC Group Ltd. (BVI)'s subsidiary] and Lite-On Computer Tech. (DG) Ltd. [LTC Group Ltd. (BVI)'s subsidiary] of which investment-related amounts of the Corporation are included in the accompany financial statements. The assets of these subsidiaries amounted to NT\$7,371,527 thousand and NT\$6,770,877 thousand, or 8.18% and 15.41% of the consolidated assets as of December 31, 2002 and 2001, respectively. Also, the sales of those subsidiaries amounted to NT\$13,381,177 thousand and NT\$2,375,885 thousand, or 12.83% and 4.28% of the consolidated sales for the years ended December 31, 2002 and 2001, respectively. Also, we did not audit the financial statements as of and for the year ended December 31, 2002 of Lite-On Technology (Malaysia) Sdn. Bhd., Lite-On Technology International Inc. (USA), Lite-On Technology (Europe) B.V., Lite-On Electronics (Thailand) Co., Ltd., Lite-On Inc. (USA), Lite-On Electronics (Europe) Ltd., Nport Investment Co., Ltd., Simport Investment Co., Ltd., Litegin Industry Co., Ltd. (Thailand), Lite-On Inclosure Inc., Innoveta Technologies, Inc., Maxi Switch Inc., Lite-On Japan Ltd., Lite-On Peripherals Inc. (USA), Lite-On Peripherals De. Mexico S.A. De C.V., Lite-On Peripherals Ireland Inc., GVC Subic Corp., Gentek Marketing Inc., Lite-On Electronics Co., Ltd. (HK), Funbo Enterprises Ltd. (HK), G&W Technology (BVI) Ltd., GVC Co., Ltd. (HK), Lite-On Technology Mexico, S.A. De C.V., Lite-On (USA) International Ltd. and Silitech Technology (Europe) Ltd. And we did not audit the financial statements as of and for the year ended December 31, 2001 of Lite-On Technology (Malaysia) Sdn. Bhd., Lite-On Technology International Inc. (USA), Lite-On Technology (Europe) BV, Lite-On Technology Mexico, S.A. De C.V., Lite-On (USA) International Ltd., LET (HK) Ltd. and JVC Lite-On IT Manufacturing and Sales Ltd. Stock investments in these companies, either directly or indirectly owned by the Corporation, are all accounted for by the equity method. The carrying values of these

investments included in the accompanying balance sheets amounted to NT\$4,277,776 thousand and NT\$1,125,592 thousand, or 4.75% and 2.56% of the Corporation's total assets as of December 31, 2002 and 2001, respectively. Also, the equity in the net loss of these investees amounted to NT\$62,905 thousand and NT\$86,900 thousand, or 0.96% and 2.24% of the Corporation's income before income tax for the years ended December 31, 2002 and 2001, respectively. The financial statements of the foregoing consolidated subsidiaries and equity-accounted investees were audited by other auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amounts pertaining to the above investees is based solely on the reports of other auditors.

We conducted our audits in accordance with the Regulations for Audit of Financial Statements of Certified Public Accounts and generally accepted auditing standards in the Republic of China. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Lite-On Technology Corporation and subsidiaries as of December 31, 2002 and 2001 and of the results of their operations and their cash flows for the years then ended in conformity with Guidelines for Securities Issuers' Financial Reporting and generally accepted accounting principles in the Republic of China.

T N Soong & Co
An Associate Member Firm of Deloitte Touche Tohmatsu
Taipei, Taiwan
The Republic of China

Notice to Readers

The accompanying financial statements are intended only to present the financial position, results of operations 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 accepted and applied in the Republic of China.

English Translation of Financial Statements Originally Issued in Chinese

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2002 and 2001

(In Thousands of New Taiwan Dollars, Except Par Value)

A S S E T S	2002		2001		LIABILITIES AND SHAREHOLDERS' EQUITY	2002		2001	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash (Note 5)	\$ 21,587,446	24	\$ 14,680,768	33	Short-term bank loans (Notes 11 and 20)	\$ 4,166,716	5	\$ 1,499,064	3
Short-term investments - net (Notes 2 and 6)	1,032,065	1	703,561	2	Commercial paper (Note 12)	99,745	-	479,313	1
Notes receivable (Note 2)	151,220	-	18,991	-	Notes payable	2,413,562	3	8,348	-
Accounts receivable - net (Notes 2 and 7)	16,509,998	18	7,543,016	17	Accounts payable	22,991,663	25	12,764,299	29
Receivable from related parties (Notes 2 and 19)	7,428,718	8	1,302,670	3	Payable to related parties (Note 19)	3,152,433	3	1,310,928	3
Inventories - net (Notes 2 and 8)	12,070,452	14	9,091,004	21	Income tax payable (Notes 2 and 17)	484,070	1	253,369	1
Deferred income tax assets (Notes 2 and 17)	694,209	1	112,579	-	Accrued expenses (Note 19)	5,301,257	6	2,739,875	6
Prepaid expenses and other current assets (Notes 2 and 17)	2,937,470	3	875,400	2	Current portion of long-term liabilities (Notes 13 and 20)	1,614,167	2	3,338,432	8
Total Current Assets	<u>62,411,578</u>	<u>69</u>	<u>34,327,989</u>	<u>78</u>	Product warranty reserve (Note 2)	797,020	1	428,241	1
					Advance from customers and other current liabilities	<u>2,580,109</u>	<u>3</u>	<u>594,718</u>	<u>1</u>
LONG-TERM INVESTMENTS (Notes 2 and 9)	15,020,239	17	5,007,994	12	Total Current Liabilities	<u>43,600,742</u>	<u>49</u>	<u>23,416,587</u>	<u>53</u>
PROPERTIES (Notes 2, 10, 20 and 21)					LONG-TERM LIABILITIES (Notes 13 and 20)	<u>1,436,994</u>	<u>1</u>	<u>3,145,181</u>	<u>7</u>
Cost									
Land	2,722,378	3	631,885	1	OTHER LIABILITIES				
Buildings	3,431,697	4	849,966	2	Deferred income tax liabilities (Notes 2 and 17)	175,954	1	1,125,649	3
Machinery and equipment	5,536,209	6	2,423,368	6	Accrued pension costs (Notes 2 and 14)	62,464	-	46,744	-
Molding equipment	262,793	-	441,861	1	Deferred income (Note 2)	52,708	-	-	-
Transportation equipment	109,372	-	66,993	-	Guarantee deposits	9,177	-	32,037	-
Office equipment	812,654	1	68,995	-	Miscellaneous (Notes 2 and 9)	<u>85,990</u>	<u>-</u>	<u>-</u>	<u>-</u>
Miscellaneous equipment	<u>1,951,160</u>	<u>3</u>	<u>686,634</u>	<u>2</u>	Total Other Liabilities	<u>386,293</u>	<u>1</u>	<u>1,204,430</u>	<u>3</u>
Total cost	14,826,263	17	5,169,702	12					
Less: Accumulated depreciation	5,338,528	6	1,722,380	4	MINORITY EQUITY	<u>3,798,898</u>	<u>4</u>	<u>2,157,781</u>	<u>5</u>
	9,487,735	11	3,447,322	8					
Add: Construction in progress and advance payments	2,100,499	2	493,499	1	Total Liabilities	<u>49,222,927</u>	<u>55</u>	<u>29,923,979</u>	<u>68</u>
Net Properties	<u>11,588,234</u>	<u>13</u>	<u>3,940,821</u>	<u>9</u>					
					SHAREHOLDERS' EQUITY				
INTANGIBLE ASSETS					Capital stock - \$10 par value				
Patents (Note 2)	100,751	-	153,316	-	Authorized - 3,500,000 thousand shares in 2002 and 1,228,000 thousand shares in 2001				
Land use right (Notes 2 and 20)	80,517	-	57,549	-	Issued - 1,909,438 thousand shares in 2002 and 748,818 thousand shares in 2001	<u>19,094,383</u>	<u>21</u>	<u>7,488,181</u>	<u>17</u>
Total Intangible Assets	<u>181,268</u>	<u>-</u>	<u>210,865</u>	<u>-</u>	Capital surplus				
					Merger	12,216,716	14	149,103	-
OTHER ASSETS					Paid-in capital in excess of par value	2,742,248	3	2,742,248	6
Deferred charges (Note 2)	630,961	1	155,667	-	Bond conversion	2,488,896	3	195,261	1
Refundable deposits	93,969	-	48,797	-	Treasury stock transactions	245,022	-	-	-
Leased assets - net (Note 2)	58,694	-	-	-	Long-term stock investments under the equity method	101,617	-	100,412	-
Idle assets - net (Notes 2 and 20)	42,911	-	54,842	-	Gain on property disposal	-	-	26,743	-
Miscellaneous (Note 2)	<u>64,596</u>	<u>-</u>	<u>218,081</u>	<u>1</u>	Total capital surplus	<u>17,794,499</u>	<u>20</u>	<u>3,213,767</u>	<u>7</u>
Total Other Assets	<u>891,131</u>	<u>1</u>	<u>477,387</u>	<u>1</u>	Retained earnings				
					Legal reserve	599,618	1	361,993	1
					Special reserve	-	-	351,396	1
					Unappropriated earnings	<u>5,388,799</u>	<u>6</u>	<u>2,676,373</u>	<u>6</u>
					Total retained earnings	<u>5,988,417</u>	<u>7</u>	<u>3,389,762</u>	<u>8</u>
					Unrealized loss on long-term stock investments	(515,073)	(1)	(198,985)	-
					Cumulative translation adjustments	<u>518,362</u>	<u>-</u>	<u>457,273</u>	<u>1</u>
					Treasury stock - cost	(2,011,065)	(2)	(308,921)	(1)
					Total Shareholders' Equity	<u>40,869,523</u>	<u>45</u>	<u>14,041,077</u>	<u>32</u>
TOTAL ASSETS	<u>\$ 90,092,450</u>	<u>100</u>	<u>\$ 43,965,056</u>	<u>100</u>	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 90,092,450</u>	<u>100</u>	<u>\$ 43,965,056</u>	<u>100</u>

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

(With T N Soong & Co report dated February 14, 2003)

English Translation of Financial Statements Originally Issued in Chinese

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

For the Years Ended December 31, 2002 and 2001

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

	<u>2002</u>		<u>2001</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
GROSS SALES (Notes 2 and 19)	\$ 106,226,636	102	\$ 57,958,380	104
LESS: SALES RETURNS	1,757,720	2	1,955,864	4
SALES ALLOWANCES	<u>145,739</u>	<u>-</u>	<u>530,469</u>	<u>-</u>
NET SALES	104,323,177	100	55,472,047	100
COST OF SALES (Note 19)	<u>88,085,790</u>	<u>85</u>	<u>46,197,889</u>	<u>84</u>
GROSS PROFIT	16,237,387	15	9,274,158	16
REALIZED PROFITS ON INTERCOMPANY SALES (Note 2)	<u>13,568</u>	<u>-</u>	<u>4,896</u>	<u>-</u>
ADJUSTED GROSS PROFIT	<u>16,250,955</u>	<u>15</u>	<u>9,279,054</u>	<u>16</u>
OPERATING EXPENSES (Note 19)				
Marketing	6,816,639	7	3,978,795	7
General and administrative	1,771,698	1	1,340,209	2
Research and development	<u>1,154,802</u>	<u>1</u>	<u>539,096</u>	<u>1</u>
Total Operating Expenses	<u>9,743,139</u>	<u>9</u>	<u>5,858,100</u>	<u>10</u>
OPERATING INCOME	<u>6,507,816</u>	<u>6</u>	<u>3,420,954</u>	<u>6</u>
NONOPERATING INCOME				
Interest income	194,277	-	455,714	1
Gain on disposal of investments	144,410	-	193,821	-
Foreign exchange gain - net (Note 2)	139,481	-	110,883	-
Dividends income	44,941	-	34,340	-
Investment income recognized under the equity method - net (Notes 2 and 9)	-	-	233,993	1
Other income	<u>491,664</u>	<u>1</u>	<u>207,062</u>	<u>-</u>
Total Nonoperating Income	<u>1,014,773</u>	<u>1</u>	<u>1,235,813</u>	<u>2</u>

(Forward)

English Translation of Financial Statements Originally Issued in Chinese

	<u>2002</u>		<u>2001</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
NONOPERATING EXPENSES				
Interest expense (Note 10)	\$ 303,389	-	\$ 531,619	1
Provision for losses from decline in value of inventories (Note 2)	117,788	-	16,336	-
Investment loss recognized under the equity method - net (Notes 2 and 9)	79,263	-	-	-
Other expenses	<u>502,378</u>	<u>1</u>	<u>220,776</u>	<u>-</u>
Nonoperating Expenses	<u>1,002,818</u>	<u>1</u>	<u>768,731</u>	<u>1</u>
INCOME BEFORE INCOME TAX	6,519,771	6	3,888,036	7
INCOME TAX BENEFIT (EXPENSE) (Notes 2 and 17)	<u>600,182</u>	<u>1</u>	(<u>752,854</u>)	(<u>1</u>)
COMPREHENSIVE INCOME	7,119,953	7	3,135,182	6
MINORITY INTEREST INCOME	(1,890,540)	(2)	(834,175)	(2)
NET LOSS (INCOME) BEFORE ACQUIRING MAJORITY	(<u>102,663</u>)	<u>-</u>	<u>49,325</u>	<u>-</u>
CONSOLIDATED NET INCOME	<u>\$ 5,126,750</u>	<u>5</u>	<u>\$ 2,350,332</u>	<u>4</u>
	<u>Pre-tax</u>	<u>After-tax</u>	<u>Pre-tax</u>	<u>After-tax</u>
EARNINGS PER SHARE (Note 18)				
Basic earnings per share	<u>\$ 4.33</u>	<u>\$ 4.91</u>	<u>\$ 3.80</u>	<u>\$ 2.88</u>
Diluted earnings per share	<u>\$ 4.33</u>	<u>\$ 4.91</u>	<u>\$ 3.64</u>	<u>\$ 2.79</u>

Pro forma information on the assumption that shares of Lite-On Technology Corp. held by its direct and indirect subsidiaries were not treated as treasury stock (Note 18):

	<u>2002</u>	
	<u>Pre-tax</u>	<u>After-tax</u>
CONSOLIDATED NET INCOME	<u>\$ 4,772,946</u>	<u>\$ 5,373,128</u>
EARNINGS PER SHARE		
Basic earnings per share	<u>\$ 4.52</u>	<u>\$ 5.09</u>
Diluted earnings per share	<u>\$ 4.52</u>	<u>\$ 5.09</u>

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

(With T N Soong & Co report dated February 14, 2003)

English Translation of Financial Statements Originally Issued in Chinese

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the Years Ended December 31, 2002 and 2001
(In Thousands of New Taiwan Dollars)

	CAPITAL STOCK		CAPITAL SURPLUS (Notes 2, 15, 16 and 22)							RETAINED EARNINGS (Notes 2 and 15)				UNREALIZED LOSS ON LONG-TERM STOCK INVESTMENTS (NOTE 2)	CUMULATIVE TRANSLATION ADJUSTMENTS (NOTE 2)	TREASURY STOCK - COST (NOTE 16)	TOTAL SHAREHOLDERS' EQUITY
	Shares	Amount	Paid-in Capital in Excess of Par Value	Bond Conversion	Treasury Stock Transactions	Gain on Property Disposal	Long-term Stock Investments Under the Equity Method	Merger	Total	Legal Reserve	Special Reserve	Unappropriated					
	(Thousands)											Earnings	Total				
BALANCE, JANUARY 1, 2001	574,199	\$ 5,741,989	\$ 2,742,248	\$ 195,261	\$ -	\$ 25,916	\$ 99,793	\$ -	\$ 3,063,218	\$ 59,855	\$ -	\$ 3,019,661	\$ 3,079,516	(\$ 582,022)	\$ 12,948	(\$ 96,160)	\$ 11,219,489
Appropriation of prior year's earnings																	
Legal reserve	-	-	-	-	-	-	-	-	-	302,138	-	(302,138)	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	-	-	351,396	(351,396)	-	-	-	-	-
Cash dividends - 4%	-	-	-	-	-	-	-	-	-	-	-	(282,699)	(282,699)	-	-	-	(282,699)
Stock dividends - 19%	141,350	1,413,497	-	-	-	-	-	-	-	-	-	(1,413,497)	(1,413,497)	-	-	-	-
Bonus to employees - cash	-	-	-	-	-	-	-	-	-	-	-	(33,259)	(33,259)	-	-	-	(33,259)
Bonus to employees - stock	16,629	166,294	-	-	-	-	-	-	-	-	-	(166,294)	(166,294)	-	-	-	-
Bonus to directors and supervisors	-	-	-	-	-	-	-	-	-	-	-	(99,776)	(99,776)	-	-	-	(99,776)
Issuance of shares for the mergers on November 30, 2001	16,640	166,401	-	-	-	-	-	149,103	149,103	-	-	-	-	-	-	-	315,504
Transfer of net gain on disposal of properties	-	-	-	-	-	827	-	-	827	-	-	(827)	(827)	-	-	-	-
Adjustment arising from changes in equity in investees	-	-	-	-	-	-	-	-	-	-	-	(43,115)	(43,115)	-	-	-	(43,115)
Adjustment for capital surplus from long-term stock investments accounted for by the equity method	-	-	-	-	-	-	619	-	619	-	-	(619)	(619)	-	-	-	-
Net income in 2001	-	-	-	-	-	-	-	-	-	-	-	2,350,332	2,350,332	-	-	-	2,350,332
Reversal of unrealized loss on long-term stock investments	-	-	-	-	-	-	-	-	-	-	-	-	-	383,037	-	-	383,037
Cumulative translation adjustment of foreign-currency long-term stock investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	444,325	-	444,325
Purchase of treasury stock - 4,570 thousand shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(212,761)	(212,761)
BALANCE, DECEMBER 31, 2001	748,818	7,488,181	2,742,248	195,261	-	26,743	100,412	149,103	3,213,767	361,993	351,396	2,676,373	3,389,762	(198,985)	457,273	(308,921)	14,041,077
Transfer of special reserve to unappropriated earnings	-	-	-	-	-	-	-	-	-	-	(351,396)	351,396	-	-	-	-	-
Transfer of prior years' net gain from property disposal to retained earnings	-	-	-	-	-	(26,743)	-	-	(26,743)	2,592	-	24,151	26,743	-	-	-	-
Appropriation of prior year's earnings																	
Legal reserve	-	-	-	-	-	-	-	-	-	235,033	-	(235,033)	-	-	-	-	-
Cash dividends - 12.5%	-	-	-	-	-	-	-	-	-	-	-	(962,935)	(962,935)	-	-	-	(962,935)
Stock dividends - 12.5%	96,293	962,935	-	-	-	-	-	-	-	-	-	(962,935)	(962,935)	-	-	-	-
Bonus to employees - cash	-	-	-	-	-	-	-	-	-	-	-	(113,287)	(113,287)	-	-	-	(113,287)
Bonus to employees - stock	11,329	113,287	-	-	-	-	-	-	-	-	-	(113,287)	(113,287)	-	-	-	-
Bonus to directors and supervisors	-	-	-	-	-	-	-	-	-	-	-	(113,286)	(113,286)	-	-	-	(113,286)
Conversion of convertible bonds into common stock (Note 13)	70,565	705,648	-	2,293,635	-	-	-	-	2,293,635	-	-	-	-	-	-	-	2,999,283
Issuance of shares for the merger on November 4, 2002 (Notes 1 and 22)	1,066,508	10,665,085	-	-	-	-	-	12,067,613	12,067,613	-	-	-	-	-	-	-	22,732,698
Retirement of shares for the merger on November 4, 2002 (Note 22)	(84,075)	(840,753)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(840,753)
Assumption that treasury stock was transferred to employees from acquired investees - 1,846 thousand shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(53,847)	(53,847)

(Forward)

English Translation of Financial Statements Originally Issued in Chinese

	CAPITAL SURPLUS (Notes 2, 13, 14 and 20)											UNREALIZED LOSS ON LONG-TERM STOCK INVESTMENTS (NOTE 2)	CUMULATIVE TRANSLATION ADJUSTMENTS (NOTE 2)	TREASURY STOCK - COST (NOTE 14)	TOTAL SHAREHOLDERS EQUITY		
	CAPITAL STOCK		Paid-in Capital in Excess of Par Value	Bond Conversion	Treasury Stock Transactions	Gain on Property Disposal	Long-term Stock Investments Under the Equity Method	Merger	Total	RETAINED EARNINGS (Notes 2 and 13)							
	Shares (Thousands)	Amount								Legal Reserve	Special Reserve					Unappropriated Earnings	Total
Adjustment arising from changes in equity due to subsidiaries' retirement of treasury stock	-	\$ -	\$ -	\$ -	\$ -	\$ -	(\$ 619)	\$ -	(\$ 619)	\$ -	\$ -	(\$ 167,775)	(\$ 167,775)	\$ -	\$ -	\$ -	(\$ 168,394)
Adjustment arising from changes in equity in subsidiaries distributed bonus to employees	-	-	-	-	-	-	-	-	-	-	-	(121,158)	(121,158)	-	-	-	(121,158)
Adjustment arising from changes in equity in investees	-	-	-	-	-	1,824	-	1,824	-	-	-	-	-	-	-	-	1,824
Net income in 2002	-	-	-	-	-	-	-	-	-	-	-	5,126,750	5,126,750	-	-	-	5,126,750
Unrealized loss on long-term stock investments	-	-	-	-	-	-	-	-	-	-	-	-	-	(316,088)	-	-	(316,088)
Cumulative translation adjustment of foreign-currency long-term stock investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	61,089	-	61,089
Cash dividends received by subsidiaries	-	-	-	-	3,480	-	-	3,480	-	-	-	-	-	-	-	-	3,480
Adjustment of net gain on disposal of Parent Company's stock recognized by its subsidiaries	-	-	-	-	241,542	-	-	241,542	-	-	-	-	-	-	-	-	241,542
Purchase of treasury stock - 8,925 thousand shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(487,318)	(487,318)
Reclassification of long-term investment to treasury stock for subsidiaries holding the Parent Company's shares - 29,605 thousand shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,219,779)	(1,219,779)
Reissuance of treasury stock to employees - 1,675 thousand shares	-	-	-	-	-	-	-	-	-	-	-	(175)	(175)	-	-	58,800	58,625
BALANCE, DECEMBER 31, 2002	1,909,438	\$ 19,094,383	\$ 2,742,248	\$ 2,488,896	\$ 245,022	\$ 101,617	\$ 12,216,716	\$ 17,794,499	\$ 599,618	\$ -	\$ 5,388,799	\$ 5,988,417	(\$ 515,073)	\$ 518,362	(\$ 2,011,065)	\$ 40,869,523	

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

(With T N Soong & Co report dated February 14, 2003)

English Translation of Financial Statements Originally Issued in Chinese

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2002 and 2001

(In Thousands of New Taiwan Dollars)

	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated net income	\$ 5,126,750	\$ 2,350,332
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Minority interest income	1,890,540	834,175
Net income (loss) before acquiring majority	102,663	(49,325)
	7,119,953	3,135,182
Depreciation	1,002,331	761,427
Amortization	175,124	114,817
Reversal of allowance for decline in value of short-term investments	-	(70,874)
Provision for losses from decline in inventories value	117,788	16,336
Gain on investment disposal	(144,410)	(193,821)
Net loss on property disposal	16,409	12,264
Investment loss (income) recognized under the equity method	79,263	(233,993)
Cash dividends from equity-accounted investees	621,410	699,550
Exchange loss (gain) on redemption of foreign convertible bonds	(261,237)	262,704
Product warranty reserve	368,779	254,791
Redemption premium on convertible bonds	(1,311,986)	319,535
Accrued pension costs	(83,367)	37,054
Deferred income taxes	(883,863)	464,037
Deferred income	(20,492)	-
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Notes receivable	(41,798)	116,331
Accounts receivable	(1,943,574)	(1,582,716)
Receivable from related parties	(2,963,152)	(975,922)
Inventories	814,107	(902,123)
Prepaid expenses and other current assets	1,329,314	883,667
Increase (decrease) in:		
Notes payable	1,324,541	4,097
Accounts payable	2,732,872	3,655,479
Payable to related parties	(1,549,998)	(3,658)
Income tax payable	(131,727)	221,586
Accrued expenses	1,430,927	1,501,442
Advance from customers and other current liabilities	(973,927)	(548,577)
Net Cash Provided by Operating Activities	6,823,287	7,948,615
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in short-term investments	(274,595)	(184,972)
Proceeds from sale of long-term investments	51,807	420,732
Acquisition of long-term investments	(334,779)	(1,008,716)
Acquisition of properties	(1,434,173)	(1,005,362)

(Forward)

English Translation of Financial Statements Originally Issued in Chinese

	<u>2002</u>	<u>2001</u>
Proceeds from property disposal	\$ 77,263	\$ 141,792
Decrease (increase) in refundable deposits	(5,386)	25,126
Increase in deferred charges	(21,910)	(63,193)
Net cash outflow due to acquiring majority interest of G-Prime Computer Company	-	(132,810)
Decrease in pledged time deposits	-	<u>1,131,914</u>
Net Cash Used in Investing Activities	<u>(1,941,773)</u>	<u>(675,489)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term bank loans	208,591	(1,186,793)
Repayment of commercial paper	(1,079,567)	(875,533)
Repayment of bonds payable	(1,871,681)	(189,640)
Increase (decrease) in guarantee deposits	(24,800)	25,682
Increase (decrease) in minority equity	(249,423)	311,813
Payment on treasury stock	(487,318)	(212,761)
Cash dividends paid	(962,935)	(282,699)
Bonuses to directors, supervisors and employees	(226,573)	(133,035)
Proceeds on treasury stock reissued to employees	58,625	-
Net cash provided by mergers with Lite-On Electronics, Inc., Silitek Corp., and GVC Corp.	6,562,631	-
Net cash provided by merger with Lite-On Communications Corp.	-	<u>64,689</u>
Net Cash Provided by (Used in) Financing Activities	<u>1,927,550</u>	<u>(2,478,277)</u>
 TRANSLATION ADJUSTMENTS	 <u>97,614</u>	 <u>203,849</u>
 NET INCREASE IN CASH	 6,906,678	 4,998,698
 CASH, BEGINNING OF YEAR	 <u>14,680,768</u>	 <u>9,682,070</u>
 CASH, END OF YEAR	 <u>\$ 21,587,446</u>	 <u>\$ 14,680,768</u>
 SUPPLEMENTARY INFORMATION		
Interest paid (excluding capitalized interests)	<u>\$ 269,015</u>	<u>\$ 210,085</u>
Income tax paid	<u>\$ 401,612</u>	<u>\$ 67,231</u>
Noncash investing and financing activities		
Current portion of long-term liabilities	<u>\$ 1,614,167</u>	<u>\$ 3,338,432</u>
Conversion of bonds into capital stock and capital surplus	<u>\$ 2,999,283</u>	<u>\$ -</u>
Reclassification of the Parent Company's shares held by direct and indirect subsidiaries as treasury stock	<u>\$ 1,219,779</u>	<u>\$ -</u>
Cash paid for acquisition of properties		
Total acquisition	\$ 1,476,278	\$ 1,001,815
Decrease (increase) in payable for properties	(42,105)	<u>3,547</u>
	<u>\$ 1,434,173</u>	<u>\$ 1,005,362</u>

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

(With T N Soong & Co report dated February 14, 2003)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Stated)

1. GENERAL

Lite-On Technology Corporation (the Parent Company) was established in March 1989 and its shares are listed and traded on the Taiwan Stock Exchange. The Parent Company mainly manufactures and markets (1) computer software, hardware, peripherals and components and (2) monitors, CD-ROMs, laptops, cameras, Internet equipment, system equipment and image-processing equipment.

The Parent Company merged with Lite-On Electronics, Inc., Silitek Corp., and GVC Corp., with the Parent Company as the surviving entity. The merger took effect on November 4, 2002, and the Parent Company thus assumed all rights and obligations of the three merged companies. Also, on that date, the Parent Company issued 1,066,508 thousand common shares to the former shareholders of Lite-On Electronics, Inc., Silitek Corp., and GVC Corp. to effect a share swap at this ratio: 1 Parent Company share for 1.54 shares of Lite-On Electronics, Inc., 1.08 shares of Silitek Corp., and 2.58 shares of GVC Corp. The holders of the newly issued shares have the same rights and obligation as the Parent Company's other common shareholders. The merger was approved by the Fair Trade Commission, Taiwan Stock Exchange Corporation, Securities and Futures Commission, and Ministry of Economic Affairs (MOEA) of the Republic of China.

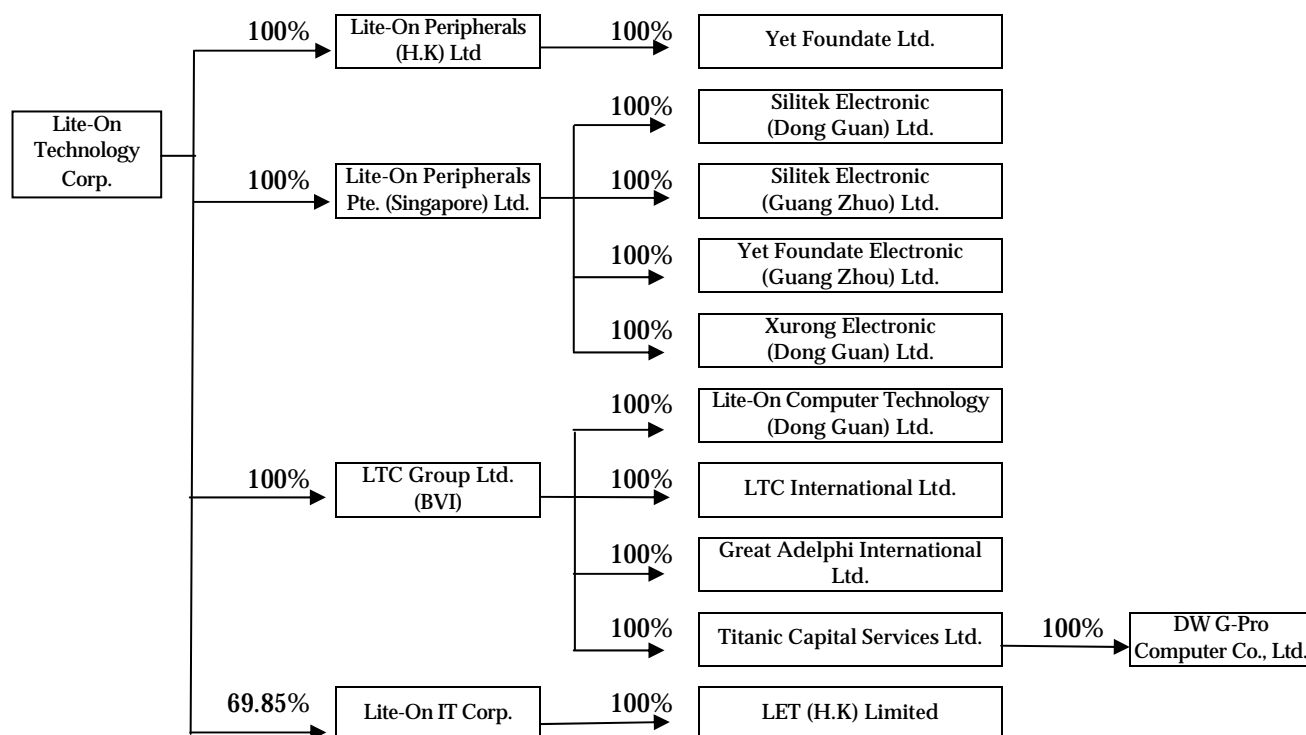
Lite-On Electronics, Inc. was incorporated in June 1975. It mainly manufactures and sells LED (light-emitting diode) products, power supply switches for computers and communications products.

Silitek Corp., was incorporated in May 1978. It mainly manufactures and sells keyboards, scanners, printers and related products.

GVC Corp., was incorporated in December 1979. It mainly manufactures and sells mobile phones, modems, communications products and components of computer equipment.

The Parent Company merged with Lite-On Communications Corp., with the Parent Company as the surviving entity. On November 30, 2001, this merger took effect and the Parent Company issued 16,640 thousand common shares to the former shareholders of Lite-On Communications Corp. to effect a share swap at this ratio: 1 Parent Company share for 1.72 shares of Lite-On Technology Corp. The holders of the newly issued shares have the same rights and obligations as the Parent Company's other common shareholders. The merger was approved by the MOEA and relevant authorities.

The intercompany relationship and percentages of ownership as of December 31, 2002 were as follows:



The business activities of the above investees are as follows:

- a. Lite-On Peripherals (HK) Ltd., Lite-On Peripherals Pte. Ltd. (Singapore), LTC Group Ltd. (BVI) and LTC International Ltd. - investments
- b. Lite-On IT Corp. - information storage manufacturing and marketing
- c. Yet Foundate Ltd., Silitek Electronic (Dong Guan) Ltd., Silitek Electronic (Guang Zhou) Ltd., Yet Foundate Electronic (Guang Zhou) Ltd., Xurong Electronic (Dong Guan) Ltd., Lite-On Computer Technology (Dong Guan) Ltd., Great Adelphi International Ltd., Titanic Capital Services Ltd. and DW G-Pro Computer Co., Ltd. - manufacturing and marketing computer software, hardware, peripherals and components.
- d. LET (HK) Limited - CD-ROM manufacturing and marketing CD-ROM.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the Parent Company and its subsidiaries (hereinafter referred to as the "Group"), which conform to accounting principles generally accepted in the Republic of China, are summarized below.

Basis for consolidation

The consolidated financial statements include the accounts of the Parent Company and its subsidiaries (i.e., investees in which the Parent Company has, directly or indirectly, over 50% ownership and has controlling influence over their operating and financial policies and decisions). However, a subsidiary with total assets or operating revenue not exceeding 10% of the Parent Company's unconsolidated operating revenue or total assets is not consolidated. If, from among unconsolidated subsidiaries with combined revenues or total assets exceeding 30% of the Parent Company's unconsolidated total assets or operating revenues, a subsidiary's total assets or operating revenues are greater than 3% of the corresponding unconsolidated amounts of the Parent Company, that particular subsidiary will be included in the consolidation.

All significant intercompany accounts and transactions have been eliminated from the consolidated financial statements.

Foreign-currency accounts of foreign subsidiaries were translated into New Taiwan dollars as follows: Assets and liabilities - at the current rate; stockholders' equity - at historical rates; and income and expense accounts - at the average exchange rate during the year. The net translation adjustment is reported as a separate component under stockholders' equity.

The accounts included in the consolidated financial statements of 2002 are those of the Parent Company, Lite-On Peripherals (HK) Ltd., Lite-On Peripherals Pte. Ltd. (Singapore), LTC Group Ltd. (BVI) and Lite-On IT Corp. The accounts included in the consolidated financial statements of 2001 are those of the Parent Company, LTC Group Ltd. (BVI), and Lite-On IT Corp.

The subsidiaries excluded from the consolidated financial statements of 2002 are Lite-On Technology (Malaysia) Sdn. Bhd., Lite-On Technology International Inc. (USA), Lite-On Technology (Europe) B.V., Lite-On Capital Inc., Lite-On Communication International Corp., Quanix Technology Inc., Silitek Corporation (Malaysia) Sdn. Bhd., Maxi Switch Inc., Lite-On Peripherals Inc. (USA), Situng Investments & Development Corp., Lite-On Peripherals Ireland Inc., Lite-On Computer Peripherals GMBH, Lite-On Peripherals De. Mexico S.A. De C.V., E-Business Ltd., Silitek Netherlands B.V., Silitech Technology Corp., Starshine Technology Corp., Lite-On Electronics (Thailand) Co., Ltd., Lite-On Inc. (USA), Lite-On Electronics (Europe) Ltd., Lite-On Electronics (HK), Lite-On Electronics Pte. (Singapore), Nport Investment Co., Ltd., Simport Investment Co., Ltd., Litegin Industry Co., Ltd. (Thailand), Lite-On Electronics (BVI) Inc., Innoveta Technology, Inc., China Bridge (BVI) Ltd., GVC Subic Corp., GVC (Cayman) Corp., G-Base Investment Corp., G-Com (BVI) Technology Ltd., GIGA-Radio Communication (BVI) Co., Ltd., G-Prime Computer Co., Ltd.(BVI).

Minority interests are 30.15% and 30.56% of shareholdings in Lite-On IT Corp. in 2002 and 2001, respectively, which are presented separately in consolidated financial statements.

Mergers

Mergers are accounted for under the Statement of Financial Accounting Standards No. 25 "Business combination - Purchase Method." When the market value of equity securities issued from merger cannot stand for the fair value of the acquired companies' net assets, the fair value of the acquired net assets should be evaluated. The net amount after deducting the par value of equity securities issued from merger and related costs from the fair value of net assets is included in capital surplus.

Short-term investments

Short-term investments are carried at the lower of cost or market value. An allowance for decline in value is provided for the excess or total cost over market value. The allowance is adjusted when the market value subsequently recovers. Costs of investments sold are determined by the moving average method.

Allowance for doubtful receivables

Allowance for doubtful receivables is provided on the basis of a review of the collectibility of individual receivables.

Inventories

Inventories are stated at the lower of weighted-average cost or market value. (Market value is represented by replacement cost for merchandise, materials and supplies and net realizable value for finished goods and work in process.)

Long-term investments

Stock investments accounted for by the equity method are initially carried at cost and subsequently adjusted for the Group's proportionate share in the investees' earnings or losses and changes in capital surplus. The difference between the cost of the investment and the Group's equity in the investee's net assets when an investment is acquired or when the equity method is first adopted, is amortized over 5 to 20 years. Cash dividends received are recognized as a reduction of the carrying value of the investments. Investment income (or loss) is recognized over whenever the investees recognize income (or loss). If the equity in losses recognized exceeds the original investment acquisition costs, the excesses are recorded as part of other liabilities. Upon the disposal of equity-accounted investments, the Group's shares in the capital surplus recognized by the investee Group, if any, will be included in current income in proportion to the investments sold. However, if capital surplus from an investee's property disposal, it is transferred to retained earnings in proportion to the value of the investments sold. If the investee's accounting year is different from the Group's, investment income or loss recognized by the Group is based on its equity on the investee's balance sheet date.

All profits from sales of products by the Parent Company to its majority owned subsidiaries are deferred but only profit in proportion to the Parent Company's equity interest deferred for other investees that are not majority owned. Profit from the sales of products by investee companies to the Parent Company or by one investee to another is deferred on the basis of the proportionate share in the investee's equity and credited against the investment. The deferred profits are included as part of other liabilities. These profits are realized through the subsequent sale of the related products to third parties.

Other investments are accounted for by the cost method. An allowance for decline in market value of listed stocks is recognized, with the related amount debited to stockholders' equity. An allowance is recognized to reflect an other than temporary decline in value of unlisted stocks, with the related provision for losses charged to current income. Cash dividends received in the year the investment is made are accounted for as a reduction in the carrying value of the investment, but cash dividends received in subsequent years are recognized as dividend income.

Stock dividends received are recorded only as an increase in the number of shares held but not recognized as investment income. Cost or carrying value per share is recomputed based on total shares after stock dividends are received.

For all stock investments, costs of investments sold are determined using the weighted-average method.

Long-term fund investments are stated at the lower of total cost or market value when market values are available. Allowance for decline in value is recognized whenever market value is less than cost. Unrealized holding loss is included as a reduction of stockholders' equity. When market values are unavailable, an allowance is recognized to reflect an other than temporary decline in value of funds, with the related provision for losses charged to current income.

Properties and leased assets

Properties and leased assets are stated at cost less accumulated depreciation. Major renewals and betterments are capitalized; maintenance and repairs are charged to current expense.

Depreciation is computed using the straight-line method over useful lives estimated as follows: buildings, 5 to 60 years; machinery and equipment, 2 to 10 years; molding equipment, 2 to 10 years; transportation equipment, 3 to 10 years; office equipment, 2 to 10 years; and miscellaneous equipment, 2 to 10 years. Properties still being used by the Group beyond their service lives are depreciated over their newly service lives.

Upon revaluation of properties and leased assets, the resulting revaluation increment is recognized as part of the cost of the properties, and a reserve for land value increment tax is included in long-term liabilities, with the difference credited to capital surplus.

Upon sale or other disposal of properties, the related cost and accumulated depreciation are removed from the accounts, and the resulting gain or loss is credited or charged to nonoperating income or expense.

Patents

Patents which are internet patent techniques are amortized over 3 years.

Land use right

Land use right is amortized over 50 years.

Idle assets

Idle assets are stated at the lower of carrying value or net realizable value.

Deferred charges

Deferred charges, consisting of issuance costs of bonds, office decoration expenditures, and computer software costs, are amortized using the straight-line method over periods ranging from 2 to 5 years.

Product warranty reserve

Estimate of related cost is based on historical experience about product service and warranty period.

Pension costs

Pension costs are recognized on the basis of actuarial calculations. Unrecognized net transition obligation is amortized over 10 to 17 years. Actuarial gain or loss is amortized using the straight-line method over the employees' remaining service years.

Consolidated debit

This represents the purchase price paid in excess of the fair market value of net tangible assets. This excess is amortized over 5 years. For purposes of consolidation, the excess is recorded as consolidated debit if the excess cannot be linked to tangible assets (consolidated debit is included in other assets).

Treasury stock

The Parent Company accounts for the cost of purchasing its outstanding stock as a deduction to arrive at stockholders' equity.

Upon disposal of the treasury stock, the sales proceeds in excess of the cost is accounted for as capital surplus - treasury stock. If the sales proceeds are less than the cost, the difference is accounted for as a reduction in the remaining balance of capital surplus - treasury stock of the same type. If the remaining balance of capital surplus - treasury stock is insufficient to cover the difference, the remainder is recorded as a reduction of retained earnings.

If treasury stock is retired, the weighted-average cost of the retired treasury stock is written off to offset the par value and the capital surplus premium, if any, of the stock retired. If the weighted-average cost written off exceeds the sum of both the par value and the capital surplus premium, the difference is accounted for as a reduction in capital surplus - treasury stock of the same type, or a reduction in retained earnings for any deficiency where capital surplus - treasury stock of the same type is insufficient to cover the difference. If the weighted-average cost written off is less than the sum of both the par value and premium, if any, of the stock retired, the difference is accounted for as an increase in capital surplus - treasury stock of the same type.

Sales revenues

Sales are recognized when titles of products and risks of ownerships are transferred to customers, primarily upon shipment, or when service is rendered.

Income tax

The Parent Company applies intra-period and inter-period allocation for income tax. Deferred tax assets are recognized for the tax effects of deductible temporary differences, unused loss carryforwards and investment tax credits and deferred tax liabilities are recognized for the tax effects of taxable temporary differences. Valuation allowance is provided for deferred income tax assets that are not certain to be realized. Deferred income tax assets or liabilities are classified as current or noncurrent according to the nature of related assets or liabilities for financial reporting. But, if a deferred asset or liability cannot be related to an asset or liability in the financial statements, it is classified as current or noncurrent depending on the expected reversal date of the temporary difference.

Tax credits for certain purchases of equipment or technique, research and development, personnel training, and stock investments can be deducted from the current year's tax provision.

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

Income taxes (10%) on undistributed earnings are recorded as expense in the year the shareholders resolve to retain the earnings.

Foreign-currency transactions

Foreign-currency transactions (except derivative transactions) are recorded in New Taiwan dollars at the rates of exchange in effect when the transactions occur. Gains or losses resulting from the application of different foreign exchange rates when foreign-currency assets and liabilities are settled, are credited or charged to income in the year of settlement. At year-end, the balances of foreign-currency assets and liabilities are restated at prevailing exchange rates, and the resulting differences are recorded as follows: (a) equity-accounted investments - as cumulative translation adjustments under stockholders' equity; (b) cost-accounted investments same treatment as in (a) when the restated balances are lower than their costs; otherwise, no adjustment is made; and (c) other assets and liabilities - as credits or charges to current income.

Derivative transactions

Forward exchange contracts entered into for nontrading purposes are recorded in New Taiwan dollars as assets or liabilities, using the spot rates on the starting dates of the contracts. The premium or discount, computed using the foreign currency amount of the contract multiplied by the difference between the contracted forward rate and the spot rate on the contract starting dates, is also recognized. These premiums or discounts are amortized over the terms of the forward contracts using the straight-line method, and the amortizations are recognized in income.

On the balance sheet dates, the receivables and payables related to the forward contracts are netted out, and the resulting amount is presented as either an asset or liability.

The notional amounts of interest rate swap agreements used as hedge against interest rate fluctuations on existing obligations are not recognized as assets or liabilities since the agreements do not require the exchange of such amounts. The net interest amounts receivable or payable under the agreement as of the balance sheet dates and the settlement dates are recognized as adjustments to interest expense of the related hedged obligations.

Amounts received on options written are recognized as liabilities, and amounts paid on options bought are recognized as assets. Gains or losses on the exercise of options are included in current income. The outstanding option contracts are marked to market as of the balance sheet dates, with the exchange differences recognized as adjustments of current income.

Reclassifications

Certain 2001 accounts have been reclassified to conform to the 2002 presentation.

3. CHANGE IN ACCOUNTING PRINCIPLE

The Parent Company adopted Statement of Financial Accounting Standard (SFAS) No. 30, "Accounting for Treasury Stock" on January 1, 2002. SFAS No. 30 requires that an amount equivalent to the carrying value of the Parent Company's shares held by direct and indirect subsidiaries be reclassified as treasury stocks. This change resulted in the decrease in long-term investments and an increase in treasury stock by \$1,219,779 thousand each and an increase in capital surplus by \$245,022 thousand as of December 31, 2002 and a decrease of \$246,378 thousand in net income for the year ended December 31, 2002.

4. ELIMINATED MATERIAL INTERCOMPANY TRANSACTIONS

Company	Eliminated Account	Amount	Parties
Parent company	Inventories	\$ 51,656	Yet Foundate Ltd.
	Cost of goods sold	1,320,451	Yet Foundate Ltd.
	Receivable from related parties	6,962	Lite-On IT Corp.
	Rental income	16,794	Lite-On IT Corp.
	Cost of goods sold	3,006	Lite-On IT Corp.
	Receivable from related parties	30,033	Yet Foundate Ltd.
	Payable to related parties	949,292	Yet Foundate Ltd.
	Inventories	13,620	Silitek Electronic (Dong Guan) Ltd.
	Cost of goods sold	79,158	Silitek Electronic (Dong Guan) Ltd.
	Inventories	18,963	Silitek Electronic (Guang Zhou) Ltd.
	Cost of goods sold	555,993	Silitek Electronic (Guang Zhou) Ltd.
	Payable to related parties	3,584,251	Titanic Capital Services Ltd.
	Cost of goods sold	21,691,320	Titanic Capital Services Ltd.
	Payable to related parties	102,316	Lite-On Computer Tech. (DG) Ltd.
	Cost of goods sold	4,420,007	Lite-On Computer Tech. (DG) Ltd.
	Receivable from related parties	213,388	Great Adelphi International Ltd.
	Payable to related parties	1,007,932	Great Adelphi International Ltd.
	Cost of goods sold	5,442,436	Great Adelphi International Ltd.
	Receivable from related parties	1,264,216	DW G-Pro Computer Co., Ltd.
	Cost of goods sold	2,458,269	DW G-Pro Computer Co., Ltd.
Lite-On Peripherals Pte. Ltd. (Singapore)	Receivable from related parties	1,095	Yet Foundate Ltd.
	Sales revenues	25,626	Yet Foundate Ltd.
Lite-On IT Corp.	Payable to related parties	6,962	Parent Company
	Sales revenues	3,006	Parent Company
	Rental expense	16,794	Parent Company
	Sales revenues	210,479	Great Adelphi International Ltd.
	Inventories	496,986	LET (HK) Ltd.
	Receivable from related parties	10,943	LET (HK) Ltd.
	Payable to related parties	7,145,184	LET (HK) Ltd.
	Cost of goods sold	33,807,934	LET (HK) Ltd.

(Forward)

Company	Eliminated Account	Amount	Parties
Yet Foundate Ltd.	Receivable from related parties	\$ 949,292	Parent Company
	Payable to related parties	30,033	Parent Company
	Payable to related parties	1,095	Lite-On Peripherals Pte. Ltd. (Singapore)
	Sales revenues	1,372,107	Parent Company
	Cost of goods sold	25,626	Lite-On Peripherals Pte. Ltd. (Singapore)
	Receivable from related parties	111,925	Silitek Electronic (Dong Guan) Ltd.
	Payable to related parties	210,644	Silitek Electronic (Dong Guan) Ltd.
	Receivable from related parties	4,825,670	Silitek Electronic (Guang Zhou) Ltd.
	Payable to related parties	3,936,328	Silitek Electronic (Guang Zhou) Ltd.
	Receivable from related parties	685	Xurong Electronic (Dong Guan) Ltd.
Silitek Electronic (Dong Guan) Ltd.	Sales revenues	92,778	Parent Company
	Receivable from related parties	210,644	Yet Foundate Ltd.
	Payable to related parties	111,925	Yet Foundate Ltd.
Silitek Electronic (Guang Zhou) Ltd.	Sales revenues	559,374	Parent Company
	Receivable from related parties	3,936,328	Yet Foundate Ltd.
	Payable to related parties	4,825,670	Yet Foundate Ltd.
	Payable to related parties	3,921	Yet Foundate Electronic (Guang Zhou) Ltd.
Yet Foundate Electronic (Guang Zhou) Ltd.	Receivable from related parties	3,921	Silitek Electronic (Guang Zhou) Ltd.
Xurong Electronic (Dong Guan) Ltd.	Payable to related parties	685	Yet Foundate Ltd.
Titanic Capital Services Ltd.	Receivable from related parties	3,584,251	Parent Company
	Sales revenues	21,691,320	Parent Company
	Receivable from related parties	726,479	Lite-On Computer Tech. (DG) Ltd.
	Sales revenues	714,760	Lite-On Computer Tech. (DG) Ltd.
	Sales revenues	6,344	Great Adelphi International Ltd.
	Receivable from related parties	159,525	DW G-Pro Computer Co., Ltd.
Lite-On Computer Tech. (DG) Ltd.	Receivable from related parties	102,316	Parent Company
	Sales revenues	4,420,007	Parent Company
	Payable to related parties	726,479	Titanic Capital Services Ltd.
	Cost of goods sold	714,760	Titanic Capital Services Ltd.
Great Adelphi International Ltd.	Receivable from related parties	1,007,932	Parent Company
	Payable to related parties	213,388	Parent Company
	Sales revenues	5,442,436	Parent Company
	Cost of goods sold	210,479	Lite-On IT Corp.
	Cost of goods sold	6,344	Titanic Capital Services Ltd.
	Payable to related parties	951,174	DW G-Pro Computer Co., Ltd.
	Cost of goods sold	746,977	DW G-Pro Computer Co., Ltd.
LET (HK) Ltd.	Receivable from related parties	7,145,184	Lite-On IT Corp.
	Payable to related parties	10,943	Lite-On IT Corp.
	Sales revenue	35,064,512	Lite-On IT Corp.
	Sales return	224,678	Lite-On IT Corp.
	Sales allowance	534,914	Lite-On IT Corp.

(Forward)

Company	Eliminated Account	Amount	Parties
DW G-Pro Computer Co., Ltd.	Payable to related parties	\$ 1,264,216	Parent Company
	Sales revenues	2,458,169	Parent Company
	Accounts payable	159,525	Titanic Capital Services Ltd.
	Receivable from related parties	951,174	Great Adelphi International Ltd.
	Sales revenues	746,977	Great Adelphi International Ltd.

5. CASH	<u>2002</u>	<u>2001</u>
Cash on hand	\$ 7,464	\$ 2,543
Checking deposits	710,555	130,635
Demand deposits	18,863,646	12,992,559
Time deposits - interest: 0.04%-1.90% in 2002 and 1.80%-5.36% in 2001	<u>2,005,781</u>	<u>1,555,031</u>
	<u>\$21,587,446</u>	<u>\$14,680,768</u>
 6. SHORT-TERM INVESTMENTS - NET	 <u>2002</u>	 <u>2001</u>
Beneficiary certificates	\$ 1,085,693	\$ 563,818
Listed stocks	-	92,857
Foreign bonds	-	<u>63,388</u>
	<u>1,085,693</u>	<u>720,063</u>
Allowance for decline in market value	(<u>53,628</u>)	(<u>16,502</u>)
Net	<u>\$ 1,032,065</u>	<u>\$ 703,561</u>
 7. ACCOUNTS RECEIVABLE - NET	 <u>2002</u>	 <u>2001</u>
Accounts receivable	\$ 17,141,188	\$ 8,089,720
Less: Allowance for bad debts	(<u>631,190</u>)	(<u>546,704</u>)
Net	<u>\$16,509,998</u>	<u>\$ 7,543,016</u>
 8. INVENTORIES - NET	 <u>2002</u>	 <u>2001</u>
Merchandise	\$ 7,335,418	\$ 6,635,521
Finished goods	1,375,009	715,475
Work in process	691,603	672,272
Materials and supplies	3,176,425	1,303,523
Materials in transit	<u>399,626</u>	<u>204,250</u>
	<u>12,978,081</u>	<u>9,531,041</u>
Less: Unrealized profits on intercompany sales	(<u>496,986</u>)	(<u>312,059</u>)
Allowance for decline in value	(<u>410,643</u>)	(<u>127,978</u>)
Net	<u>\$12,070,452</u>	<u>\$ 9,091,004</u>

9. LONG-TERM INVESTMENTS

	2002		2001	
	Carrying Value	% of Ownership	Carrying Value	% of Ownership
<u>Long-term stock investments</u>				
Equity method				
Listed				
Lite-On Semiconductor Corp.	\$ 1,036,826	20.48	\$ -	-
Unlisted				
Lite-On Electronics Pte. Ltd. (Singapore)	1,315,901	100.00	-	-
Silitech Technology Corp.	1,080,226	99.99	-	-
Lite-On Electronics (Thailand) Co., Ltd.	987,117	100.00	-	-
GVC (Cayman) Corp.	647,199	100.00	-	-
Lite-On Capital Inc.	587,988	99.98	902,011	100.00
Maxi Switch Inc.	439,395	100.00	-	-
E-Business Ltd.	433,839	100.00	-	-
Lite-On Technology (Malaysia) Sdn. Bhd.	430,187	100.00	802,426	100.00
Lite-On Enclosure Inc.	398,150	37.46	-	-
High Yield Group Co., Ltd.	356,581	100.00	285,080	100.00
Situng Investment & Development Corp.	348,352	99.99	-	-
Silitek Corporation (Malaysia) Sdn. Bhd.	324,147	100.00	-	-
Elite-On Corp.	299,664	14.62	323,815	14.62
Lite-On Inc. (USA)	258,302	100.00	-	-
G-Com (BVI) Technology Ltd.	207,276	100.00	-	-
Lite-On Electronics (Europe) Ltd.	197,364	100.00	-	-
G-Prime Computer Co., Ltd. (BVI)	179,065	100.00	-	-
Lite-On Electronics (BVI) Inc.	169,028	100.00	-	-
Lite-On Japan Ltd.	145,417	43.02	-	-
G-Base Investment Corp.	136,494	100.00	-	-
China Bridge (BVI) Ltd.	136,432	100.00	-	-
Starshine Technology Corp.	123,759	100.00	-	-
Simport Investment Co., Ltd.	106,173	99.99	-	-
Lite-On Technology International Inc. (USA)	91,408	100.00	60,334	100.00
Lite-On Electronics (HK) Ltd.	85,720	99.90	-	-
Innoveta Technologies, Inc.	73,832	59.88	-	-
GIGA-Radio Communication (BVI) Co., Ltd.	69,956	100.00	-	-
Nport Investment Co., Ltd.	69,884	99.99	-	-
Lite-On Technology Mexico, S.A. De C.V.	53,569	100.00	59,615	100.00
Lite-On Peripherals Ireland Inc.	51,701	100.00	-	-
Quanix Technology Inc.	45,959	100.00	-	-
JVC Lite-On IT Manufacturing and Sales, Ltd.	43,072	49.00	5,944	49.00
Lite-On Peripherals Inc. (USA)	39,028	100.00	-	-
Litegin Industry Co., Ltd. (Thailand)	29,915	69.99	-	-
Lite-On Peripherals De. Mexico S.A. De C.V.	19,505	100.00	-	-
Silitek Netherlands B.V.	14,232	100.00	-	-
GVC Subic Corp.	6,882	100.00	-	-
Lite-On (USA) International Inc.	2,859	100.00	959	100.00
Gentek Marketing Inc.	945	40.00	-	-
Lite-On Eco Technology, Inc.	424	0.96	186	0.30
Lite-On Eoking, Inc.	63	0.67	-	-
Lite-On Technology (Europe) B.V.	-	100.00	-	100.00

(Forward)

	2002		2001	
	Carrying Value	% of Ownership	Carrying Value	% of Ownership
Lite-On Communication International Corp.	\$ -	100.00	\$ 19,554	100.00
Great Adelphi International Ltd.	-	-	204,165	100.00
LTC International Ltd.	-	-	436,270	100.00
Lite-On Computer Peripherals GMBH	-	100.00	-	-
	<u>10,007,010</u>		<u>3,100,359</u>	
Cost method				
Listed				
United Epitaxy Co., Ltd.	460,224	2.63	-	-
LingSen Precision Industries, Ltd.	225,717	5.13	-	-
Epistar Corp.	218,761	8.00	-	-
Hannstar Display Co., Ltd.	162,880	0.53	136,503	0.54
APCB Inc.	127,577	9.78	-	-
Tripod Technology Corp.	10,059	0.77	-	-
TVIA, Inc. (formerly Inter Graphics Systems Inc.)	4,202	3.25	-	-
Lite-On Electronics, Inc.	-	-	234,142	1.52
Silitek Corp.	-	-	101,428	1.83
GVC Corp.	-	-	295,822	2.49
	<u>1,209,420</u>		<u>767,895</u>	
Unlisted				
Eastern Broadband Telecom Co., Ltd.	300,000	0.46	300,000	0.46
Uniwill Computer Corp.	260,303	7.79	147,419	5.13
Diva Technologies Inc.	208,374	11.01	209,994	11.01
Aetas Technology Incorporated	141,722	4.91	-	-
Capella Microsystem, Inc.	137,814	17.21	85,839	12.00
Media Reality Technologies, Inc.	113,260	11.30	103,230	11.36
Investar Burgeon Venture Capital, Inc.	102,363	7.22	38,641	3.61
Progressive Optoelectronics Technology Co., Ltd.	86,250	8.00	-	-
View Quest Technologies Inc.	81,751	7.78	98,832	9.40
Lite-On Automotive Corp.	71,365	17.62	-	-
Z-Com, Inc.	64,400	4.88	-	-
Ulycom Technology Co., Ltd.	57,000	19.00	-	-
Co-Tech Copper Foil Corp.	45,900	0.99	45,900	0.99
Global Securities Finance Corp.	34,699	0.52	-	-
Accumux Technologies, Inc.	34,360	7.00	34,360	7.00
Tailink Venture Fund	34,000	10.30	-	-
Avamax Corp.	32,400	7.51	-	-
Sicon Touch Technology Inc.	15,000	10.00	-	-
G-TRAN/G-TRAN Wireless, Inc.	12,064	0.16	-	-
Good TV Broadcasting Corp.	10,000	11.76	-	-
IBASE Technology Inc.	3,300	2.51	3,300	3.00
Global Media Technology Inc.	2,594	10.79	-	-
Yi-Quan Co., Ltd.	1,500	0.53	1,500	0.79
Chi Mei Machinery Corp.	950	17.59	-	-
BroadLogic, Inc.	597	0.10	-	-
Allcomm Telecommunication Co.	-	7.70	9,950	3.85
Tonbu, Inc.	-	1.13	18,099	0.60
	<u>1,851,966</u>		<u>1,097,064</u>	

(Forward)

	<u>2002</u>		<u>2001</u>	
	Carrying Value	% of Owner- ship	Carrying Value	% of Owner- ship
<u>Long-term fund investments</u>				
Crystal Internet Venture Funds II	\$ 129,548	-	\$ 46,108	-
International Network Capital Global Fund	100,000	-	25,000	-
Global Strategic Investment Inc.	77,554	-	38,811	-
International Network Capital LDC	67,679	-	-	-
Beijing Technology Development Fund	67,595	-	23,330	-
Springboard-Harper Technology Fund (Cayman) Ltd.	61,288	-	30,643	-
National Venture Capital Corp.	50,000	-	25,000	-
Dyna Fund International II L.P.	45,288	-	17,353	-
Dyna Fund International L.P.	29,819	-	10,416	-
APV Technology Partners, L.P.	18,000	-	-	-
NIKKO Pacven Walden Investment Ltd.	17,639	-	-	-
International Network Capital Corp.	15,000	-	25,000	-
Dragon Venture	6,156	-	-	-
	<u>685,566</u>		<u>241,661</u>	
Prepayment				
High Yield Group Co., Ltd.	371,710		-	
GVC Subic Group	102,461		-	
Lite-On Information Technology GMBH.	858		-	
	<u>475,029</u>		<u>-</u>	
Allowance for decline in market value	(245,578)		(198,985)	
Total	<u>\$ 15,020,239</u>		<u>\$ 5,007,994</u>	

The combined equities of the Parent Company and its subsidiaries are more than 20% of the outstanding common stock of Lite-On Eco Technology, Inc. and Lite-On Eoking, Inc. Thus, these investees are accounted for by the equity method.

Among the above equity-accounted investees, the calculation of the investment in equity-accounted Silitek Netherlands B.V. and related investment income or loss is based on the investees unaudited financial statements because its capital is less than \$30,000 thousand and operating revenues is less than \$50,000 thousand and 10% of the Parent Company's operating revenues. The Parent Company believes there will be no significant adjustments in its financial statements had this investee's financial statements been audited. The accounting year of Gentek Marketing Inc. is different from the Parent Company's; thus, recognition of investment income or loss is deferred one year.

Since the Parent Company intends to continue supporting Lite-On Technology (Europe) B.V., Lite-On Communication International Corp. and Lite-On Computer Peripherals GMBH, investment loss is recognized proportionate to its equity. Thus, a credit balance of \$85,990 thousand has been added to the long-term stock investment accounts and included as part of other liabilities.

Information on cost-accounted investments is as follows:

	<u>2002</u>	<u>2001</u>
Listed stock - based on market value	\$ 980,193	\$ 919,614
Unlisted stocks - proportionate share in the net assets of the investees (according to unaudited financial statements)	1,885,898	603,230
Funds - based on year-end net worth	<u>569,643</u>	<u>133,552</u>
	<u>\$ 3,435,734</u>	<u>\$ 1,656,396</u>

Except for Lite-On IT Corp., LTC Group Ltd. (BVI), Lite-On Peripherals (HK) Ltd., Lite-On Peripherals Pte. (Singapore), the individual total assets and operating revenues of the Parent Company's majority owned subsidiaries less than 10% of the Parent Company's total assets and operating revenues. Also, the aggregate total assets and aggregate total operating revenues of these subsidiaries are less than 30% of the Parent Company's total assets and operating revenues. Thus, their financial statements are not consolidated with those of the Group.

10. PROPERTIES

Accumulated depreciation consisted of the following:

	<u>2002</u>	<u>2001</u>
Buildings	\$ 1,322,283	\$ 230,970
Machinery and equipment	2,396,497	788,010
Molding equipment	87,439	263,043
Transportation equipment	77,293	28,068
Office equipment	437,162	48,148
Miscellaneous equipment	<u>1,017,854</u>	<u>364,141</u>
	<u>\$ 5,338,528</u>	<u>\$ 1,722,380</u>

Depreciation expenses were \$1,002,331 thousand in 2002 and \$761,427 thousand in 2001.

The annual interest rates for capitalization were 2.04% to 6.00% in 2002 and 6.00% in 2001. Interest expenses were net of capitalized interests of \$77,091 thousand in 2002 and \$12,752 thousand in 2001.

Construction in progress mainly consisted of construction payments and interests capitalized for building the Parent Company's headquarters office since 1998.

11. SHORT-TERM BANK LOANS

	<u>2002</u>	<u>2001</u>
Unsecured bank loans - interest: 1.90%-3.81% in 2002 and 2.48%-4.30% in 2001	\$ 3,275,346	\$ 1,495,918
Secured bank loans - 2.200%-4.536% interest in 2002	644,012	-
Usance payable - US\$6,849 thousand, ¥ 6,656 thousand and EUR€203 thousand in 2002 and US\$90 thousand in 2001; interest: 1.27%-3.56% in 2002 and 4.30% in 2001	<u>247,358</u>	<u>3,146</u>
	<u>\$ 4,166,716</u>	<u>\$ 1,499,064</u>

As of December 31, 2002, the Parent Company and Lite-On IT Corp.'s unused credit lines available for short-term loans were approximately \$14,065,884 thousand.

12. COMMERCIAL PAPER

These instruments which will mature within one year are guaranteed by financial institutions and were issued by the Parent Company at discount rates of 1.9% in 2002 and 3.2%-3.5% in 2001.

13. LONG-TERM DEBTS	<u>Due Within One Year</u>	<u>Due After Long-term</u>	<u>Total</u>
<u>December 31, 2002</u>			
Bank loans	\$ 184,167	\$ 1,271,397	\$ 1,455,564
Secured bonds	1,430,000	-	1,430,000
Reserve for land value incremental tax payable	<u>-</u>	<u>165,597</u>	<u>165,597</u>
	<u>\$ 1,614,167</u>	<u>\$ 1,436,994</u>	<u>\$ 3,051,161</u>
<u>December 31, 2001</u>			
Secured bonds	\$ -	\$ 1,430,000	\$ 1,430,000
First foreign exchangeable convertible bonds (ECB)	-	1,185,836	1,185,836
Second foreign exchangeable convertible bonds (ECB)	2,649,424	-	2,649,424
Redemption premium on convertible bonds	<u>689,008</u>	<u>529,345</u>	<u>1,218,353</u>
	<u>\$ 3,338,432</u>	<u>\$ 3,145,181</u>	<u>\$ 6,483,613</u>

Bank loans bear 4.5% to 7.36% annual interest, and are repayable quarterly, semiannually, annually until, or in one lump sum at maturity in November 2006.

On October 6, 2000, the Parent Company issued secured bonds with an aggregate face value of \$1,430,000 thousand at 5.3% annual interest rate. These bonds have five types: A to E. Types A to D stand for \$300,000 thousand, and Type E stands for \$230,000 thousand. These bonds are repayable through lump sum payment on their maturity in 3 years. Interest is payable annually. When the Parent Company issued these bonds, a restriction covenant on financial ratio maintenance was made with a bank, as follows: Upper limit of 125% for liabilities exceeding stockholders' equity, and the lower limits of 100% for current ratio, 200% for interest coverage ratio, and \$35,000,000 thousand for tangible net assets. Except for the lower limit of 150% for interest coverage ratios for semiannual and quarterly reports, these ratio are the same as those for consolidated financial statements.

Foreign unsecured exchangeable convertible bonds (ECBs) were issued on May 1, 1997 for the first time. The bonds have an aggregate face value of US\$67,000 thousand, with each unit having a face value of US\$1,000 thousand. The interest rate is 0.75%, payable annually. Maturity period is 7 years. ECBs are convertible into the Corporation's common stocks or subscription warrants at any time between June 1, 1997 and April 1, 2004 at an agreed price. The ECBs can also be redeemed on May 1, 2002 at the option of ECB holders at 138.76% of face value. As of June 4, 2002, ECBs amounting to US\$2,035 thousand had been converted to 1,699 thousand shares of the Parent Company's common stock.

On December 15, 1997, the Parent Company issued credit enhanced zero-coupon convertible bonds on December 15, 1997, for the second time. The bonds have an aggregate face value of US\$78,000 thousand, with each unit having a face value of US\$1,000 thousand. The maturity period is 5 years. Holders of the ECBs may convert them into the Corporation's common stocks or subscription warrants at any time between January 15, 1998 and November 15, 2002. In addition, the ECBs can also be redeemed on December 15, 2002 at the option of ECB holders at 126.5% of the face value. As of October 2002, ECBs amounting to US\$65,550 thousand had been converted to common stocks and redeemed. When the Corporation issued the bonds, a restriction covenant on financial ratio maintenance was made with a bank, as follows: a lower limit of 120% for current ratio; 400% for interest coverage ratio; and \$6,500,000 thousand for tangible net assets, and the upper limit is 150% for financial leverage ratio for the years 1997 to 1999 and 125% for the years thereafter.

The Parent Company merged with Lite-On Electronics, Inc., Silitek Corp. and GVC Corp. on November 4, 2002. Reserve for land value increment tax due to this merger was \$147,831 thousand.

14. PENSION PLAN

The Parent Company and Lite-On IT Corp. have a pension plan for all regular employees, which provides benefits based on length of service and average basic pay for the six months before retirement.

The Parent Company and Lite-On IT Corp. contribute monthly an amount equal to 2%-3% of salaries and wages to a pension fund, which is administered by the employees' pension fund committee and deposited in the committee's name in a trust corporation.

The Group has no pension plan for employees, except the Parent Company and Lite-On IT Corp.

Pension information is summarized as follows:

	<u>2002</u>	<u>2001</u>
Net periodic pension cost		
Service cost	\$ 34,210	\$ 18,889
Interest cost	5,794	5,646
Actual return on plan assets	(7,805)	(9,904)
Loss on plan assets	3,976	4,049
Amortization	<u>1,601</u>	<u>(68)</u>

Pension cost	<u>\$ 37,776</u>	<u>\$ 18,612</u>
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Reconciliation of the fund status of the plan and accrual pension cost:

	<u>2002</u>	<u>2001</u>
Benefit obligation		
Vested benefit obligation	(\$ 10,681)	\$ -
Non-vested benefit obligation	(357,215)	(93,826)
Accumulated benefit obligation	(367,896)	(93,826)
Additional benefits based on future salaries	<u>(227,506)</u>	<u>(64,229)</u>
Projected benefit obligation	(595,402)	(158,055)

(Forward)

	<u>2002</u>	<u>2001</u>
Fair value of plan assets	<u>\$ 575,737</u>	<u>\$ 101,438</u>
Funded status	(19,665)	(56,617)
Unrecognized net transition obligation	19,458	21,226
Unrecognized net gain	(<u>62,257</u>)	(<u>11,353</u>)
Accrued pension cost	(<u>\$ 62,464</u>)	(<u>\$ 46,744</u>)

Summary of pension fund changes:

	<u>2002</u>	<u>2001</u>
Beginning balance	\$ 101,438	\$ 92,287
Contribution	21,950	11,576
Interest	7,805	9,904
Funds transferred from Lite-On Electronics, Inc., Silitek Corp., and GVC Corp.	460,796	9,240
Payment of benefits	(<u>16,252</u>)	(<u>21,569</u>)
Ending balance	<u>\$ 575,737</u>	<u>\$ 101,438</u>

Actuarial assumptions

Discount rate used in determining present values	3.5%	4.0%
Future salary increase rate	3.0%	3.0%
Expected rate of return on plan assets	3.5%	4.0%

15. SHAREHOLDERS' EQUITY

On April 3, 1995, the GVC Corp. issued 5,000 units of global depositary receipts (GDRs) on the London Stock Exchange. These GDRs represented 25,000 thousand common shares of GVC Corp, which were assumed by the Parent Company as a result of a merger. As of November 4, 2002, the outstanding GDRs were 7,627 thousand units, or 38,136 thousand common shares of GVC Corp. For merger purposes, these GDRs were exchanged for the Parent Company's 1,478 thousand marketable equity securities, which represent 14,781 thousand common shares of the Parent Company. As of December 31, 2002, the outstanding marketable equity securities were 6,877 thousand units, representing 68,768 thousand common shares of the Parent Company. The rights and obligation of security holders are the same as those of common shareholders, except for voting rights. As of December 31, 2002, the unredeemed GDRs amounted to 887 thousand units.

The Parent Company cannot use for any purpose its share in the changes of the capital surplus reported by its equity-accounted investees. Under relevant regulations, all other components of capital surplus can only be used to offset a deficit. In addition, only capital surplus from paid-in capital in excess of par value, bond conversion, merger, and treasury stock transactions can be transferred to capital. Paid-in capital in excess of par value may be capitalized by issuing new shares to shareholders in proportion to their holdings, within a certain limit every year.

The Parent Company's Articles of Incorporation provide that the annual net income, less any deficit and 10% legal reserve, together with the distributable unappropriated earnings of prior years, can be retained partially on the basis of operating requirements. The remainder should be distributed as follows:

	<u>%</u>
Dividends	85
Bonus to employees	10
Bonus to directors and supervisors	<u>5</u>
	<u>100</u>

These appropriations should be resolved by the shareholders in the following year and given effect in the financial statements of that year.

In the board of directors' meeting on April 4, 2002, the directors resolved to distribute unappropriated earnings for bonus to employees, directors and supervisors and the distribution also approved by the shareholders on May 22, 2002. The distribution is as follows:

	<u>Amount</u>
Bonus to employees - stock	\$ 113,287
Bonus to employees - cash	113,287
Bonus to directors and supervisors	<u>113,286</u>
	<u>\$ 339,860</u>

Distributed to employees were 11,329 thousand shares, or 1.53% of the Parent Company's outstanding common stock as of December 31, 2001. Had all the bonus distributed to employees, directors and supervisors been in cash, the Parent Company's basic earnings per share in 2001 would have decreased from \$3.24 to \$2.77.

As of February 14, 2003, the auditors' report date, the Parent Company's board of directors had not decided the appropriation of the 2002 earnings. Related information may be accessed through the Market Observation Post System through the Web site of the Taiwan Stock Exchange.

Since the Parent Company is in a growing stage and for future business extension, capital surplus and tax effect of the Parent Company and its shareholders, the distribution of profits shall be based on the earnings in order to increase the earnings per share stably. In addition, stock dividends should not be less than 30% of total dividends paid and/or distributed.

Under regulations of the Securities and Futures Commission., the Parent Company should appropriate a special reserve equivalent to the net debit balances, as of the balance sheet dates, of each stockholders' equity account, except for treasury stock and deficit. The special reserve should be adjusted to reflect changes in the total net debit balances of the appropriate accounts.

Under the Integrated Income Tax System, which that became effective took effect on January 1, 1998, ROC resident shareholders are allowed a tax credit for the income tax paid by the Parent Company on earnings generated since January 1, 1998. An Imputation Credit Account (ICA) is maintained by the Parent Company for such income tax and the tax credit allocated to each shareholder. The maximum credit available for allocation to each shareholder cannot exceed the ICA balance on the dividend distribution date.

Under the Company Law, the appropriation for legal reserve should be made until the reserve equals the Parent Company's capital. This reserve may be used to offset a deficit. Also, when the reserve reaches 50% of the capital, up to 50% thereof may be transferred to capital.

16. TREASURY STOCK (COMMON STOCK)

Unit: In Thousand Shares

Reason for Repurchase	Shares in Thousands (Beginning of Year)	Changes in Current Fiscal Year			Shares in Thousands (End of Year)
		Increase from Merger	Increase	Decrease	
<u>2002</u>					
Reissuance to employees	8,800	-	8,925	1,675	16,050
Assumption that the treasury stock is held by acquired companies for transfer to employees	-	1,846	-	-	1,846
Reclassification of long-term stock investments to treasury stock because Corporation's shares were held by direct and indirect subsidiaries	-	<u>25,670</u>	<u>11,939</u>	<u>8,004</u>	<u>29,605</u>
	<u>8,800</u>	<u>27,516</u>	<u>20,864</u>	<u>9,679</u>	<u>47,501</u>
<u>2001</u>					
Transfer to employees	<u>4,230</u>	-	<u>4,570</u>	-	<u>8,800</u>

In 2002, the Parent Company transfer \$1,219,779 thousand from short-term investment and long-term stock investments direct and indirect subsidiaries to treasury stock proportionate to its ownership. The carrying value and market value of treasury stock mentioned above were \$1,230,337 thousand and \$1,267,965 thousand, respectively, in 2002.

Under the Securities and Exchange Law, the maximum number of treasury stock purchased should not exceed 10% of the Parent Company's total outstanding shares, and the aggregate purchase cost should not exceed the sum of retained earnings, additional paid-in capital in excess of par value and realized capital surplus. The Parent Company cannot pledge the treasury stock or exercise shareholders' rights on the treasury stock. Treasury stock should be reissued within three years from the reacquisition date. Shares not transferred within the time limit be deemed unissued, and the Parent Company should thus register with the authorities the resulting increase in the number of its shares. The Parent Company's stock acquired by its subsidiaries or other investees should be regarded as treasury stock. However, the shareholders of subsidiaries or other investees can exercise shareholders' rights on the treasury stock.

17. INCOME TAX

a. The details of income tax expense (benefit) are shown below:

	<u>2002</u>	<u>2001</u>
Income tax expense - current	\$ 281,621	\$ 288,817
Deferred income tax	(883,863)	464,037
Prior year's adjustment	(389)	-
Separate income tax on interest income on commercial paper	<u>2,449</u>	<u>-</u>
Income tax expense (benefit)	<u>(\$ 600,182)</u>	<u>\$ 752,854</u>

b. Deferred income tax assets and liabilities consisted of:

	<u>2002</u>	<u>2001</u>
Current		
Deferred income tax assts		
Investment tax credits	\$ 246,228	\$ -
Excess provisions for doubtful receivables	171,276	119,230
Accrued warranty expense	141,440	107,060
Allowance for loss on inventories	62,397	12,372
Loss carryforwards	48,056	-
Unrealized sales return and allowances	11,171	38,952
Unrealized foreign exchange loss	-	44,415
Others	<u>35,302</u>	<u>850</u>
	715,870	322,879
Valuation allowance	(<u>537</u>)	(<u>200,224</u>)
	715,333	122,655
Deferred income tax liabilities		
Unrealized foreign exchange gain	(<u>21,124</u>)	(<u>10,076</u>)
Deferred income tax assets - net	<u>\$ 694,209</u>	<u>\$ 112,579</u>
Noncurrent		
Deferred income tax assets		
Accumulative equity in the net loss of foreign investees	\$ 576,337	\$ 14,105
Investment tax credit	508,500	158,127
Loss carryforwards	149,435	326,821
Excess provisions for pension costs	22,903	-
Accrued warranty expense	57,815	-
Allowance for loss on idle assets	17,242	1,448
Others	<u>18,707</u>	<u>3,205</u>
	1,350,939	503,706
Valuation allowance	(<u>424,004</u>)	(<u>67,037</u>)
	926,935	436,669
Deferred income tax liabilities		
Accumulated equity in the net gain of foreign investees	(<u>1,102,889</u>)	(<u>1,562,318</u>)
Deferred income tax liabilities - net	<u>(\$ 175,954)</u>	<u>(\$ 1,125,649)</u>

The income tax rate used in recognizing deferred income tax was 25%.

Income tax payables as of December 31, 2002 and 2001 were net of prepayments of \$26,711 thousand and \$32,631 thousand, respectively.

The Parent Company's income tax returns through 2000 have been examined and cleared by the tax authorities.

- c. Upon merging with GVC Corp., the Parent Company assumed GVC Corp.'s investment tax credit. The information on investment tax credit is as follows:

<u>Legislation</u>	<u>Deduction Item</u>	<u>Tax Credit Amount</u>	<u>Unused Tax Credits Ending Balance</u>	<u>Expiry Year</u>
Statute for Upgrading Industries	Research and development cost and professional training expenses	\$ 181,433	\$ 181,433	2003
	Research and development cost and professional training expenses	143,566	143,566	2004
	Machinery and equipment	27,146	27,146	2004
	Important and strategic industries	39,484	39,484	2004
	Research and development cost and professional training expenses	121,186	121,186	2005
	Machinery and equipment	3,033	3,033	2005
	Important and strategic industries	24,440	24,440	2005
	Research and development cost and professional training expenses	193,510	193,510	2006
	Machinery and equipment	<u>20,930</u>	<u>20,930</u>	2006
			<u>\$ 754,728</u>	<u>\$ 754,728</u>

- d. Upon merging with GVC Corp., the Parent Company assumed GVC Corp.'s loss carryforwards based on the Parent Company ownership percentage held by shareholders of GVC Corp. after merger. The information on loss carryforwards is as follows:

<u>Year</u>	<u>Examined Status</u>	<u>Amount of Loss Carryforwards</u>	<u>Ending Balance of Unused Loss Carryforwards</u>	<u>Expiry Year</u>
1998	Examined	\$ 192,224	\$ 192,224	2003
1999	Examined	254,540	254,540	2004
2000	Examined	106,762	106,762	2005
2001	Unexamined	92,270	92,270	2006
2002	Unexamined	<u>144,168</u>	<u>144,168</u>	2007
		<u>\$ 789,964</u>	<u>\$ 789,964</u>	

e. Integrated income tax information:

	<u>2002</u>	<u>2001</u>
Balance of ICA		
The Parent Company	<u>\$ 1,026,878</u>	<u>\$ 13,699</u>
Lite-On IT Corp.	<u>\$ 189,719</u>	<u>\$ 54,354</u>

The expected tax credit ratio on earnings as of December 31, 2002 and applicable tax credit ratio on earnings as of December 31, 2001 are as follows:

	<u>2002</u>	<u>2001</u>
The Parent Company	19.06%	0.99%
Lite-On IT Corp.	5.15%	10.19%

Since the imputation credit allocated to each shareholder is based on the ICA balance on the dividend distribution date, the actual creditable tax ratio for 2002 earnings may differ from the estimated ratio.

The unappropriated earnings as of December 31, 2002 and 2001 did not include earnings generated up to December 31, 1997.

18. CONSOLIDATED EARNINGS PER SHARE

The numerator and denominators used in computing earnings per share (EPS) were as follows:

	<u>Amounts (Numerator)</u>		<u>Shares</u> (Denominator)	<u>Earnings Per Share</u> (Dollars)	
	<u>Pre-tax</u>	<u>After-tax</u>	<u>(Thousands)</u>	<u>Pre-tax</u>	<u>After-tax</u>
<u>2002</u>					
Basic consolidated EPS					
Consolidated net income	<u>\$ 4,526,568</u>	<u>\$ 5,126,750</u>	<u>1,045,078</u>	<u>\$ 4.33</u>	<u>\$ 4.91</u>
Pro forma information on the assumption that the Parent Company's shares held by its direct and indirect subsidiaries were not treated as treasury stocks	<u>\$ 4,772,946</u>	<u>\$ 5,373,128</u>	<u>1,056,025</u>	<u>\$ 4.52</u>	<u>\$ 5.09</u>
<u>2001</u>					
Basic consolidated EPS					
Consolidated net income	<u>\$ 3,103,186</u>	<u>\$ 2,350,332</u>	<u>817,032</u>	<u>\$ 3.80</u>	<u>\$ 2.88</u>
Domestic convertible bonds	<u>138,941</u>	<u>138,941</u>	<u>74,052</u>		
Diluted consolidated earnings per share	<u>\$ 3,242,127</u>	<u>\$ 2,489,273</u>	<u>891,084</u>	<u>\$ 3.64</u>	<u>\$ 2.79</u>

In the EPS computation, the effect of stock dividends has been made retroactive. Thus, in 2001, basic EPS before and after tax decreased from \$3.24 to \$2.88 and diluted EPS before and after tax decreased from \$3.11 to \$2.79.

19. RELATED-PARTY TRANSACTIONS

Significant transactions with related parties, in addition to those stated in Note 21, are summarized below and in the accompanying Table 1 and 2.

- a. The price of the Parent Company's sales to Silitek Corp. (Malaysia) Sdn. Bhd. is based on cost plus specific profit. Prices of sales to Lite-On IT Corp. from discontinued segment are based on certain agreed prices. Except for these sales, the sales terms between the Parent Company and its related parties are normal.
- b. The cost of purchases of the Parent Company from Lite-On Communications International Corp., GVC International USA, Inc., Lite-On Electronics (Thailand) Co., Ltd., Funbo Enterprises Ltd. (HK), Silitek Corp. (Malaysia) Sdn. Bhd. and G-Com (BVI) Technology Ltd. are based on cost plus certain agreed profits. Before the merger, the price of purchase from GVC Corp. was based on carrying value. Except for these purchases, the purchase terms between the Parent Company and its related parties are normal.
- c. The Parent Company sells goods to overseas customers through foreign subsidiaries on the price of costs. The Parent Company pays commission fees to subsidiaries for warehouse management, delivery and other product services rendered by subsidiaries. The commission payable as of December 31, 2002 was \$25,576 thousand.
- d. The Parent Company signed processing agreements with Silitek Technology Corporation Ltd., Funbo Enterprises Ltd. (HK), Lite-On Electronics Co., Ltd. and Maxi-Switch S.A. De C.V. Mexico. The Parent Company will pay processing fees to these companies based on the agreements.
- e. The endorsements and guarantees provided by the Parent Company in 2002 are summarized in Table 3.

20. ASSETS PLEDGED OR MORTGAGED

The following assets had been pledged or mortgaged as collaterals for long-term liabilities: (None in 2001).

	<u>2002</u>
Properties - net	\$ 1,668,844
Idle assets	32,107
Land use right	<u>24,620</u>
	<u>\$ 1,725,571</u>

21. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES

- a. The rentals of the Group for the following years are summarized as follows:

<u>Location</u>	<u>Lease Period</u>	<u>Monthly Rental Payable</u>
<u>The Parent Company</u>		
Taipei office	2002.02.01-2003.06.30	\$ 2,520
Shin-Chu Plant (Ja-Cheng)	2003.01.01-2003.12.31	790
Shin-Chu Plant	2003.01.01-2003.12.31	1,005
<u>Lite-On IT Corp.</u>		
Taipei office	2002.01.01-2003.03.31	815
Shin-Chu Plant	2002.01.01-2004.05.31	<u>292</u>
		<u>\$ 5,422</u>

- b. To build the Parent Company's new main-office building, the Parent Company, Lite-On Semiconductor Corp. and Silport Investment Corp. jointly entered into a construction management contract and a design contract with Metropolitan Engineering Co., Ltd., Way Found Engineering Enterprise Inc., Dah Ching Engineering Corp. HK Engineering Co., Ltd. and Vickers Industrial Co., Ltd. The total contract amount is \$2,575,497 thousand, payable by these companies in installments at agreed percentages. As of December 31, 2002, the Parent Company had paid \$1,745,559 thousand. Expected future payments are \$788,445 thousand.
- c. The Parent Company signed a product purchase and technical development agreement with United Epitaxy Co., Ltd. Under this agreement, the Parent Company promised to buy \$2,400,000 thousand of LED products between July 1, 2000 and June 30, 2003. In addition, if the Parent Company defaults on its commitment of buy a certain quantity, the Parent Company will pay United Epitaxy Co., Ltd. a fine at 5% of the shortfall.
- d. Lite-On IT Corp. entered into opto products licensing contracts with other companies. Pursuant to the licensing contracts, the licensing fees are computed at certain percentages of net sales of specific products or at the fixed amount for each unit sold.
- e. Lite-On IT Corp. has entered into without recourse factoring agreements with financial institutions aggregating US\$16,800 thousand credit lines to insure the collectibility of accounts receivable. As of December 31, 2002, accounts receivable amounting to US\$3,344 thousand have been assigned to the financial institutions.
- f. In March 2002, Lite-On IT Corp. realized that Yasuo Kamatani, who subsequently assigned his patent rights to his own company, Laser Dynamics Inc., had filed a lawsuit against Lite-On IT Corp. at the District Court of Texas, U.S.A. for alleged infringement of patents. Lite-On IT Corp. has engaged U.S. patent counsel to study and defend this case. As of December 31, 2002, the case is still in litigation and its outcome is uncertain. Based on the appraisal report of U.S. patent counsel, Lite-On It Corp. did not infringe the plaintiff's patent. Lite-On IT Corp. had actively tried to communicate with the plaintiff to seek its willingness to withdrawal of lawsuit or settle out of court. Lite-On IT Corp. believes that the outcome of this case will not have significant adverse effects on its operations or financial or financial position.

- g. In June 2002, Lite-On IT Group realized that Toshiba Corporation had filed a lawsuit against itself at the District Court of California, U.S.A. for alleged infringement of patents. Lite-On IT Corp. believes that the outcome of engaged U.S. patent counsel to study and defend this case. The lawsuit filed by Toshiba is about the patent of 6C and Toshiba is member of 6C. Lite-On IT Corp. had made an application from 6C for licensing and accrued related royalty payable. Lite-On IT Corp. sells its main products to JVC Lite-On IT Manufacturing and Sales, Ltd. whose parent company, JVC (Japan) Corp., is also member of 6C. Accordingly, JVC (Japan) Corp. offers to assist Lite-On IT Corp. in communicating and negotiating with Toshiba. Therefore, Lite-On IT Corp. believes that the outcome of this case will not have significant adverse effects on its operations or financial position.

22. OTHERS

Supplemental information on the mergers:

The Parent Company recognized the fair value of assets and liabilities of Lite-On Electronics, Inc., Silitek Corp., and GVC Corp. on November 4, 2002. The Parent Company issued stocks to exchange for the shares of the acquired companies, except for shares held by the Parent Company and other acquired companies. Long-term stock investments on Lite-On Electronics Inc., Silitek Corp., and GVC Corp. were eliminated. In addition, shares of the Parent Company held by Lite-On Electronics, Inc. and Silitek Corp. were retired, and the resulting difference was recognized as capital surplus - merger.

Assets	
Cash	\$ 6,562,631
Other current assts	15,512,280
Properties - net	5,886,554
Long-term stock investments	17,623,496
Other assets	1,453,953
Liabilities	
Current liabilities	(17,860,674)
Long-term liabilities	(2,857,432)
Other liabilities	(<u>619,350</u>)
Net assts acquired	25,701,458
Retirement of cross-holding stocks of the acquired companies (included in long-term stock investments)	(3,863,360)
Retirement of stocks of the Parent Company held by Lite-On Electronics, Inc. and Silitek Corp.	840,753
Cost of the treasury stock which acquired companies plan to transfer to employees	53,847
Shares issued by the Parent Company	(<u>10,665,085</u>)
Capital surplus - merger	<u>\$ 12,067,613</u>

The net income are included the Parent Company's net income in 2002 and acquired companies' net income (Lite-On Electronics, Inc., Silitek Corp., and GVC Corp. from November 4 to December 31 in 2002. Pro forma net sales, net income and earnings per share of the Corporation on the assumption that the merger with Lite-On Electronics, Inc., Silitek Corp. and GVC Corp., was completed on January 1, 2001 are as follows:

	<u>2002</u>	<u>2001</u>
Net sales	<u>\$ 133,624,772</u>	<u>\$ 97,119,941</u>
Income before income tax	<u>\$ 10,799,136</u>	<u>\$ 6,842,350</u>
Net income	<u>\$ 8,500,429</u>	<u>\$ 4,710,484</u>
Basic earnings per share		
Based on weighted-average number of shares outstanding -		
1,836,329 thousand shares and 1,669,955 thousand shares in		
2002 and 2001	<u>\$4.63</u>	<u>\$2.82</u>

The Parent Company recognized the fair value of the assets and liabilities of Lite-On Communications Corp. on November 30, 2001. The Parent Company issued stocks according to stock exchange ratio for the shares of Lite-On Communications Corp. Long-term stock investments in Lite-On Communications Corp. were eliminated. The difference was recognized as capital surplus-merger.

Assets	
Cash	\$ 64,689
Other current assets	394,438
Properties - net	87,875
Long-term investments	23,477
Other assets	186,497
Liabilities	
Current liabilities	(318,092)
Other liabilities	(5,048)
Net assets acquired	433,836
Elimination of long-term stock investments in Lite-On Communications Corp.	(118,333)
Shares issued by the Parent Company	(166,400)
Capital surplus - merger	<u>\$ 149,103</u>

23. ADDITIONAL DISCLOSURES

a. Following are the additional disclosures required by the Securities and Futures Commission for the Parent Company and its subsidiaries:

- 1) Financing provided: None.
- 2) Endorsement/guarantee provided: Table 3.
- 3) Marketable securities held: Table 4.
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$100 million or 20% of the capital stock: Table 5.

- 5) Acquisition of individual real estates at costs of at least NT\$100 million or 20% of the capital stock: Table 6.
 - 6) Disposition of individual real estates at least NT\$100 million or 20% of the capital stock: None.
 - 7) Total purchase from or sale to related parties amounting to at least NT\$100 million or 20% of the capital stock: Table 7.
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the capital stock: Table 8.
 - 9) Names, locations, and related information of investees on which the Corporation exercises significant influence: Table 9.
 - 10) Derivative financial transactions: Note 23. c.
- b. Investment in Mainland China
- 1) Investment in Mainland China: Table 10.
 - 2) Significant direct or indirect transactions with the investee company, prices, payment terms, and unrealized gain or loss: Table 11.
- c. Derivative financial instruments

The Group used foreign currency options, foreign currency forward exchange, and interest rate swap contracts for nontrading purposes. That is, the purpose of related transactions is to hedge exchange rate fluctuations.

- 1) The contract amounts (or notional amounts) and credit risk of open contracts are as follows:

<u>Financial Instruments</u>	<u>Currency</u>	<u>2002</u>		<u>2001</u>	
		<u>Contract (Notional) Amount</u>	<u>Credit Risk</u>	<u>Contract (Notional) Amount</u>	<u>Credit Risk</u>
Foreign-currency options	US	\$ -	\$ -	\$ 944,973	\$ -
	EUR	-	-	956,664	-
Foreign-currency forwards	US	1,563,885	-	874,975	-
Interest rate swap	US	-	-	1,749,950	-
	NT	-	-	300,000	-
Convertible bond	US	5,000	-	13,000	-

The Group is exposed to credit risk from defaults by counter-parties on forward contracts and option contracts. To manage this risk, the Group transacts only with financial institutions with good credit ratings. Thus, no material losses resulting from counter-party defaults are anticipated.

- 2) Market risk. Market risks are the exposures to fluctuations in foreign exchange rates. To hedge exchange rate risks resulting from net foreign assets or liabilities, the Group uses foreign-currency options and forward contracts. Thus, gains or losses resulting from exchange rate changes will be offset by those of the hedged items. Thus, the impact of market risk is substantially reduced.
- 3) Liquidity risk, cash-flow risk and future cash demand. The cash flow requirements with respect to the Group's forward exchange contracts and option contracts are the net differences between the spot rates and contracted forward rates on settlement dates. The Group does not expect those requirements to be material and believes that it has sufficient operating capital to meet those requirements. Thus, there is no fund-raising risk and no significant demand for extra cash is expected.
- 4) Purpose and strategy. The forward contracts, interest rate swap contracts and option contracts are used to reduce the impact of changes in foreign currency exchange rates and are not entered into for trading or speculative purposes. The Group's hedge strategy is to use instruments that offset the fluctuations in their values with the changes in the values of the underlying exposures. The effectiveness of the hedging instruments is periodically evaluated.
- 5) Fair values of financial instruments

	2002		2001	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<u>Nonderivative instruments</u>				
Assets				
Cash	\$ 21,587,446	\$ 21,587,446	\$ 14,680,768	\$ 14,680,768
Short-term investments	1,032,065	1,032,065	703,561	714,159
Accounts and notes receivable	16,661,218	16,661,218	7,562,007	7,562,007
Receivable from related parties	7,428,718	7,428,718	1,302,670	1,302,670
Long-term investments	15,020,239	14,479,571	5,007,994	5,323,211
Refundable deposits	93,969	93,969	48,797	48,797
Liabilities				
Short-term bank loans	4,166,716	4,166,716	1,499,064	1,499,064
Commercial paper	99,745	99,745	479,313	479,313
Accounts and notes payable	25,405,225	25,405,225	12,772,647	12,772,647
Payable to related parties	3,152,433	3,152,433	1,310,928	1,310,928
Current portion of long-term liabilities	1,614,167	1,614,167	3,338,432	3,338,432
Long-term liabilities	1,436,994	1,436,994	3,145,181	3,145,181
Guarantee deposits	9,177	9,177	32,037	32,037

The derivative financial instruments of the Parent Company are as follows:

<u>Derivative financial instruments</u>	<u>Currency</u>	<u>2002</u>		<u>2001</u>	
		<u>Carrying Value</u>	<u>Fair Value</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Foreign-currency options					
Short call options	US	\$ -	\$ -	\$ 638,501	\$ 632,855
Short put options	US	-	-	95,212	90,341
Short put options	EUR	-	-	751,044	752,729
Long call options	EUR	-	-	101,637	100,085
Long put options	EUR	-	-	106,887	106,601
Foreign-currency forwards					
Buy forwards	NT	-	-	345,600	345,600
Sell forwards	US	1,563,885	1,569,239	516,765	516,765
Interest rate swaps					
	US	-	-	-	22,235
	NT	-	-	-	(12,840)

The Parent Company's subsidiary, Lite-On IT Corp. entered into an agreement with a bank on credit linked deposits. Some information on credit linked deposits are as follows:

<u>Convertible Bonds Linked</u>	<u>Contract Amount (US\$)</u>		<u>Carrying Value (NT\$)</u>		<u>Estimated Fair Value (US\$)</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
GIGABYTE Technology Co., Ltd.	\$ -	\$ 3,000	\$ -	\$ 104,997	\$ -	\$ 3,000
BENQ Corp.	2,000	2,000	69,670	69,998	2,000	2,000
Hon Hai Precision Industry Co., Ltd.	-	5,000	-	174,995	-	5,000
RITEK Corp.	<u>3,000</u>	<u>3,000</u>	<u>104,505</u>	<u>104,997</u>	<u>3,000</u>	<u>3,000</u>
	<u>\$ 5,000</u>	<u>\$13,000</u>	<u>\$ 174,175</u>	<u>\$ 454,987</u>	<u>\$ 5,000</u>	<u>\$13,000</u>

d. The methods and assumptions used in estimating fair values are as follows:

- 1) The carrying values of cash, accounts and notes receivable, receivable from related parties, refundable deposits, short-term bank loans, commercial papers, accounts payable, notes payable, payable to related parties, guarantee deposits and current portion of long-term liabilities reported in the balance sheet approximate the fair values of these assets and liabilities because of the short maturity of these instruments.
- 2) Fair values of short-term investments and long-term investments are based on market prices or, if market prices are unavailable, upon net asset values or fund net worth.
- 3) Fair values of long-term bank loans and bonds payable are based on the present value of expected cash inflows or outflows. The discount rate is determined using the Group's current incremental borrowing rates for similar types of borrowings.

24. SEGMENT INFORMATION

- a. Industry: The Group manufactures and sells monitors, cell phones, printers, modems and computer peripherals. Therefore, no industry segment information is provided.
- b. Foreign operations: The Group has no revenue - generating from foreign operating unit as of December 31, 2002.
- c. Export sales: Export sales, including sales from discontinued segments, are summarized based on geographical areas.

<u>Geographical Area</u>	<u>2002</u>	<u>2001</u>
America	\$ 37,150,059	\$ 25,340,824
Europe	27,005,072	18,358,143
Asia	33,140,569	7,551,096
Others	<u>2,686,708</u>	<u>699,693</u>
	<u>\$ 99,982,408</u>	<u>\$ 51,949,756</u>

- d. Major customers

<u>Customer</u>	<u>2002</u>		<u>2001</u>	
	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Total</u>
A	\$ 17,779,408	17.04	\$ 9,231,706	16.64
B	<u>3,381,572</u>	<u>3.24</u>	<u>5,547,718</u>	<u>10.00</u>
	<u>\$ 21,160,980</u>	<u>20.28</u>	<u>\$ 14,779,424</u>	<u>26.64</u>

LITE-ON TECHNOLOGY CORP. AND ITS SUBSIDIARIES

 RELATED PARTY TRANSACTIONS
 December 31, 2002 and 2001
 (In Thousands of New Taiwan Dollars)

Related Party	Nature of Relationship (Note 1)	Receivable from Related Parties					Payable to Related Parties								
		Accounts Receivable		Other Receivable		Total	Notes Payable		Accounts Payable		Other Payable		Processing and Commission Payable		Total
		Amount	% (Note 2)	Amount	% (Note 2)		Amount	% (Note 2)	Amount	% (Note 2)	Amount	% (Note 2)	Amount	% (Note 2)	
2002															
Lite-On Technology (Malaysia) Sdn. Bhd	a	\$ -	-	\$ -	-	\$ -	\$ -	-	\$ 378,955	12	\$ 173,239	6	\$ -	-	\$ 552,194
Lite-On Technology International Inc.	a	-	-	-	-	-	-	-	-	-	4,606	-	-	-	4,606
Lite-On Technology (Europe) B.V.	a	-	-	-	-	-	-	-	-	-	15,084	-	-	-	15,084
Quanix Technology Inc.	a	-	-	-	-	-	-	-	-	-	33,563	1	-	-	33,563
Silport Travel Service Co., Ltd.	e	-	-	-	-	-	-	-	-	-	803	-	-	-	803
Lite-On Electronics (HK) Ltd.	a	239,834	3	174	-	240,008	-	-	-	-	-	-	-	-	-
Lite-On, Inc. (USA)	a	754,644	10	15,107	-	769,751	-	-	2,990	-	-	-	10,074	-	13,064
Lite-On Electronics (Europe) Ltd.	a	372,635	5	7,006	-	379,641	-	-	2,469	-	-	-	2,836	-	5,305
Lite-On Electronics Ltd.	b	204,647	3	328	-	204,975	-	-	-	-	-	-	184	-	184
Lite-On Japan Ltd.	a	164,006	3	4,532	-	168,538	-	-	56,105	2	-	-	298	-	56,403
Song Cheer International Ltd. (Cayman)	b	75,998	1	-	-	75,998	-	-	-	-	-	-	-	-	-
Funbo Enterprises Ltd. (HK)	b	22,380	-	527	-	22,907	-	-	64	-	-	-	46,602	2	46,666
Lite-On Semiconductor Corp.	c	12,468	-	2,397	-	14,865	-	-	-	-	-	-	-	-	-
G-Tech computer Ltd.	b	49,472	1	-	-	49,472	-	-	-	-	-	-	-	-	-
Lite-On Electronics (Tianjin) Inc.	b	-	-	45,712	1	45,712	-	-	-	-	-	-	-	-	-
G-Com (BVI) Technology Ltd.	a	611,844	8	20,534	-	632,378	-	-	-	-	337	-	-	-	337
Innoveta Technologies Inc.	a	3,693	-	5,779	-	9,472	-	-	-	-	-	-	-	-	-
Lite-On Electronics (Thailand) Co., Ltd.	a	-	-	1,500	-	1,500	-	-	819,724	26	-	-	-	-	819,724
Lite-On Electronics (Malaysia) Ltd.	a	-	-	5,474	-	5,474	-	-	-	-	-	-	-	-	-
Lite-On Enclosure Inc.	a	-	-	2,216	-	2,216	-	-	-	-	-	-	-	-	-
Lite-On Electronics Co., Ltd.	b	-	-	44,790	1	44,790	-	-	118,609	4	-	-	17,860	1	136,469
Maxtech Holding Inc.	a	135,035	2	102	-	135,137	-	-	-	-	-	-	-	-	-
GIGA-Radio Communication (BVI) Co., Ltd.	b	34,083	-	-	-	34,083	-	-	11	-	15	-	-	-	26
Silitech Technology Corp.	a	-	-	-	-	-	17,161	-	10,559	-	-	-	-	-	27,720
Silitek Corporation (Malaysia) Sdn. Bhd.	a	35,284	-	13,486	-	48,770	-	-	23,276	1	1,850	-	-	-	25,126
Lite-On Eoking, Inc.	c	-	-	-	-	-	2,255	-	-	-	8,292	-	-	-	10,547
GPI (H.K.) Technology Ltd.	a	-	-	17,934	-	17,934	-	-	-	-	-	-	-	-	-
GVC Corporation Ltd.	b	-	-	201,468	3	201,468	-	-	-	-	-	-	-	-	-
GVC Holding Inc.	b	-	-	6,977	-	6,977	-	-	-	-	2,851	-	-	-	2,851
I-Solutions Ltd.	b	1,762,140	24	185,939	3	1,948,079	-	-	4,025	-	13	-	-	-	4,038
Maxi Switch Inc.	a	-	-	6,065	-	6,065	-	-	41,059	1	-	-	-	-	41,059
Lite-On Peripherals de. Mexico S.A. De C.V.	a	-	-	-	-	-	-	-	12,108	-	-	-	-	-	12,108
Lite-On Peripherals Inc.	a	29,383	-	-	-	29,383	-	-	-	-	56,627	2	12,184	-	68,811
Maxi Switch S.A. De C.V.	b	-	-	-	-	-	-	-	-	-	10,723	-	-	-	10,723
Silitek Netherlands B.V.	a	-	-	-	-	-	-	-	-	-	5,903	-	-	-	5,903

(Forward)

Related Party	Nature of Relationship (Note 1)	Receivable from Related Parties					Payable to Related Parties								
		Accounts Receivable		Other Receivable		Total	Notes Payable		Accounts Payable		Other Payable		Processing and Commission Payable		Total
		Amount	% (Note 2)	Amount	% (Note 2)		Amount	% (Note 2)	Amount	% (Note 2)	Amount	% (Note 2)	Amount	% (Note 2)	
Lite-On (USA) International Inc.	b	\$ -	-	\$ -	-	\$ -	\$ -	-	\$ -	-	\$ 6,404	-	\$ -	-	\$ 6,404
Xurong Electronic (Shen Zhen) Ltd.	g	-	-	685	-	685	-	-	-	-	-	-	-	-	-
Lite-On Japan (HK) Limited	b	-	-	-	-	-	-	-	92,127	3	-	-	-	-	92,127
Lite-On Integrated Services Inc.	b	-	-	8,102	-	8,102	-	-	-	-	-	-	-	-	-
Lite-On Communications Internationals Corp.	a	16,704	-	116,212	2	132,916	-	-	319,228	10	-	-	-	-	319,228
Dong Guan G-Tech Computer Co., Ltd.	b	-	-	-	-	-	-	-	111,422	4	-	-	-	-	111,422
Dongguan G-Com Computer Co., Ltd.	b	-	-	-	-	-	-	-	-	-	9,740	-	-	-	9,740
Silitech Technology Corp., Ltd.	f	-	-	227,513	3	227,513	-	-	55,178	2	104,237	4	-	-	159,415
JVC Lite-On IT Manufacturing and Sales, Ltd.	a	1,923,526	26	2,194	-	1,925,720	-	-	117,552	4	-	-	-	-	117,552
High Yield Group Co., Ltd.	b	-	-	19,756	-	19,756	-	-	-	-	-	-	-	-	-
Others		127,129	2	46,952	1	174,081	15,134	-	301,289	10	126,808	5	-	-	443,231
Less: Allowance for doubtful accounts		(150,081)	(2)	(5,567)	-	(155,648)	-	-	-	-	-	-	-	-	-
		<u>\$6,424,824</u>	<u>86</u>	<u>\$1,003,894</u>	<u>14</u>	<u>\$7,428,718</u>	<u>\$ 34,550</u>	<u>-</u>	<u>\$2,466,750</u>	<u>79</u>	<u>\$ 561,095</u>	<u>18</u>	<u>\$ 90,038</u>	<u>3</u>	<u>\$3,152,433</u>
2001															
Silitek Corp.	d	\$ -	-	\$ -	-	\$ -	\$ -	-	\$ 10,220	-	\$ -	-	\$ -	-	\$ 10,220
GVC Corp.	d	181,497	14	-	-	181,497	-	-	-	-	84,062	7	-	-	84,062
Lite-On Electronics, Inc.	d	-	-	-	-	-	-	-	38,142	3	33,079	3	-	-	71,221
Lite-On Technology (Malaysia) Sdn. Bhd	a	-	-	-	-	-	-	-	383,673	29	175,183	14	-	-	558,856
Lite-On Technology International Inc.	a	-	-	-	-	-	-	-	14,615	1	3,520	-	-	-	18,135
Lite-On Technology (Europe) B.V.	a	-	-	-	-	-	-	-	-	-	1,548	-	-	-	1,548
Lite-On Communication International Corp.	b	-	-	-	-	-	-	-	21,988	2	-	-	-	-	21,988
Lite-On Mexico S.A. De C.V.	b	-	-	7,340	-	7,340	-	-	-	-	-	-	-	-	-
GVC International USA, Inc.	b	-	-	-	-	-	-	-	24,441	2	-	-	-	-	24,441
Great Adelphi International Ltd.	b	47,753	4	301,016	23	348,769	-	-	416,721	32	-	-	-	-	416,721
Silport Travel Service Co., Ltd.	e	-	-	-	-	-	-	-	-	-	1,047	-	-	-	1,047
Dongguan G-Com Computer Co., Ltd.	b	-	-	-	-	-	-	-	-	-	9,160	-	-	-	9,160
Lite-On Enclosure USA, Inc.	a	16,380	1	-	-	16,380	-	-	-	-	-	-	-	-	-
JVC Lite-On IT Manufacturing and Sales, Ltd.	a	501,921	39	-	-	501,921	-	-	-	-	-	-	-	-	-
DG G-Pro Computer Co., Ltd.	f	-	-	208,934	16	208,934	-	-	-	-	-	-	-	-	-
Lite-On (USA) International Inc.	b	-	-	3,405	-	3,405	-	-	-	-	12,765	1	-	-	12,765
Lite-On Japan Ltd.	a	-	-	-	-	-	-	-	25,462	2	-	-	-	-	25,462
Dong Guan G-Tech Computer Co., Ltd.	b	-	-	-	-	-	-	-	47,116	4	-	-	-	-	47,116
Others		<u>1,091</u>	<u>1</u>	<u>33,333</u>	<u>3</u>	<u>34,424</u>	<u>-</u>	<u>-</u>	<u>4,229</u>	<u>-</u>	<u>3,957</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,186</u>
		<u>\$ 748,642</u>	<u>58</u>	<u>\$ 554,028</u>	<u>42</u>	<u>\$1,302,670</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 986,607</u>	<u>75</u>	<u>\$ 324,321</u>	<u>25</u>	<u>\$ -</u>	<u>-</u>	<u>\$1,310,928</u>

Note 1: a. Equity-accounted investee.
b. An investee of an equity-accounted subsidiary.
c. Same chairman.
d. The company merged with Lite-On Technology Corp.
e. Its chairman is a relative of the Parent Company's chairman.
f. Great grandson-subsiary.
g. Indirect subsidiary of the Parent Company (subsidiary of great grandson-subsiary).

Note 2: Percentage of specific account balance.

Note 3: Significant eliminations when consolidate the financial statements refer to Note 4 to the financial statements.

LITE-ON TECHNOLOGY CORP. AND ITS SUBSIDIARIES

RELATED PARTY TRANSACTIONS
For the Years Ended December 31, 2002 and 2001
(In Thousands of New Taiwan Dollars)

Related Party	Nature of Relationship (Note 1)	Sales (Note 2)		Purchases (Note 2)		Rental Revenue	Other Revenue	Rental Expense	Other Expense (Note 4)	Property Transaction		
		Amount	% (Note 3)	Amount	% (Note 3)					Cost	Proceeds	Disposal Gain (Loss)
<u>2002</u>												
Lite-On Inc. (USA)	a	\$ 616,309	1	\$ 573,371	1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lite-On Electronics (Thailand) Co., Ltd.	a	-	-	751	-	-	-	-	-	-	188	(2)
Lite-On Japan Ltd.	a	129,270	-	103,586	-	-	-	-	-	-	-	-
Lite-On Electronics (HK) Ltd.	a	147,483	-	118,455	-	-	-	-	-	-	-	-
Innoveta Technologies, Inc.	a	678	-	519	-	-	-	-	-	-	-	-
Lite-On (Europe) Inc.	f	315	-	253	-	-	-	-	-	-	-	-
Lite-On Electronics (Europe) Ltd.	b	307,448	-	235,133	-	-	-	-	-	-	-	-
Lite-On Electronics Ltd.	b	122,823	-	98,648	-	-	-	-	-	-	-	-
G-Tech Computer Ltd.	b	31,918	-	24,411	-	-	-	-	-	-	-	-
Song Cheer International Ltd. (Cayman)	b	33,734	-	33,447	-	-	-	-	-	-	-	-
Funbo Enterprises Ltd. (HK)	b	-	-	-	-	-	-	-	79,325	-	-	-
Lite-On Electronics Co., Ltd. (HK)	b	-	-	-	-	-	-	-	165,693	-	-	-
G-Com (BVI) Technology Ltd.	a	229,092	-	264,879	-	-	-	-	-	-	-	-
Giga-Radio Communication (BVI) Co., Ltd.	b	19,368	-	-	-	-	-	-	-	-	-	-
Silitech Technology Corp.	a	-	-	16,470	-	-	-	-	-	-	-	-
Lite-On Eoking, Inc.	c	-	-	-	-	-	-	-	-	-	-	-
Lite-On Peripherals Inc. (USA)	a	60,634	-	-	-	-	-	-	-	-	-	-
Maxi Switch S.A. de C.V.	b	-	-	-	-	-	-	-	-	-	-	-
Lite-On Capital Inc.	a	-	-	-	-	114	-	-	-	-	-	-
Lite-On Technology International Inc. (USA)	a	-	-	13	-	-	-	-	128,520	-	-	-
Lite-On Communications International Corp.	a	-	-	707,438	1	19,429	16,615	-	-	-	65,351	-
Lite-On Technology (Europe) B.V.	a	-	-	-	-	-	-	-	-	-	-	-
Lite-On Electronics, Inc.	d	-	-	3,111	-	-	-	-	-	-	-	-
GVC Corp.	d	-	-	-	-	-	-	18,222	-	-	-	-
Lite-On Enclosure Inc.	a	39,510	-	184,543	-	-	-	-	-	-	-	-
Silitek Corp.	d	-	-	1,144	-	-	-	-	-	-	-	-
Silport Travel Service Co., Ltd.	e	-	-	-	-	-	-	-	-	-	-	-
Chen Shine Security Co., Ltd.	e	-	-	-	-	-	-	-	-	-	-	-
Silitek Corp. (Malaysia) Sdn. Bhd.	a	41,052	-	1,945	-	-	-	-	-	-	-	-
I-Solution Limited	b	2,832	-	-	-	-	-	-	-	-	-	-
Lite-On Japan Ltd.	a	23,721	-	6,963	-	-	-	-	-	-	-	-
Lite-On Japan (HK) Ltd.	b	481	-	-	-	-	-	-	-	-	-	-

(Forward)

Related Party	Nature of Relationship (Note 1)	Sales (Note 2)		Purchases (Note 2)		Rental Revenue	Other Revenue	Rental Expense	Other Expense (Note 4)	Property Transaction		
		Amount	% (Note 3)	Amount	% (Note 3)					Cost	Proceeds	Disposal Gain (Loss)
Silitech Technology Corp. Ltd.	f	\$ 28,337	-	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 177,513	\$ -
Silitech Plating Ltd.	g	-	-	34,343	-	-	657	-	-	-	-	-
Silitech Technology Corp.	a	-	-	10,780	-	-	-	-	-	7,310	-	-
Dong Guan G-Tech Computer Co., Ltd.	b	-	-	248,419	-	-	-	-	-	-	-	-
Dongguan G-Com Computer Co., Ltd.	b	-	-	-	-	-	-	18,528	-	-	-	-
Lite-On Peripherals De Mexico S.A. De C.V.	a	-	-	-	-	-	158,813	-	-	-	-	-
Lite-On Technology (Europe)	a	-	-	-	-	-	-	-	-	-	-	-
JVC Lite-On IT Manufacturing and Sales Ltd.	a	7,623,240	8	-	-	-	-	-	-	-	-	-
Lite-On (USA) International Inc.	b	5,463	-	-	-	-	-	-	-	-	-	-
Titanic Capital Services, Ltd. (Note 3)	b	8,740	-	21,691,320	24	-	-	-	-	-	-	-
DW G-PRO Computer Co., Ltd. (Note 3)	f	23,578	-	2,458,169	3	-	-	-	-	-	-	-
Yet Foundate Ltd. (Note 3)	b	1,443	-	1,370,664	2	-	-	-	-	-	89	78
Lite-On IT Corp. (Note 3)	a	-	-	4,279	-	16,794	-	-	-	-	-	-
G-PRIME Computer Co. (Note 3)	b	-	-	-	-	-	-	-	-	-	70,859	-
Lite-On Computer Tech. (DG) Ltd. (Note 3)	b	-	-	4,420,007	5	-	-	-	-	-	-	-
Great Adelphi International Ltd. (Note 3)	b	-	-	5,442,436	6	-	-	-	-	-	-	-
Others		33,771	-	-	-	-	-	-	-	-	-	-
		<u>\$ 9,531,240</u>	<u>9</u>	<u>\$38,055,497</u>	<u>42</u>	<u>\$ 36,337</u>	<u>\$ 176,085</u>	<u>\$ 36,750</u>	<u>\$ 373,538</u>	<u>\$ 7,310</u>	<u>\$ 314,000</u>	<u>(\$ 76)</u>
2001												
Silitek Corp.	d	\$ -	-	\$ 16,444	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
GVC Corp.	d	382,517	1	37,346	-	-	-	32,547	-	692,043	-	-
Lite-On Electronics, Inc.	d	-	-	107,131	-	-	-	-	-	-	-	-
Lite-On Technology International Inc. (USA)	a	-	-	60,621	-	-	-	-	58,836	-	-	-
Lite-On Technology (Europe) B.V.	b	-	-	-	-	-	-	-	46,423	-	-	-
Lite-On (USA) International	b	33,498	-	-	-	-	-	-	72,936	-	-	-
Lite-On Japan Ltd. (Japan)	a	-	-	25,104	-	-	-	-	-	-	-	-
Lite-On Communication International Corp.	a	-	-	19,521	-	20,832	-	-	-	-	-	-
Lite-On Communications Corp.	d	-	-	-	-	-	12,225	-	-	-	-	-
Lite-On Capital Inc.	a	-	-	-	-	114	-	-	-	-	-	-
Dong Guan G-Tech Computer Co., Ltd.	b	-	-	77,413	-	-	-	-	-	-	-	-
GVC International USA, Inc.	b	-	-	63,322	-	-	-	-	-	-	-	-
Great Adelphi International	b	-	-	416,493	2	-	-	-	-	-	-	-
Ecom Computers, Inc.	c	11,888	-	-	-	-	-	-	-	-	-	-
Jvc Lite-On It Manufacturing and Sales, Ltd.	a	520,118	1	-	-	-	-	-	-	-	-	-
Lite-On Enclosure USA, Inc.	b	104,302	-	-	-	-	-	-	-	-	-	-
Silport Travel Service Co., Ltd.	e	-	-	-	-	-	-	-	-	-	-	-
Chen Shine Security Co., Ltd.	e	-	-	-	-	-	-	-	-	-	-	-
Others		-	-	665	-	-	-	-	-	-	-	-
		<u>\$ 1,052,323</u>	<u>2</u>	<u>\$ 824,060</u>	<u>2</u>	<u>\$ 20,946</u>	<u>\$ 12,225</u>	<u>\$ 32,547</u>	<u>\$ 178,195</u>	<u>\$ 692,043</u>	<u>\$ -</u>	<u>\$ -</u>

- Note 1:
- a. Equity-accounted investee.
 - b. An investee of an equity-accounted subsidiary.
 - c. Same chairman.
 - d. The company merged with Lite-On Technology Corp.
 - e. Its chairman is a relative of the Parent Company's chairman.
 - f. Indirect subsidiary of the Parent Company (great grandson-subsiary).
 - g. Indirect subsidiary of the Parent Company (subsidiary of great grandson-subsiary).

Note 2: Percentage of specific account balance.

Note 3: Significant eliminations when consolidate the financial statements refer to Note 4 to the financial statements.

Note 4: Mainly included reprocessing fees, promotion fees and repair expenses.

LITE-ON TECHNOLOGY CORP. AND ITS SUBSIDIARIES
 ENDORSEMENT/GUARANTEE PROVIDED
 For the Year Ended December 31, 2002
 (In Thousands of New Taiwan Dollars, Unless Other Specified)

No.	Endorsement/ Guarantee Provider	Counter-party		Limits on Each Counter-party's Endorsement/ Guarantee Amount	Maximum Balance for the Year (Note 8)	Ending Balance (Note 8)	Value of Collaterals Property, Plant, or Equipment	Ratio of Accumulated Amount of Collateral to Net Equity of the Latest Financial Statements	Maximum Collateral/Guarantee Amounts Allowable
		Name	Nature of Relationship						
0	Lite-On Technology Corp.	Great Adelphi Inte'l Ltd.	Note 2	\$ 4,086,952 (Note 4)	\$ 562,999 (US\$ 16,200)	\$ 562,999 (US\$ 16,200)	\$ -	1.38	\$ 16,347,809 (Note 5)
		DW G-Pro Computer Co., Ltd.	Note 3	4,086,952 (Note 4)	302,351 (US\$ 8,700)	302,351 (US\$ 8,700)	-	0.74	16,347,809 (Note 5)
		Lite-on Peripherals, Inc. (USA)	Note 1	4,086,952 (Note 4)	34,753 (US\$ 1,000)	-	-	-	16,347,809 (Note 5)
		G-Com (BVI) Technology Ltd.	Note 1	4,086,952 (Note 4)	135,537 (US\$ 3,900)	135,537 (US\$ 3,900)	-	0.33	16,347,809 (Note 5)
1	Lite-On IT Corp.	Lite-On Opto Technology (Guangzhou) Ltd.	Note 2	1,253,543 (Note 6)	69,506 (US\$ 2,000)	69,506 (US\$ 2,000)	-	0.56	5,014,172 (Note 7)
		High Yield Group Co., Ltd.	Note 1	1,253,543 (Note 6)	289,731 (RMB 69,000)	289,731 (RMB 69,000)	-	2.29	5,014,172 (Note 7)
2	High Yield Group Co., Ltd.	Lite-On Opte Technology (Guangzhou) Ltd.	Note 1	1,253,543 (Note 6)	289,731 (RMB 69,000)	289,731 (RMB 69,000)	-	2.29	5,014,172 (Note 7)

Note 1: Subsidiary.

Note 2: Indirect subsidiary of Parent Company (grandson subsidiary).

Note 3: Indirect subsidiary of Parent Company (great grandson subsidiary).

Note 4: 10% of the shareholders' equity in Lite-On Technology Corp. as of December 31, 2002.

Note 5: 40% of the shareholders' equity in Lite-On Technology Corp. as of December 31, 2002.

Note 6: 10% of the shareholders' equity in Lite-On IT Corp. as of December 31, 2002.

Note 7: 40% of the shareholders' equity in Lite-On IT Corp. as of December 31, 2002.

Note 8: Exchange rates were US\$1 = NT\$34.753 and RMB\$1 = \$4.199 as of December 31, 2002.

LITE-ON TECHNOLOGY CORP. AND ITS SUBSIDIARIES
MARKETABLE SECURITIES HELD
December 31, 2002
(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Held Company Name	Marketable Securities Type and Name	Relationship with the Parent Company	Financial Statement Account	December 31, 2002				Note
				Shares/Units (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
Lite-On Technology Corp.	<u>Stock</u>							
	Lite-On Technology (Malaysia) Sdn. Bhd.	Subsidiary	Long-term investment	43,000	\$ 430,187	100.00	\$ 430,187	
	Lite-On Technology International Inc. (USA)	"	"	3,000	91,408	100.00	91,408	
	Lite-On Technology (Europe) B.V.	"	"	-	Note 1	100.00	(3,874)	
	Lite-On Capital Inc.	"	"	30,000	587,988	99.98	665,756	
	LTC Group Ltd. (BVI) (Note 3)	"	"	28,650	2,120,961	100.00	2,311,730	
	Lite-On Communication International Corp.	"	"	250	Note 1	100.00	(72,926)	
	Lite-On IT Corp. (Note 3)	"	"	295,441	8,687,899	69.85	8,755,998	
	Quanix Technology Inc.	"	"	9,300	45,959	100.00	45,959	
	Lite-On Eco Technology, Inc.	Equity-accounted investee	"	90	413	0.90	413	
	Lite-On Electronics (Thailand) Co., Ltd.	Subsidiary	"	5,030	987,117	100.00	990,518	
	Lite-On Inc. (USA)	"	"	3,000	258,302	100.00	257,928	
	Lite-On Electronics (Europe) Ltd.	"	"	3,324	197,364	100.00	204,766	
	Lite-On Electronics (HK) Ltd.	"	"	20	85,720	99.90	85,163	
	Lite-On Japan Ltd.	Equity-accounted investee	"	2,240	145,417	43.02	147,255	
	Nport Investment Co., Ltd.	Subsidiary	"	44,000	69,884	99.99	443,219	
	Lite-On Electronics Pte. Ltd. (Singapore)	"	"	24,237	1,315,901	100.00	937,070	
	Simport Investment Co., Ltd.	"	"	19,500	106,173	99.99	227,939	
	Litegin Industry Co., Ltd. (Thailand)	"	"	315	29,915	69.99	38,697	
	Lite-On Enclosure Inc.	Equity-accounted investee	"	35,587	398,150	37.46	373,828	
	Lite-On Electronics (BVI) Inc.	Subsidiary	"	5,010	169,028	100.00	169,028	
	Innoveta Technologies Inc.	"	"	20,150	73,832	59.88	18,441	
	China Bridge (BVI) Ltd.	"	"	3,375	102,327	75.00	102,314	
Lite-On Semiconductor Corp.	Equity-accounted investee	"	61,713	1,036,826	20.48	780,725		
Silitek Corp. (Malaysia) Sdn. Bhd.	Subsidiary	"	30,500	324,147	100.00	324,147		

(Forward)

Held Company Name	Marketable Securities Type and Name	Relationship with the Parent Company	Financial Statement Account	December 31, 2002				Note
				Shares/Units (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
	Maxi Switch Inc.	Subsidiary	Long-term investment	26	\$ 439,395	100.00	\$ 439,395	
	Lite-On Peripherals (HK) Ltd. (Note 3)	"	"	78,010	126,841	100.00	126,841	
	Lite-On Peripherals Inc. (USA)	"	"	1,500	39,028	100.00	39,028	
	Situng Investment & Development Corp.	"	"	47,800	348,352	99.99	481,277	
	Lite-On Peripherals Ireland Inc.	"	"	1,168	51,701	100.00	51,701	
	Lite-On Computer Peripherals GMBH	"	"	940	Note 1	100.00	(9,487)	
	Lite-On Peripherals De Mexico S.A. De C.V.	"	"	123	19,505	100.00	19,505	
	Lite-On Peripherals Pte. Ltd. (Singapore) (Note 3)	"	"	51,777	1,426,941	100.00	1,426,941	
	E-Business Ltd.	"	"	11,000	433,839	100.00	433,839	
	Silitek Netherlands B.V.	"	"	20	14,232	100.00	14,232	
	Lite-On Eoking, Inc.	Equity-accounted investee	"	100	63	0.67	63	
	Silitech Technology Corp.	Subsidiary	"	45,000	1,080,226	99.99	1,080,226	
	Starshine Technology Corp.	"	"	14,000	123,759	100.00	123,759	
	G-Com (BVI) Technology Ltd.	"	"	9,800	207,276	100.00	218,754	
	GIGA-Radio Communication (BVI) Co., Ltd.	"	"	8,852	69,956	100.00	69,966	
	G-Prime Computer Co., Ltd.	"	"	8,000	179,065	100.00	179,065	
	GVC Subic Corp.	"	"	1,000	6,883	100.00	6,883	
	G-Base Investment Corp.	"	"	18,000	136,494	100.00	144,152	
	Gentek Marketing Inc.	Equity-accounted investee	"	40	945	40.00	8,252	
	GVC (Cayman) Corp.	Subsidiary	"	10,000	647,198	100.00	647,198	
	BroadLogic, Inc.	-	"	135	597	0.10	597	
	LingSen Precision Industries, Ltd.	-	"	13,520	225,717	5.13	103,425	
	Good TV Broadcasting Corp.	-	"	1,000	10,000	11.76	6,685	
	Z-Com, Inc.	-	"	3,220	64,400	4.88	34,877	
	Global Media Technology Inc.	-	"	2,740	2,594	10.79	39,048	
	G-TRAN/G-TRAN Wireless Inc.	-	"	150	12,064	0.16	12,064	
	Ulycom Technology Co., Ltd.	-	"	5,700	57,000	19.00	60,806	
	Co-Tech Copper Foil Corp.	-	"	1,530	45,900	0.99	45,900	
	Media Reality Technologies, Inc.	-	"	5,084	113,260	11.30	113,260	
	IBASE Technology Inc.	-	"	420	3,300	2.51	3,300	
	Hannstar Display Co., Ltd.	-	"	13,409	162,880	0.53	148,438	
	Lite-On Automotive Corp.	Same chairman	"	9,131	71,365	17.62	118,858	
	Global Securities Finance Corp.	-	"	3,942	34,699	0.52	39,428	
	Tailink Venture Fund	-	"	3,400	34,000	10.30	31,154	
	Tripod Technology Corp.	-	"	1,285	10,059	0.77	31,364	
	Sicon Touch Technology Inc.	-	"	1,500	15,000	10.00	11,978	
	Uniwill Computer Corp.公司	-	"	23,314	260,303	7.79	253,156	

(Forward)

Held Company Name	Marketable Securities Type and Name	Relationship with the Parent Company	Financial Statement Account	December 31, 2002				Note
				Shares/Units (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
	Epistar Corp.	-	Long-term investment	7,041	\$ 218,761	8.00	\$ 462,004	
	United Epitaxy Co., Ltd.	-	"	7,441	460,224	2.63	155,070	
	APCB Inc.	-	"	5,113	127,577	9.78	70,723	
	Allcomm Telecommunication Co.	-	"	1,990	Note 2	7.70	-	
	Yi-Quan Co., Ltd.	-	"	150	1,500	0.53	1,500	
	View Quest Technologies Inc.	-	"	6,715	81,751	7.78	81,751	
	Tonbu, Inc.	-	"	567	Note 2	1.13	-	
	Eastern Broadband Telecom Co., Ltd.	-	"	15,000	150,000	0.23	150,000	
	TVIA, Inc. (Formerly Inter Graphics Systems Inc.)	-	"	372	4,202	3.25	9,170	
	Chi Mei Machinery Corp.	-	"	570	950	17.59	950	
	Aetas Technology Inc.	-	"	1,969	141,722	4.91	141,722	
	Avamax Corp.	-	"	1,000	32,400	7.51	32,400	
	Capella Microsystems Inc.	-	"	1,200	51,975	8.80	3,637	
	Versata	-	Prepayment and other current assets	1	40	-	27	
	<u>Fund</u>	-						
	APV Technology Partners, L.P.	-	Long-term investment	-	18,000	-	18,000	
	NIKKO Pacven Walden Investment Ltd.	-	"	8	17,639	-	17,639	
	National Venture Capital fund	-	"	5,000	50,000	-	50,000	
	Springboard-Harper Technology Fund (Cayman) Ltd.	-	"	16	45,923	-	44,397	
	Crystal Internet Venture Funds II	-	"	0.06	129,548	-	87,762	
	Beijing Technology Development Fund	-	"	14	44,429	-	31,030	
	Global Strategic Investment Inc.	-	"	1,800	58,140	-	38,747	
	Dyna Fund International, L.P.	-	"	-	29,819	-	26,010	
	Dyna Fund International II L.P.	-	"	-	45,288	-	45,288	
	Dragon Venture	-	"	800	6,156	-	6,156	
	International Network Capital Corp.	-	"	7,500	75,000	-	74,532	
	International network capital Global Fund	-	"	1,500	15,000	-	22,078	
	International Network Capital LDC	-	"	2	67,679	-	67,679	
Lite-on Technology International Inc. (USA)	<u>Stock</u> Lite-On Mexico S.A. De C.V.	Subsidiary	Long-term investment	50	US\$ 18	100.00	US\$ 18	

(Forward)

Held Company Name	Marketable Securities Type and Name	Relationship with the Parent Company	Financial Statement Account	December 31, 2002				Note
				Shares/Units (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
LTC Group Ltd. (BVI)	<u>Stock</u> Titanic Capital Services Ltd. (Note 3)	Subsidiary	Long-term investment	4,220	US\$ 43,602	100.00	US\$ 46,549	
	Lite-On Technology Mexico S.A. De C.V.	"	"	50	US\$ 1,541	100.00	US\$ 1,684	
	LTC International Ltd. (Note 3)	"	"	9,150	US\$ 9,715	100.00	US\$ 9,610	
	Great Adelphi International Ltd. (Note 3)	"	"	6,000	US\$ 3,895	100.00	US\$ 3,883	
	Elite-On Corp.	"	"	9,500	US\$ 8,619	14.62	US\$ 8,623	
	Investar Burgeon Venture Capital Inc.	Its director	"	1,830	US\$ 1,104	3.61	US\$ 1,104	
	Diva Technologies Inc.	-	"	60	US\$ 6,000	11.01	US\$ 5,996	
	<u>Shares</u> Lite-On Computer Tech.(DG) Ltd. (Note 3)	Subsidiary	"	-	US\$ 10,965	100.00	US\$ 10,965	
	<u>Fund</u> Beijing Technology Development Fund	-	"	7	US\$ 667	-	US\$ 667	
	Great Adelphi International Ltd.	<u>Fund</u> Universal New Opportunity Fund	-	Short-term investment	9	US\$ 8,571	-	US\$ 8,571
Titanic Capital Services Ltd.	<u>Shares</u> G-PRIME Computer Company (Note 3)	Subsidiary	Long-term investment	-	US\$ 6,838	100.00	US\$ 6,838	
	DW G-PRO Computer Co., Ltd. (Note 3)	"	"	-	US\$ 1,333	100.00	US\$ 1,333	
LTC International Ltd.	<u>Stock</u> Lite-On Technology Corp.	Parent Company	Long-term investment	3,934	US\$ 4,849	0.21	US\$ 4,849	
	Cisco System Inc.	-	Short-term investment	8	US\$ 535	-	US\$ 109	
	<u>Depository receipts</u> Lite-On Technology Corp. GDR	Parent Company	Long-term investment	333	US\$ 3,786	0.02	US\$ 4,105	
Lite-On IT Corp.	<u>Stock</u> LET (HK) Ltd. (Note 3)	Subsidiary	Long-term investment	10	\$ 5,582,516	100.00	\$ 5,582,516	
	High Yield Group Co., Ltd.	"	"	10,970	728,291	100.00	728,291	
	Lite-On (USA) International Inc.	"	"	10	2,859	100.00	2,859	
	Lite-On Eco Technology, Inc.	Equity-accounted investee by Lite-On Technology Corp.	"	6	11	0.06	11	
	JVC Lite-On IT Manufacturing and Sales, Limited	-	"	98	43,072	49.00	43,072	

(Forward)

Held Company Name	Marketable Securities Type and Name	Relationship with the Parent Company	Financial Statement Account	December 31, 2002				Note
				Shares/Units (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
	China Bridge (BVI) Ltd.	Equity-accounted investee by Lite-On Technology Corp.	Long-term investment	1,125	\$ 34,105	25.00	\$ 34,105	
	Accumux Technologies, Inc.	-	"	2,667	34,360	7.00	34,360	
	Progressive Optoelectronics Technology Co., Ltd.	-	"	3,000	86,250	8.00	86,250	
	Eastern Broadband Telecom Co., Ltd.	-	"	15,000	150,000	0.23	150,000	
	Capella Microsystem, Inc.	-	"	2,700	85,838	12.00	85,838	
	Lite-On Technology Corp.	Parent Company	Short-term investment	1,764	75,521	-	75,533	
	<u>Shares</u> Lite-On Information Technology GMBH	Subsidiary	Long-term investment	-	858	100.00	858	
	<u>Fund</u> Springboard-Harper Technology Fund (Cayman) Ltd.	-	"	5	15,365	-	15,365	
	Global Strategic Investment, Inc.	-	"	600	19,414	-	19,414	
	international Network Capital Global Fund	-	"	2,500	25,000	-	25,000	
High Yield Group Co., Ltd.	<u>Stock</u> Elite-On Corp.	Equity-accounted investee	Long-term investment	6,300	US\$ 5,754	9.69	US\$ 5,754	
	<u>Shares</u> Lite-On Opto Technology (GuangZhou) Ltd.	Subsidiary	Long-term investment	-	US\$ 14,278	100.00	US\$ 14,278	
	JVC Lite-On IT Components (Guangzhou) Ltd.	Equity-accounted investee	"	-	US\$ 437	49.00	US\$ 437	
LET (HK) Ltd.	<u>Fund</u> The Swisstech Fund	-	Short-term investment	-	US\$ 16,000	-	US\$ 16,000	
China Bridge (BVI) Ltd.	<u>Stock</u> Zhong Bao Holdings (China) Ltd.	Subsidiary	Long-term investment	4,500	US\$ 3,925	100.00	US\$ 3,925	
Zhong Bao Holdings (China) Ltd.	<u>Shares</u> China Bridge (China) Ltd.	Subsidiary	Long-term investment	-	US\$ 3,925	100.00	US\$ 3,925	
China Bridge (China) Ltd.	<u>Shares</u> China Bridge Express (WuXi) Co., Ltd.	Subsidiary	Long-term investment	-	RMB 6,235	100.00	RMB 6,235	

(Forward)

Held Company Name	Marketable Securities Type and Name	Relationship with the Parent Company	Financial Statement Account	December 31, 2002				Note
				Shares/Units (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
Lite-On Capital Inc.	<u>Stock</u> First Taisec Securities Inc. (formerly Taisec Securities Inc.)	-	Long-term investment	3,683	\$ 30,000	1.79	\$ 30,000	
	Lite-On Technology Corp.	Parent Company	"	695	29,752	0.04	29,752	
	Lite-On IT Corp.	Same chairman	"	1,747	71,308	0.41	183,981	
	DigiTimes Publication Inc.	-	"	250	5,000	0.84	5,000	
Simport Investment Co., Ltd.	<u>Stock</u> Lite-On Technology Corp.	Parent Company	Long-term investment	3,063	121,944	0.16	131,178	
	Lite-On Semiconductor Corp.	Equity-accounted investee by Lite-On Technology Corp.	"	807	14,254	0.27	14,737	
Nport Investment Co., Ltd.	<u>Stock</u> Lite-On Technology Corp.	Parent company	Long-term investment	8,186	350,600	0.43	350,624	
	Trump Electronics, Inc.	Equity-accounted investee by Lite-On Technology Corp.	"	6,550	62,685	30.61	62,685	
	Argus Technologies Co., Ltd.	-	"	1,000	23,375	13.33	14	
	CastleNet Technology Inc.	-	"	3,076	40,800	3.67	49	
	Lead Data Inc.	-	"	1,650	45,002	0.54	14,081	
	Lite-On IT Corp.	Same chairman	"	51	2,880	0.02	6,250	
	Internet Solution Lab., Inc.	-	"	720	11,302	2.06	11,302	
	Lite-On Semiconductor Corp.	Equity-accounted investee	"	4,735	98,651	1.57	97,302	
Lite-On Electronics (Europe) Ltd.	<u>Stock</u> Lite-On Electronics Ltd.	Subsidiary	Long-term investment	324	EUR 755	100.00	EUR 755	
	Lite-On Ltd. (UK)	"	"	3,000	GBP 2,786	100.00	GBP 2,786	
Lite-On Electronics Ltd.	<u>Stock</u> Eite-On (Europe) Inc.	Subsidiary	Long-term investment	8,096	CHF 2,097	99.95	CHF 2,097	
Lite-On Electronics Pte. Ltd. (Singapore)	<u>Shares</u> Lite-On Electronics (Tianjin), Inc.	Subsidiary	Long-term investment	-	US\$ 27,596	100.00	US\$ 27,596	
	<u>Stock</u> Funbo Enterprises Ltd. (HK)	"	"	500	HK\$ 1,433	100.00	HK\$ 1,433	
	Lite-On Electronics Co., Ltd. (HK)	"	"	46,332	(HK\$ 4,628)	100.00	(HK\$ 4,628)	
Lite-On Electronics Co., Ltd. (HK)	<u>Shares</u> Lite-On Electronics (Guangzhou) Co., Ltd.	Subsidiary	Long-term investment	-	RMB 14,332	100.00	RMB 14,332	

(Forward)

Held Company Name	Marketable Securities Type and Name	Relationship with the Parent Company	Financial Statement Account	December 31, 2002				Note
				Shares/Units (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
	Lite-On Electronics (Dongguan) Co., Ltd.	Subsidiary	Long-term investment	-	\$ 472,655	100.00	\$ 471,645	
	<u>Depository receipts</u> Lite-On Technology Corp. GDR	Parent Company	"	254	HK\$ 22,533	-	HK\$ 24,429	
	<u>Fund</u> International Mixed Portfolio Fund	-	Short-term investment	6	US\$ 5,390	-	US\$ 5,390	
Lite-On Electronics (BVI) Inc.	<u>Stock</u> Elite-On Corp.	Equity-accounted investee	Long-term investment	5,000	US\$ 4,942	7.70	US\$ 4,942	
Elite-On Corp.	<u>Stock</u> Investent. com Ltd. (BVI)	Subsidiary	Long-term investment	50,000	US\$ 13,319	100.00	US\$ 49,249	
Investent. com Ltd. (BVI)	<u>Stock</u> Lite-On Integrated Services Inc.	Subsidiary	Long-term investment	9,800	US\$ 1,154	98.00	\$ 22,315	
	Lite-On Eco Technology, Inc.	"	"	9,900	US\$ 2,623	99.00	18,711	
	Lite-On Eoking, Inc.	"	"	14,900	US\$ 3,601	99.33	9,339	
Lite-On Integrated Services Inc.	<u>Stock</u> Lite-On ECO Corp.(BVI)	Subsidiary	Long-term investment	1,120	\$ 31,078	76.19	US\$ 894	
Lite-On Eco Technology, Inc.	<u>Stock</u> Lite-On ECO Corp.(BVI)	Equity-accounted investee	Long-term investment	150	4,162	10.20	US\$ 120	
Lite-On Eoking, Inc.	<u>Stock</u> Lite-On ECO Corp.(BVI)	Equity-accounted investee	Long-term investment	200	5,550	13.61	US\$ 160	
Lite-On ECO Corp. (BVI)	<u>Shares</u> Lite-On (Guang Zhou) Infortech Ltd.	Subsidiary	Long-term investment	-	US\$ 1,044	100.00	RMB 8,638	
	Lite-On (Shanghai) Information Technology Inc.	"	"	-	-	100.00	(RMB 159)	
Situng Investment & Development Corp.	<u>Stock</u> Trump Electronics, Inc.	Equity-accounted investee	Long-term investment	6,550	\$ 62,144	30.61	\$ 62,144	
	Lite-On Technology Corp.	Parent Company	"	3,347	143,352	0.18	143,362	
	CastleNet Technology Inc.	-	"	1,538	20,400	1.90	20,400	
	Argus Technologies Co., Ltd.	-	"	825	22,183	0.29	6,885	
	Argus Technologies Co., Ltd.	-	"	800	18,700	13.33	18,700	

(Forward)

Held Company Name	Marketable Securities Type and Name	Relationship with the Parent Company	Financial Statement Account	December 31, 2002				Note
				Shares/Units (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
	PAC interactive technology, Inc. Lite-On Semiconductor Corp.	- Equity-accounted investee by Lite-On Technology Corp.	Long-term investment "	375 1,624	\$ 16,875 42,494	2.28 0.54	\$ 8,438 43,077	
Maxi Switch, Inc.	<u>Stock</u> Maxi Switch S.A.De C.V.	Subsidiary	Long-term investment	1	MXN 34,387	100.00	MXN 34,387	
Lite-On Peripherals Pte. Ltd. (Singapore)	<u>Shares</u> Silitek Electronics (Dong Guan) Ltd. (Note 3)	Subsidiary	Long-term investment	-	SG\$ 19,674	100.00	SG\$ 19,674	
	Xurong Electronic (Dong Guan) Ltd. (Note 3)	"	"	-	SG\$ 1,206	100.00	SG\$ 1,206	
	Silitek Electronic (Guang Zhou) Ltd. (Note 3)	"	"	-	SG\$ 43,400	100.00	SG\$ 43,400	
	Yet Foundate Electronic (Guang Zhou) Ltd. (Note 3)	"	"	-	SG\$ 732	100.00	SG\$ 732	
Lite-On Peripherals (HK) Ltd.	<u>Shares</u> Yet Foundate Ltd. (Note 3)	Subsidiary	Long-term investment	-	HK\$ 76,070	100.00	HK\$ 76,070	
	<u>Stock</u> Investar Burgeon Venture Capital Inc.	-	"	1,830	HK\$ 14,361	3.61	HK\$ 14,361	
Yet Foundate Ltd.	<u>Fund</u> International Mixed Portfolio Fund	-	Short-term investment	6	US\$ 5,654	-	US\$ 5,654	
E-Business Ltd.	<u>Stock</u> Elite-On Corp.	Equity-accounted investee	Long-term investment	9,500	US\$ 8,619	14.62	US\$ 8,619	
	I-Solutions Ltd.	Subsidiary	"	1,500	US\$ 3,893	100.00	US\$ 3,893	
Silitech Technology Corp.	<u>Stock</u> Silitech (BVI) Holding Ltd.	Subsidiary	Long-term investment	11,550	\$ 582,612	100.00	\$ 582,612	
Silitech (BVI) Holding Ltd.	<u>Stock</u> Silitech (Bermuda) Holding Ltd.	Subsidiary	Long-term investment	11,500	US\$ 16,714	100.00	US\$ 16,714	
Silitech (Bermuda) Holding Ltd.	<u>Stock</u> Silitech Technology Corp. Ltd.	Subsidiary	Long-term investment	62,400	US\$ 12,533	100.00	US\$ 12,533	
	Silitech Technology Corp. Sdn. Bhd.	"	"	11,400	US\$ 3,667	100.00	US\$ 3,667	

(Forward)

Held Company Name	Marketable Securities Type and Name	Relationship with the Parent Company	Financial Statement Account	December 31, 2002				Note
				Shares/Units (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
Silitech Technology Corp. Ltd.	S/G Industries, Inc.	Equity-accounted investee	Long-term investment	3	US\$ 376	49.95	US\$ 376	
	Silitech Technology (Europe) Ltd	Subsidiary	"	1	US\$ 206	100.00	US\$ 206	
	<u>Shares</u> Xurong Electronic (Shen Zhen) Ltd.	Subsidiary	Long-term investment	-	RMB 72,544	100.00	RMB 72,544	
Yet Foundate Ltd.	Silitek Plating Ltd.	"	"	-	RMB 7,633	55.04	RMB 7,633	
	<u>Depository receipts</u> Lite-On Technology Corp. GDR	Parent Company	Long-term investment	236	RMB 21,933	0.12	RMB 21,283	
G-Base Investment Corp.	<u>Stock</u> Lite-On Technology Corp.	Parent Company	Short-term investment	388	\$ 16,600	0.05	\$ 16,600	
	Taiwan IC Packaging Corp.	Its supervisor	Long-term investment	3,450	38,333	4.11	31,944	
	Z-Com, Inc.	Its director	"	4,149	68,235	6.29	44,954	
	LingSen Precision Industries, Ltd.	"	"	1,089	17,270	0.41	8,336	
G-Com(BVI) Technology Ltd.	<u>Shares</u> Dongguan G-Com Computer Co., Ltd.	Subsidiary	Long-term investment	-	286,697	100.00	286,697	
	<u>Shares</u> GIGA Radio Communication (BVI) Co., Ltd. (Dong-Guan) Co., Ltd.	Subsidiary	Long-term investment	-	(14,710)	100.00	(14,710)	
GVC (Cayman) Corp.	<u>Stock</u> Divine Inc.	-	Short-term investment	1	205	-	53	
	Conexant Systems Inc.	-	"	3	1,220	-	179	
	Cirrus Logic, Inc.	-	"	21	10,649	-	2,795	
	Yeh Chiang Technology Corp.	-	"	165	2,242	0.20	2,242	
	G&W Technology (BVI) Ltd.	Subsidiary	Long-term investment	4,500	185,565	50.00	194,171	
	GVC Corp. Ltd.	"	"	30,950	235,740	100.00	250,574	
	GVC Peripherals GMBH & Co KG	"	"	-	825	71.43	825	
	G-Tech USA, Inc.	"	"	9	25,916	100.00	25,916	
	GVC Holding Inc.	"	"	-	3,357	100.00	2,990	
	Maxtech Int'l Corp.	"	Other liability	-	(348)	100.00	(348)	
	NPG Display Ltd.	Equity-accounted investee	Long-term investment	2,220	55,306	30.00	48,220	
	Telmax Communication	-	"	400	34,753	2.95	34,753	
	Commit Incorporated	-	"	4,962	20,835	2.13	20,835	
<u>Fund</u> Crystal Internet Venture Fund	-	"	0.04	65,146	-	65,146		

Note 1: Since the Corporation recognizes investment loss in proportion to its equity in the investee, credit balance is created in the long-term investment account and included in other liabilities.

Note 2: Recognized investment loss in 2002.

Note 3: Investment income or loss among investees, long-term stock investments of investor companies and net equities of investees have been written off.

LITE-ON TECHNOLOGY CORP. AND ITS SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

For the Year Ended December 31, 2002

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

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Investment Gain (Loss) Under Equity Method	Ending Balance		
					Shares/Units (Thousands)	Amount	Shares/Units (Thousands)	Amount	Shares/Units (Thousands)	Amount	Carrying Value	Gain (Loss) on Disposal		Shares/Units (Thousands)	Amount	
Lite-On Technology Corp.	<u>Beneficiary certificates</u>															
	First Global Investment Trust Duoli-2 Bond Fund	Short-term investment	-	-	-	\$ -	58,491	\$ 800,000	58,491	\$ 802,414	\$ 800,000	\$ 2,414	\$ -	-	\$ -	
	Phoenix Bond Fund	Short-term investment	-	-	-	-	25,263	350,000	25,263	351,621	350,000	1,621	-	-	-	
	Entrust Kirin Bond Fund	Short-term investment	-	-	-	-	14,635	150,000	14,635	150,433	150,000	433	-	-	-	
	JF First Bond Fund	Short-term investment	-	-	-	-	22,571	300,000	22,571	300,429	300,000	429	-	-	-	
	Solomon Bond Fund	Short-term investment	-	-	-	-	36,603	400,000	36,603	401,127	400,000	1,127	-	-	-	
	Asia Pacific Bond fund	Short-term investment	-	-	-	-	18,611	220,000	18,611	220,774	220,000	774	-	-	-	
	Prudential Well Pool Fund	Short-term investment	-	-	-	-	25,454	300,000	25,454	300,804	300,000	804	-	-	-	
	Barits Bond Fund	Short-term investment	-	-	-	-	84,394	956,500	84,394	958,249	956,500	1,749	-	-	-	
	Cathay Bond Securities Investment Trust Fund	Short-term investment	-	-	-	-	80,508	872,000	80,508	873,886	872,000	1,886	-	-	-	
	IIT Hight-Yield Fund	Short-term investment	-	-	-	-	37,042	495,000	37,042	495,894	495,000	894	-	-	-	
	Sheng Hua 1699 Bond Fund	Short-term investment	-	-	-	-	38,597	447,800	38,597	448,751	447,800	951	-	-	-	
	Sheng Hua 5599 Bond Fund	Short-term investment	-	-	-	-	47,635	500,000	47,635	501,007	500,000	1,007	-	-	-	
	President James Bond Fund	Short-term investment	-	-	-	-	20,662	300,000	20,662	300,512	300,000	512	-	-	-	
	ABN AMRO Bond Fund	Short-term investment	-	-	-	-	29,528	415,000	29,528	416,473	415,000	1,473	-	-	-	
	ABN AMRO Select Bond Fund	Short-term investment	-	-	-	-	28,060	300,000	28,060	300,421	300,000	421	-	-	-	
	Shinkong Chi-Shin Fund	Short-term investment	-	-	-	-	14,818	200,000	14,818	200,335	200,000	335	-	-	-	
	United Bond Fund	Short-term investment	-	-	-	-	24,485	300,000	24,485	300,872	300,000	872	-	-	-	
	Polaris De-Li Bond Fund	Short-term investment	-	-	-	-	65,900	928,000	65,900	929,351	928,000	1,351	-	-	-	
	Polaris De-Bao Bond Fund	Short-term investment	-	-	-	-	90,870	940,000	90,870	942,288	940,000	2,288	-	-	-	
Prudential Financial Bond Fund	Short-term investment	-	-	-	-	14,233	200,000	14,233	200,461	200,000	461	-	-	-		
Invesco GP R.O.C. Bond Fund	Short-term investment	-	-	-	-	54,785	749,000	54,785	751,036	749,000	2,036	-	-	-		
Lite-On IT Corp.	<u>Stock</u>															
	High Yield Group Co., Ltd.	Long-term investment	-	(Note 1)	9,070	285,080	1,900	439,286	-	-	-	-	(23,963)	10,970	700,403	
	<u>Beneficiary certificates</u>															
	Capital Safeincome Fund	Short-term investment	-	-	-	-	20,070	270,000	20,070	271,241	270,000	1,241	-	-	-	
	NITC Bond Fund	Short-term investment	-	-	-	-	994	150,000	994	150,082	150,000	82	-	-	-	
	HSBC NTD Money Management Fund	Short-term investment	-	-	-	-	103,012	1,430,000	103,012	1,435,916	1,430,000	5,916	-	-	-	
	Invesco GP R.O.C. Bond Fund	Short-term investment	-	-	-	-	115,060	1,600,000	115,060	1,605,117	1,600,000	5,117	-	-	-	
	ABN AMRO Bond Fund	Short-term investment	-	-	-	-	59,933	840,000	59,933	844,022	840,000	4,022	-	-	-	
	Prudential Bond Fund	Short-term investment	-	-	-	-	132,084	1,910,000	132,084	1,915,956	1,910,000	5,956	-	-	-	
	Union Bond Fund	Short-term investment	-	-	-	-	8,980	100,000	8,980	100,774	100,000	774	-	-	-	
	First Global Investment Trust Duoli-2 Bond Fund	Short-term investment	-	-	-	-	22,359	300,000	22,359	302,278	300,000	2,278	-	-	-	
	Polaris De-Li Bond Fund	Short-term investment	-	-	-	-	7,201	100,000	7,201	100,770	100,000	770	-	-	-	
	Wanpao Security Investment Trust Fund	Short-term investment	-	-	-	-	12,909	180,000	12,909	180,445	180,000	445	-	-	-	
	Sheng Hua 5599 Bond Fund	Short-term investment	-	-	-	-	19,539	200,000	19,539	201,575	200,000	1,575	-	-	-	
	Grant Cathey Bond Fund	Short-term investment	-	-	-	-	12,631	150,000	12,631	150,888	150,000	888	-	-	-	
	JF First Bond Fund	Short-term investment	-	-	-	-	128,928	1,700,000	128,928	1,703,760	1,700,000	3,760	-	-	-	
	President James Bond Fund	Short-term investment	-	-	-	-	21,196	300,000	21,196	302,136	300,000	2,136	-	-	-	
	Fubon Ju-I II Fund	Short-term investment	-	-	-	-	129,488	1,920,000	129,488	1,923,668	1,920,000	3,668	-	-	-	
	Polaris De-Bao Bond Fund	Short-term investment	-	-	-	-	9,831	100,000	9,831	100,772	100,000	772	-	-	-	

(Forward)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Investment Gain (Loss) Under Equity Method	Ending Balance	
					Shares/Units (Thousands)	Amount	Shares/Units (Thousands)	Amount	Shares/Units (Thousands)	Amount	Carrying Value	Gain (Loss) on Disposal		Shares/Units (Thousands)	Amount
	Credit Suisse	Short-term investment	-	-	-	\$ -	37	\$ 610,511	37	\$ 611,589	\$ 610,511	\$ 1,078	\$ -	-	\$ -
	Citi Liquidity Fund	Short-term investment	-	-	-	-	13,000	449,435	13,000	450,479	449,435	1,044	-	-	-
	Solomon Bond Fund	Short-term investment	-	-	-	-	9,383	100,000	9,383	100,767	100,000	767	-	-	-
	B.B. Bond Fund	Short-term investment	-	-	-	-	9,651	100,000	9,651	100,370	100,000	370	-	-	-
	Jih Sun Bond Fund	Short-term investment	-	-	-	-	8,014	100,000	8,014	100,786	100,000	786	-	-	-
	ABN AMRO Select Bond Fund	Short-term investment	-	-	-	-	109,939	1,170,000	109,939	1,172,348	1,170,000	2,348	-	-	-
	JF Taiwan Bond Fund	Short-term investment	-	-	-	-	36,112	520,000	36,112	520,473	520,000	473	-	-	-
	Prudential Well Pool Fund	Short-term investment	-	-	-	-	24,569	290,000	24,569	290,355	290,000	355	-	-	-
	The First Global Investment Trust Wan Tai Bond Fund	Short-term investment	-	-	-	-	43,982	580,000	43,982	580,771	580,000	771	-	-	-
	Barits Bond Fund	Short-term investment	-	-	-	-	50,671	580,000	50,671	581,085	580,000	1,085	-	-	-
	Dresdner Bond Fund	Short-term investment	-	-	-	-	46,858	510,000	46,858	510,617	510,000	617	-	-	-
High Yield Group Co., Ltd.	Lite-On Opto Technology (Guangzhou) Ltd.	Long-term investment	Original investment	(Note 1)	-	US\$1,710	-	US\$12,842	-	-	-	-	(US\$ 274)	-	US\$ 14,278
Lite-On Capital Inc.	Lite-On Technology Corp.	Short-term investment	-	(Note 2)	8,004	225,269	-	-	8,004	466,810	225,269	241,541	-	-	-
	Barits Bond Fund	Short-term investment	-	-	-	-	24,547	278,600	24,547	280,499	278,600	1,899	-	-	-
	First Global Investment Trust Duoli-2 Bond Fund	Short-term investment	-	-	-	-	14,677	197,000	14,677	198,715	197,000	1,715	-	-	-
	Polaris De-Bao Bond Fund	Short-term investment	-	-	-	-	59,399	611,260	59,399	615,481	611,260	4,221	-	-	-
	Increment Securities Investment Trust Fund	Short-term investment	-	-	-	-	15,537	218,600	15,537	220,890	218,600	2,290	-	-	-
	IIT High-Yield Fund	Short-term investment	-	-	-	-	15,698	209,250	15,698	211,070	209,250	1,820	-	-	-
	NITC Taiwan Bond Fund	Short-term investment	-	-	-	-	7,767	100,000	7,767	100,053	100,000	53	-	-	-
	The First Global Investment Trust Wan Tai Bond Fund	Short-term investment	-	-	-	-	37,196	485,600	37,196	487,899	485,600	2,299	-	-	-
Simport Investment Co., Ltd.	UBS Taiwan Bond Fund	Short-term investment	-	-	7,937	108,709	15,875	221,227	23,812	332,653	329,936	2,717	-	-	-
	ABN AMRO Kwang Hua Fund	Short-term investment	-	-	-	-	8,695	93,000	8,695	93,070	93,000	70	-	-	-
Silitech Technology Corp.	Sheng Hua 5599 Bond Fund	Short-term investment	-	-	-	-	11,238	117,500	11,238	117,896	117,500	396	-	-	-
Starshine Technology Corp.	Entrust Kirin Bond Fund	Short-term investment	-	-	-	-	13,468	138,000	13,468	139,319	138,000	1,319	-	-	-
	JF Taiwan Bond Fund	Short-term investment	-	-	-	-	7,563	109,000	7,563	109,125	109,000	125	-	-	-

Note 1: Equity-accounted investee.

Note 2: Parent Company.

LITE-ON TECHNOLOGY CORP. AND ITS SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATES AT COSTS OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
For the Year Ended December 31, 2002
(In Thousands of New Taiwan Dollars)

Company Name	Property	Transaction Date	Transaction Amount	Payment Term	Counter-Party	Nature of Relationship	Prior Transaction of Related Counter-Party				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationship	Transfer Date	Amount			
Lite-On Technology Corp.	Headquarters office building	July 1999	\$2,575,497	The Company had paid \$1,745,559 thousand as of December 31, 2002 by installments according to the terms of the contracts.	Metropolitan Engineering Co. Ltd., Way Fund Engineering Enterprise Inc., Dah Ching Engineering Corp., HK Engineering Co., Ltd., and Vickers Industrial Co., Ltd.	None	-	-	-	-	Contract	Headquarters office building	

LITE-ON TECHNOLOGY CORP. AND ITS SUBSIDIARIES

TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES AMOUNTING TO AT LEAST NTS\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
For the Year Ended December 31, 2002
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Note/Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Payment Terms	Period of Credit	Ending Balance	% to Total	
Lite-On Technology Corp.	Lite-On, Inc.(USA)	Note 1	Sale	\$ 616,309	1	60-75 days	-	-	\$ 754,644	15	
	Lite-On Japan Ltd.	Note 1	Sale	129,270	-	60-75 days	-	-	164,006	3	
	Lite-On Electronics Ltd.(H.K.)	Note 1	Sale	147,483	-	60-75 days	-	-	239,234	5	
	Lite-On Electronics (Europe) Ltd.	Note 1	Sale	307,448	1	60-75 days	-	-	372,635	8	
	Lite-On Electronics Ltd.	Note 2	Sale	122,823	-	60-75 days	-	-	204,647	4	
	G-COM (BVI) Technology Ltd.	Note 1	Sale	229,092	-	90 days	-	-	611,844	12	
	Lite-On, Inc.(USA)	Note 1	Purchase	475,207	1	60 days	-	-	2,990	-	
	Lite-On Japan Ltd.	Note 1	Purchase	103,586	-	60 days	-	-	8,451	-	
	Lite-On Electronics Ltd. (HK)	Note 1	Purchase	118,455	-	60 days	-	-	-	-	
	Lite-On Electronics (Europe) Ltd.	Note 1	Purchase	235,133	1	60 days	-	-	2,469	-	
	Titanic Capital Services, Ltd.	Note 2	Purchase	21,691,320	49	30-90 days	-	-	1,227,397	16	
	G-COM (BVI) Technology Ltd.	Note 1	Purchase	264,879	1	30 days	Cost markup	Normal	233,045	3	
	Yet Fundate Ltd.	Note 2	Purchase	1,370,664	3	30-90 days	Cost markup	Normal	872,846	11	
	Lite-On Computer Tech (DG) Ltd.	Note 2	Purchase	4,420,007	10	30-90 days	Cost markup	Normal	101,449	1	
	Great Adelphi International Ltd.	Note 2	Purchase	5,442,436	12	30-90 days	Cost markup	Normal	1,007,932	12	
	DW G-PRO Computer Co. Ltd.	Note 3	Purchase	2,458,169	6	30-90 days	-	-	-	-	
	Lite-On Communication International Corp.	Note 1	Purchase	707,438	2	30-90 days	Cost markup	Normal	319,228	4	
Lite-On IT Corp.	Great Adelphi International Ltd.	Note 4	Sale	299,572	1	30-90 days	-	-	35,414	1	
	LET (HK) Ltd.	Note 1	Purchase	34,304,920	98	30-90 days	Cost markup	Normal	7,089,006	98	
	JVC Lite-On IT Manufacturing and Sales, Ltd.	Note 1	Sale	7,605,813	19	30-90 days	Contract	Normal	1,923,526	31	

Note 1: Equity-accounted investee.

Note 2: Investee of an equity-accounted subsidiary.

Note 3: Indirect subsidiary of Parent Company (great grandson subsidiary).

Note 4: Indirect subsidiary of Parent Company (grandson subsidiary).

Note 5: Elimination entries of significant transactions refer to Note 4.

LITE-ON TECHNOLOGY CORP. AND ITS SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
For the Year Ended December 31, 2002
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance of Notes Receivable	Ending Balance of Accounts Receivable	Ending Balance of Other receivable	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
							Amount	Action Taken		
Lite-On Technology Corp.	Lite-On, Inc. (USA)	Note 1	\$ -	\$ 754,644	\$ 15,107	4.70	\$ -	-	\$ 268,696	\$ -
	Lite-On Electronics (Europe) Ltd.	Note 1	-	372,635	7,006	4.63	-	-	75,245	-
	Lite-On Electronics Ltd. (HK)	Note 1	-	239,834	174	4.26	-	-	767	-
	Lite-On Japan Ltd.	Note 1	-	164,006	199	6.38	-	-	-	-
	Lite-On Electronics Ltd.	Note 1	-	204,647	328	3.48	-	-	63,222	-
	Maxtech Holding, Inc.	Note 1	-	135,035	102	-	135,035	Enhance collection	-	130,043
	G-Com (BVI) Technology Ltd.	Note 1	-	611,844	20,534	4.49	-	-	43,964	-
	GVC Corp. Ltd.	Note 2	-	-	201,468	-	201,468	Enhance collection	-	-
	I-Solutions Limited	Note 2	-	142	117,639	-	-	-	-	-
	DW G-PRO Computer Co., Ltd.	Note 3	-	28,603	1,235,613	3.74	-	-	-	-
	Lite-On Communications International Corp.	Note 1	-	-	104,739	-	-	-	-	-
	Great Adelphi International Ltd.	Note 2	-	-	213,388	-	-	-	-	-
	G-PRIME Computer Co.	Note 2	-	-	122,901	-	-	-	-	-
Lite-On IT Corp.	JVC Lite-On IT Manufacturing and Sales, Ltd.	Note 1	-	1,923,526	-	6.29	-	-	71,644	-

Note 1: Equity-accounted investee.

Note 2: Investee of an equity-accounted subsidiary.

Note 3: Indirect subsidiary of the Parent Company

Note 4: Elimination entries of significant transactions refer to Note 4.

LITE-ON TECHNOLOGY CORP. AND ITS SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
For the Year Ended December 31, 2002
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2002			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				Dec. 31, 2002	Dec. 31, 2001	Shares (Thousand)	Percentage of Ownership	Carrying Value			
Lite-On Technology Corp.	Lite-On Technology International Inc.(USA)	CA, USA	Market information collection and product warranty	\$ 95,531	\$ 95,531	3,000	100.00	\$ 91,408	\$ 31,782	\$ 31,782	Subsidiary
	Lite-On Technology (Malaysia) Sdn. Bhd.	Penang, Malaysia	Manufacture and sale of monitors	433,149	433,149	43,000	100.00	430,187	(9,828)	(9,828)	Subsidiary
	LTC Group Ltd. (BVI)	British Virgin Islands	Holding company	1,844,373	2,379,575	28,650	100.00	2,120,961	34,123	105,760	Subsidiary
	Lite-On Technology (Europe) B.V.	Eindhoven, The Netherlands	Market information collection and product warranty	654	654	-	100.00	Note 1	(1,377)	(1,377)	Subsidiary
	Quanix Technology Inc.	Hsin Chu	Manufacture and sale of overhead projectors	73,450	-	9,300	100.00	45,959	(18,995)	(79,351)	Subsidiary
	Lite-On Capital Inc.	Taipei	Investing company	300,000	300,000	30,000	99.98	587,988	258,745	17,203	Subsidiary
	Lite-On IT Corp.	Taipei	Manufacture and sale of CD-ROM drivers	2,453,361	2,378,649	295,441	69.85	8,687,899	5,767,681	3,874,858	Subsidiary
	Lite-On Eco Technology, Inc.	Taipei	Information software and data processing services	900	300	90	0.90	413	(9,502)	(99)	Equity-accounted investee
	Lite-on Japan Ltd.	Japan	Sale of LED products and power supply switches	13,335	13,335	2,240	43.02	145,417	26,461	1,329	Equity-accounted investee
	Lite-On Enclosure Inc.	Taipei	Manufacture of computer cases	593,736	593,736	35,587	37.46	398,150	(389,135)	15,980	Equity-accounted investee
	Lite-On Semiconductor Corp.	Taipei	Manufacture of image sensor.	1,017,855	1,017,855	61,713	20.48	1,036,826	340,617	5,637	Equity-accounted investee
	Lite-On Eoking, Inc.	Taipei	Telecommunications , information software service and retailer of telecommunication equipment	1,000	1,000	100	0.67	63	(72,374)	(246)	Equity-accounted investee
	Gentek Marketing Inc.	485 Millway Ave. Concord ON L4K 3V4	Sale of computer peripherals	479,005	479,005	40	40.00	945	915	366	Equity-accounted investee Note 2
	Lite-On Communication International Corp.	British Virgin Islands	Manufacture and sale of internet products	8,310	8,310	250	100.00	Note 1	(92,436)	(92,436)	Subsidiary
	Lite-On Electronics (Thailand) Co., Ltd.	Thailand	Manufacture and sale of LED products	529,106	529,106	5,030	100.00	987,117	(82,970)	(30,249)	Subsidiary
	Lite-On Inc. (USA)	USA	Sale of LED product and power supply	84,640	84,640	3,000	100.00	258,302	3,081	(7,315)	Subsidiary
	Lite-On Electronics (Europe) Ltd.	United Kingdom	Manufacture and sale of power supply	159,020	159,020	3,324	100.00	197,364	21,338	22,683	Subsidiary
	Lite-On Electronics (HK) Ltd.	Hong Kong	Manufacture and sale of LED products	9,369	9,369	20	99.90	85,720	15,959	2,972	Subsidiary
	Nport Investment Co., Ltd.	Taipei	Investing	440,000	440,000	44,000	99.99	69,884	39,888	(4,062)	Subsidiary
	Lite-On Electronics Pte. Ltd. (Singapore)	Singapore	Investing	1,663,769	1,663,769	24,237	100.00	1,315,901	20,973	24,905	Subsidiary
	Simport Investment Co., Ltd.	Taipei	Investing	195,000	195,000	19,500	99.99	106,173	8,276	343	Subsidiary
	Litegin Industry Co., Ltd. (Thailand)	Thailand	Manufacture and sale of LED products	30,405	30,405	315	69.99	29,915	(3,181)	(1,196)	Subsidiary
	Lite On Electronics (BVI) Inc.	British Virgin Islands	Investing	153,486	153,486	5,010	100.00	169,028	(4,530)	(4,429)	Subsidiary
	Innoveta Technologies, Inc.	USA	Manufacture of power supply	265,206	183,813	20,150	59.88	73,832	(169,562)	(25,254)	Subsidiary
	China Bridge (BVI) Ltd.	British Virgin Islands	Investing	114,986	-	3,375	75.00	102,327	(19,915)	(13,506)	Subsidiary
	Silitek Corp. (Malaysia) Sdn. Bhd.	Pulau Pinang, Malaysia	Manufacture of computer peripherals	MYS 27,000	MYS 27,000	30,500	100.00	324,147	43,905	24,819	Subsidiary
	Maxi Switch, Inc.	Arizona USA	Manufacture of products of data processing business unit	US\$ 5,687	US\$ 5,687	26	100.00	439,395	(30,757)	(18,847)	Subsidiary
	Lite-On Peripherals (HK) Ltd.	Kowloon, Hong Kong	Investing	HK\$ 78,010	HK\$ 78,010	78,010	100.00	126,841	(85,094)	(1,533)	Subsidiary
	Lite-On Peripherals, Inc. (USA)	CA, USA	Sale and product warranty of keyboards	US\$ 1,500	US\$ 1,500	1,500	100.00	39,028	8,216	(4,571)	Subsidiary
	Situng Investment & Development Corp.	Taipei	Investing	200,000	200,000	47,800	99.99	348,352	32,739	(1,536)	Subsidiary
	Lite-On Peripherals Ireland Inc.	Limerick Ireland	Sale and product warranty of keyboards	EUR 1,459	EUR 1,459	1,168	100.00	51,701	(1,214)	(1,337)	Subsidiary
Lite-On Computer Peripherals GMBH	Neuss, Germany	Manufacture of computer peripherals	EUR 481	EUR 481	940	100.00	Note 1	-	-	Subsidiary	
Lite-On Peripherals De Mexico S.A. De C.V.	Hermosillo, Sonora, Mexico	International trading	MXN 6,157	MXN 6,157	123	100.00	19,505	-	-	Subsidiary	
Lite-On Peripherals Pte. Ltd.(Singapore)	Henderson Ind. Park Singapore	Manufacture of computer peripherals	US\$ 29,650	US\$ 29,650	51,777	100.00	1,426,941	273,046	44,547	Subsidiary	

(Forward)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2002			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				Dec. 31, 2002	Dec. 31, 2001	Shares (Thousand)	Percentage of Ownership	Carrying Value			
Lite-On Technology International Inc. (USA)	E-Business Ltd.	British Virgin Islands	Investing	US\$ 11,000	US\$ 11,000	11,000	100.00	\$ 433,839	\$ 194,594	\$ 52,101	Subsidiary
	Silitek Netherlands B.V.	Eindhoven, Netherlands	Sales services	EUR 220	EUR 220	20	100.00	14,232	2,050	2,394	Subsidiary
	Silitech Technology Corp.	Taipei county	Manufacture of molding equipment	450,000	300,000	45,000	99.99	1,080,226	125,884	79,783	Subsidiary
	Starshine Technology Corp.	Taipei	IC design	140,000	140,000	14,000	100.00	123,759	(16,241)	(12,195)	Subsidiary
	GVC Subic Corp.	Subic Bay Freeport Zone	Leasing	PHP175,000	-	1,000	100.00	109,383	366	355	Subsidiary
	GVC (Cayman) Corp.	Cayman Islands	Professional investing company	284,546	284,546	10,000	100.00	647,199	6,184	8,175	Subsidiary
	G-Base Investment Corp.	Taipei	Professional investing company	180,000	800,000	18,000	100.00	136,494	(1,264)	157	Subsidiary
	G-PRIME Computer Co., Ltd.	British Virgin Islands	Holding company	255,520	255,520	8,000	100.00	179,065	(50)	(50)	Subsidiary
	GIGA-Radio Communication (BVI) Co., Ltd.	British Virgin Islands	Holding company	287,807	287,807	8,852	100.00	69,956	(14,237)	(14,237)	Subsidiary
	G-Com (BVI) Technology Ltd.	British Virgin Islands	Holding company	318,793	318,793	9,800	100.00	207,276	(19,574)	(30,538)	Subsidiary
Lite-On Technology International Inc. (USA)	Lite-On Mexico S.A. De C.V.	BC, Mexico	Manufacture and sale of computer systems	US\$ 5	US\$ 5	50	100.00	US\$ 18	US\$ 12	-	Indirect subsidiary
LTC Group Ltd. (BVI)	Titanic Capital Services Ltd.	British Virgin Islands	Holding company	819,662	819,662	4,220	100.00	US\$ 43,602	US\$ 4,136	US\$ 4,136	Indirect subsidiary
	Lite-On Computer Tech. (DG) Ltd.	Dong Guan, Guang Dong	Manufacture and sale of monitors	610,241	610,241	-	100.00	US\$ 10,965	(US\$ 1,049)	(US\$ 1,049)	Indirect subsidiary
Titanic Capital Services Ltd.	Lite-On Technology Mexico S.A. De. C.V.	BC, Mexico	Manufacture and sale of monitors	51,180	51,180	50	100.00	US\$ 1,541	(US\$ 19)	(US\$ 19)	Indirect subsidiary
	LTC International Ltd.	British Virgin Islands	Manufacture and sale of computer systems	485,514	485,514	9,150	100.00	US\$ 9,715	US\$ 36	US\$ 36	Indirect subsidiary
	Elite-On Corporation	Grand Cayman, Cayman Islands	Supplier of internet and application service	US\$ 9,500	US\$ 9,500	9,500	14.62	US\$ 8,619	US\$ 629	US\$ 629	Equity-accounted investee
	Great Adelphi International Ltd.	British Virgin Islands	Manufacture and sale of computer systems	US\$ 6,000	US\$ 6,000	6,000	100.00	US\$ 3,895	(US\$ 4,305)	(US\$ 1,944)	Indirect subsidiary
Titanic Capital Services Ltd.	G-PRIME Computer Co.	Dong Guan, Guang Dong	Manufacture and sale of computer systems	US\$ 3,988	US\$ 3,988	-	100.00	US\$ 6,838	RMB 6,721	-	Indirect subsidiary
	DW G-PRO Computer Co., Ltd.	Dong Guan, Guang Dong	Manufacture and sale of computer systems	US\$ 225	US\$ 225	-	100.00	US\$ 1,333	(RMB 5,483)	-	Indirect subsidiary
Lite-On IT Corp.	LET (HK) Ltd.	Hong Kong	Manufacture and sale of CD-ROM drivers	446,293	446,293	10	100.00	5,582,516	4,366,028	4,181,101	Indirect subsidiary
	High Yield Group Co., Ltd.	British Virgin Islands	Holding company	730,031	292,527	10,970	100.00	728,291	(23,963)	(23,963)	Indirect subsidiary
	Lite-On (USA) International Inc.	USA	Market service and customer service	338	338	10	100.00	2,859	1,899	1,899	Indirect subsidiary
	Lite-On Eco Technology, Inc.	Taipei	Information software data processing service	60	60	6	0.06	11	(32,884)	(20)	Equity-accounted investee
	JVC Lite-On IT Manufacturing and Sales, Limited.	Hong Kong	Sale of CD-ROM drivers	3,383	3,383	98	49.00	43,072	80,545	39,467	Equity-accounted investee
High Yield Group Co., Ltd.	Lite-On Information Technology GMBH	Germany	Sale of CD-ROM drivers	858	-	-	100.00	858 (Note 3)	-	-	Indirect subsidiary
	China Bridge (BVI) Ltd.	British Virgin Islands	Holding company	38,615	-	1,125	25.00	34,105	(19,826)	(4,956)	Equity-accounted investee
	Elite-On Corporation	Grand Cayman, Cayman Islands	Supplier of Internet and application services	US\$ 6,300	US\$ 6,300	6,300	9.69	US\$ 5,754	(US\$ 4,305)	(US\$ 417)	Indirect subsidiary
	Lite-On Opto Technology (Guang Zhou) Ltd.	Guang Zhou, Guang Dong	Manufacture and sale of CD-ROM drivers	US\$ 14,592	US\$ 1,750	-	100.00	US\$ 14,278	(US\$ 274)	(US\$ 274)	Indirect subsidiary
Lite-On Electronics Pte. Ltd. (Singapore)	JVC Lite-On IT Components (Guang Zhou) Ltd.	Guang Zhou, Guang Dong	Manufacture and sale of CD-ROM drivers	US\$ 441	-	-	49.00	US\$ 437	(US\$ 7)	(US\$ 3)	Equity-accounted investee
	Lite-On Electronics (Tianjin), Inc.	Tianjin,	Manufacture of optoelectronic products	US\$ 29,500	US\$ 29,500	-	100.00	US\$ 27,596	(RMB 620)	(RMB 620)	Indirect subsidiary
	Funbo Enterprises Ltd.(HK)	Hong Kong	Manufacture of optoelectronic products	HK\$ 500	HK\$ 500	500	100.00	HK\$ 1,433	(HK\$ 37)	(HK\$ 37)	Indirect subsidiary
	Lite-On Electronics Co., Ltd. (HK)	Hong Kong	Manages Lite-On Electronic (Dongguan) Co., Ltd.	US\$ 5,940	US\$ 5,940	46,332	100.00	(HK\$ 4,628)	HK\$ 20,478	HK\$ 20,478	Indirect subsidiary

(Forward)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2002			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				Dec. 31, 2002	Dec. 31, 2001	Shares (Thousand)	Percentage of Ownership	Carrying Value			
Lite-On Electronics Co., Ltd. (HK)	Lite-On Electronic (Guang Zhou) Co., Ltd.	Guang Zhou, Guang Dong	Manufacture of electronic products	US\$ 1,740	US\$ 1,740	-	100.00	RMB 14,332	(RMB 18)	(RMB 18)	Indirect subsidiary
	Lite-On Electronic (Dong Guan) Co., Ltd.	Dong Guan, Guang Dong	Manufacture and sale of LED products	US\$ 18,000	US\$ 18,000	-	100.00	472,655	(16,051)	(16,051)	Indirect subsidiary
Lite-On Electronics (Europe) Ltd.	Lite-On Electronics Ltd. Lite-On Ltd. (UK)	United Kingdom	Manufacture and sale of LED products	GBP 324	GBP 324	324	100.00	EUR 755	EUR 251	EUR 251	Indirect subsidiary
		United Kingdom	Manufacture and sale of LED products	GBP 3,000	GBP 3,000	3,000	100.00	GBP 2,786	GBP 258	GBP 258	Indirect subsidiary
Lite-On Electronics Ltd.	Lite-On (Europe) Inc.	Switzerland	Manufacture and sale of LED products	CHF 810	CHF 810	8,096	99.95	CHF 2,097	CHF 261	CHF 261	Indirect subsidiary
Maxi Switch, Inc.	Maxi Switch S. A. De C.V.	Hermosillo, Sonora, Mexico	Processing and assembly of electronic parts	MXN30,369	MXN30,369	1	100.00	MXN34,387	MXN 1,856	MXN 1,856	Indirect subsidiary
Lite-On Peripherals (HK) Ltd.	Yet Foundate Ltd.	Kowloon, Hong Kong	Manufacture of rubber products and computer peripherals	HK\$ 68,430	HK\$ 68,430	-	100.00	HK\$ 76,070	(RMB 24,588)	(RMB 24,589)	Indirect subsidiary
Lite-On Peripherals Pte. Ltd. (Singapore)	Silitek Electronic (Dong Guan) Ltd.	Dong Guan, Guang Dong	Manufacture and sale of keyboards	US\$ 3,500	US\$ 3,500	-	100.00	SG\$ 19,674	RMB 24,446	SG\$ 5,286	Indirect subsidiary
	Xurong Electronic (Dong Guan) Ltd.	Dong Guan, Guang Dong	Manufacture and sale of scanner	US\$ 700	US\$ 700	-	100.00	SG\$ 1,206	RMB 37	SG\$ 8	Indirect subsidiary
	Silitek Electronic (Guang Zhou) Ltd.	Guang Zhou, Guang Dong	Manufacture of printers and scanners	US\$ 21,600	US\$ 21,600	-	100.00	SG\$ 43,400	RMB 29,674	SG\$ 6,416	Indirect subsidiary
	Yet Foundate Electronic (Guang Zhou)	Guang Zhou, Guang Dong	Manufacture and sale of keyboards	US\$ 932	US\$ 932	-	100.00	SG\$ 732	(RMB 1,390)	SG\$ 300	Indirect subsidiary
E-Business Ltd.	Elite-On Corp. I-Solutions Ltd.	Cayman Islands.	Investing	US\$ 9,500	US\$ 9,500	9,500	14.62	US\$ 8,619	(US\$ 4,305)	(US\$ 629)	Equity-accounted investee
		British Virgin Islands	Manufacture of electronic products and OEM products	US\$ 1,500	US\$ 1,500	1,500	100.00	US\$ 3,893	US\$ 6,254	US\$ 6,254	Indirect subsidiary
Silitech Technology Corp.	Silitech (BVI) Holding Ltd.	British Virgin Islands	Investing	US\$ 11,550	US\$ 11,550	11,550	100.00	582,612	US\$ 5,187	US\$ 5,187	Subsidiary
Silitech (BVI) Holding Ltd.	Silitech (Bermuda) Holding Ltd.	Bermuda	Investing	US\$ 11,500	US\$ 11,500	11,500	100.00	US\$ 16,714	US\$ 5,187	US\$ 5,187	Indirect subsidiary
Silitech (Bermuda) Holding Ltd.	Silitech Technology Corp. Ltd.	Hong Kong	Manufacture of rubber products and computer peripherals	US\$ 8,000	US\$ 8,000	62,400	100.00	US\$ 12,533	HK\$ 37,332	US\$ 4,510	Indirect subsidiary
	Silitech Technology Corp. Sdn. Bhd.	Malaysia	Manufacture of keyboards and computer peripherals silica gel	US\$ 3,000	US\$ 3,000	11,400	100.00	US\$ 3,667	RMB 2,535	US\$ 667	Indirect subsidiary
	S/G Industries, Inc.	TN, USA	Sale of electronic parts and rubber products	US\$ 380	US\$ 201	3	49.95	US\$ 376	(US\$ 1)	(US\$ 4)	Equity-accounted investee
	Silitech Technology (Europe) Ltd.	Witney Oxon, England	Sale of molding equipment and keyboards	US\$ 180	US\$ 180	1	100.00	US\$ 206	EUR 61	US\$ 13	Indirect subsidiary
Silitech Technology Corp. Ltd.	Silitek Plating Ltd.	Hong Kong	Electroplating	US\$ 3,738	US\$ 3,738	-	55.04	RMB 7,633	RMB 3,655	HK\$ 461	Indirect subsidiary
	Xurong Electronic (Shen Zhen) Ltd.	Shen Zhen, Guang Dong	Manufacture and sale of rubber and printer peripherals	RMB 37,131	RMB 37,131	-	100.00	RMB 72,544	RMB 49,604	HK\$ 35,411	Indirect subsidiary
China Bridge (BVI) Ltd.	Zhong Bao Holdings (China) Ltd.	British Virgin Islands	Investing	US\$ 4,500	US\$ 4,500	4,500	100.00	US\$ 3,925	(US\$ 573)	(US\$ 573)	Indirect subsidiary
Zhong Bao Holdings (China) Ltd.	China Bridge (China) Ltd.	WuXi, Jiangsu	Holding computer, consulting and sales agency	US\$ 4,500	US\$ 4,500	-	100.00	US\$ 3,925	(RMB 4,747)	(RMB 4,747)	Indirect subsidiary
China Bridge (China) Ltd.	China Bridge Express (WuXi) Co., Ltd.	WuXi, Jiangsu	Assembly and sale of printers, monitors, and scanners	US\$ 4,500	US\$ 4,500	-	100.00	RMB 6,235	(RMB 3,366)	(RMB 3,366)	Indirect subsidiary

(Forward)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2002			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				Dec. 31, 2002	Dec. 31, 2001	Shares (Thousand)	Percentage of Ownership	Carrying Value			
GVC (Cayman) Corp.	GVC Peripherals GMBH & Co KG	Germany	Manufacture and sale of monitors	US\$ 571	US\$ 571	-	71.43	\$ 825	\$ -	\$ -	Indirect subsidiary (liquidating)
	G&W Technology (BVI) Ltd.	Hong Kong	Purchase of land and plants	US\$ 4,513	US\$ 4,513	4,500	50.00	185,565	12,366	872	Indirect subsidiary
	GVC Corp. Ltd.	Hong Kong	Holding company	US\$ 14,500	US\$ 14,500	30,950	100.00	235,740	(22,251)	(36,291)	Indirect subsidiary
	G-Tech USA, Inc.	CA, USA	Assembly of system products	US\$ 12,312	US\$ 12,312	9	100.00	25,916	(1,616)	(269)	Indirect subsidiary
	GVC Holding Inc.	CA, USA	Holding company	US\$ 10	US\$ 10	-	100.00	3,357	(563)	(94)	Indirect subsidiary
	Maxtech Int'l Corp.	CA, USA	Holding company	US\$ 10	US\$ 10	-	100.00	(348)	(348)	(58)	Indirect subsidiary
G-Com (BVI) Technology Ltd.	NPG Display Ltd.	Hong Kong	Manufacture and sale of color monitors	US\$ 2,500	US\$ 2,500	2,220	30.00	55,306	111,748	33,463	Equity-accounted investee
	DongGuan G-Com Computer Co., Ltd.	Dong Guan, Guang Dong	Manufacture and sale of communications products	US\$ 9,800	US\$ 9,800	-	100.00	286,696	(18,641)	(18,641)	Indirect subsidiary
GIGA-Radio Communication (BVI) Co., Ltd.	GIGA Radio Communication (DongGuan) Co.	Dong Guan, Guang Dong	Manufacture and sale of communications products	US\$ 4,750	US\$ 4,750	-	100.00	(14,710)	(14,222)	(14,222)	Indirect subsidiary
Elite-On Corp.	Investnet.com Ltd.(BVI)	British Virgin Islands	Investing	US\$ 50,000	US\$ 50,000	50,000	100.00	US\$ 13,319	(US\$ 2,360)	(US\$ 6,190)	Equity-accounted investee
Investnet.com Ltd. (BVI)	Lite-On integrated Services Inc.	Taipei county	Information system integration	98,000	98,000	9,800	98.00	US\$ 1,154	(US\$ 40,532)	(US\$ 1,682)	Equity-accounted investee
	Lite-On Eco Technology, Inc.	Taipei county	Information system services	99,000	99,000	9,900	99.00	US\$ 2,623	(US\$ 32,884)	(US\$ 229)	Equity-accounted investee
	Lite-On Eoking, Inc.	Taipei county	Information software-database services	149,000	149,000	14,900	99.33	US\$ 3,601	(US\$ 72,374)	(US\$ 691)	Equity-accounted investee
Lite-On Integrated Services Inc.	Lite-On ECO Corp.(BVI)	British Virgin Islands	Holding company	US\$ 1,120	US\$ 1,120	1,120	79.16	31,078	(US\$ 296)	(US\$ 7,811)	Equity-accounted investee
Lite-On Eco Technology, Inc.	Lite-On ECO Corp.(BVI)	British Virgin Islands	Holding company	US\$ 150	US\$ 150	150	10.20	4,162	(US\$ 296)	(US\$ 1,045)	Equity-accounted investee
Lite-On Eoking, Inc.	Lite-On ECO Corp.(BVI)	British Virgin Islands	Holding company	US\$ 200	-	200	13.61	5,550	(US\$ 296)	(US\$ 1,395)	Equity-accounted investee
Lite-On ECO Corp.(BVI)	Lite-On (GuangZhou) Infortech Ltd.	Guang Zhou, Guang Dong	Information system services, global Internet integration services	US\$ 1,120	US\$ 1,120	-	100.00	US\$ 1,044	(RMB 632)	(US\$ 76)	Equity-accounted investee
	Lite-On (Shanghai) Information Technology Inc.	Shanghai	Information system services	US\$ 200	-	-	100.00	-	(RMB 1,814)	(US\$ 219)	Equity-accounted investee
Nport Investment Co., Ltd.	Trump Electronics, Inc.	Taipei	Real estate leasing	\$ 65,500	\$ 65,500	6,550	30.61	\$ 62,685	(\$ 2,303)	(\$ 705)	Subsidiary
Situng Investment & Development Corp.	Trump Electronics, Inc.	Taipei	Real estate leasing	65,500	65,500	6,550	30.61	62,144	(2,303)	(705)	Subsidiary

Note 1: The Corporation recognizes investment loss in proportion to its equity in the investee. Thus, credit balance is created in the long-term investment account and included in other liabilities.

Note 2: The accounting year is different from the Parent Company's, thus, recognition of investment income or loss recognized is deferred for one year.

Note 3: Prepaid investment.

LITE-ON TECHNOLOGY CORP. AND ITS SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA

For the Year Ended December 31, 2002

(In Thousand New Taiwan Dollars Unless Otherwise Specified Unless)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital (Note 5)	Investment Type (e.g., Direct or Indirect)	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2002 (Note 5)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Dec. 31, 2002 (Note 5)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 6)	Carrying Value as of Dec. 31, 2002 (Note 5)	Accumulated Inward Remittance of Earnings as of Dec. 31, 2002
					Outflow	Inflow					
Lite-On Computer Tech. (DG) Ltd.	Manufacture and sale of monitors	\$ 538,672 (US\$ 15,500)	Note 2	\$ 989,383 (US\$ 28,469)	\$ -	\$ -	\$ 989,383 (US\$ 28,469)	100.00%	\$ 36,292 (US\$ 1,049) (Note 4)	\$ 381,067 (US\$ 10,965)	\$ 249,978 (US\$ 7,193)
G-PRIME Computer Co. Ltd.	Manufacture and sale of system products	247,892 (RMB 59,036)	Note 3	Note 7	-	-	-	100.00%	28,094 (RMB 6,721) (Note 4)	237,641 (US\$ 6,838)	-
DW G-PRO Computer Co. Ltd.	Manufacture and sale of system products	7,865 (RMB 1,873)	Note 3	Note 7	-	-	-	100.00%	(22,919) (RMB 5,483) (Note 4)	46,326 (US\$ 1,333)	-
Lite-On Electronics (Tianjin), Inc.	Manufacture of opto electronic products	1,025,214 (US\$ 29,500)	Note 1	1,025,214 (US\$ 29,500)	-	-	1,025,214 (US\$ 29,500)	100.00%	2,592 (RMB 620)	959,044 (US\$ 27,596)	-
Lite-On Electronic (Dong Guan) Co. Ltd.	Manufacture and sale of power supply switches	625,554 (US\$ 18,000)	Note 1	625,554 (US\$ 18,000)	-	-	625,554 (US\$ 18,000)	100.00%	16,051 (Note 4)	472,655	-
Lite-ON Electronic (Guang Zhou) Co. Ltd.	Manufacture and sale of power supply switches	60,407 (US\$ 1,740)	Note 3	60,470 (US\$ 1,740)	-	-	60,470 (US\$ 1,740)	100.00%	75 (RMB 18) (Note 4)	60,180 (RMB 14,332)	-
Silitek Electronic (Dong Guan) Ltd.	Manufacture and sale of keyboards	121,636 (US\$ 3,500)	Note 2	121,636 (US\$ 3,500)	-	-	121,636 (US\$ 3,500)	100.00%	102,189 (SG\$ 5,286)	393,480 (SG\$ 19,674)	-
Xurong Electronic (Shen Zhen) Ltd.	Manufacture and sale of rubber and computer peripherals	97,308 (US\$ 2,800)	Note 2	67,212 (US\$ 1,934)	30,096 (US\$ 866)	-	97,308 (US\$ 2,800)	100.00%	157,789 (HK\$ 34,412)	323,546 (HK\$ 72,544)	-
Xurong Electronic (Dong Guan) Ltd.	Manufacture and sale of scanners	24,327 (US\$ 700)	Note 2	24,327 (US\$ 700)	-	-	24,327 (US\$ 700)	100.00%	155 (SG\$ 8)	24,120 (SG\$ 1,206)	-
Silitek Electronic (Guang Zhou) Ltd.	Manufacture and sale of printers and scanners	750,665 (US\$ 21,600)	Note 2	750,665 (US\$ 21,600)	-	-	750,665 (US\$ 21,600)	100.00%	124,034 (SG\$ 6,416) (Note 4)	868,000 (SG\$ 43,400)	-

(Forward)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital (Note 5)	Investment Type (e.g., Direct or Indirect)	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2002 (Note 5)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Dec. 31, 2002 (Note 5)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 6)	Carrying Value as of Dec. 31, 2002 (Note 5)	Accumulated Inward Remittance of Earnings as of Dec. 31, 2002
					Outflow	Inflow					
Yet Foundate Electronic (Guang Zhou) Ltd.	Manufacture and sale of rubber and computer peripherals	\$ 32,390 (US\$ 932)	Note 2	\$ 32,390 (US\$ 932)	\$ -	\$ -	\$ 32,390 (US\$ 932)	100.00%	\$ 5,800 (SG\$ 300) (Note 4)	\$ 14,640 (SG\$ 732)	\$ -
China Bridge (China) Ltd.	Holding company, business consulting	156,389 (US\$ 4,500)	Note 2	-	117,291 (US\$ 3,375)	-	117,291 (US\$ 3,375)	100.00%	19,842 (RMB 4,747) (Note 4)	136,753 (US\$ 3,935)	-
Nan Chiang Container	Manufacture and sale of PVC and PET products	277,134 (RMB 66,000)	Note 2	25,648 (US\$ 738)	-	-	25,648 (US\$ 738)	9.50%	-	-	-
NPG Display (Dong Guan) Co., Ltd.	Manufacture and sale of color monitors	348,475 (RMB 82,990)	Note 2	77,151 (US\$ 2,220)	-	-	77,151 (US\$ 2,220)	30.00%	111,748	55,306	-
Dongguan G-Com Computer Co., Ltd.	Manufacture and sale of communications product	341,295 (RMB 81,200)	Note 2	340,579 (US\$ 9,800)	-	-	340,579 (US\$ 9,800)	100.00%	(18,641) (Note 4)	286,696	-
GIGA Radio Communication (Dong Guan) Co.	Manufacture and sale of communications product	165,147 (RMB 39,330)	Note 2	165,077 (US\$ 4,750)	-	-	165,077 (US\$ 4,750)	100.00%	(14,222) (Note 4)	(14,710)	-
Commit Incorporated	Manufacture and sale of software	979,837 (RMB 233,350)	Note 2	20,852 (US\$ 600)	-	-	20,852 (US\$ 600)	2.13%	-	20,835	-

Accumulated Investment in Mainland China as of Dec. 31, 2002 (Note 5)	Investment Amounts Authorized by Investment Commission, MOEA (Note 5)	Upper Limit on Investment
\$4,473,545 (US\$128,724)	\$5,699,318 (US\$163,995)	\$9,673,905

Note 1: Indirect investment in China.

Note 2: Investment in China through incorporating overseas company.

Note 3: Investment in China through investment existing overseas company.

Note 4: Financial Statements of the parent company's auditors.

Note 5: The exchange rates as of December 31, 2002 were US\$1=NT\$34.753, RMB\$1=\$4.199, SG\$1=\$20, and HK\$1=4.46.

Note 6: The average exchange rates in 2002 were US\$1=NT\$34.597, RMB\$1=\$4.180, SG\$1=\$19.332, and HK\$1=4.44.

Note 7: LTC Group Ltd. (BVI), investee of the Parent Company, invested G-PRIME Computer Co. and DW G-PRO Computer Co.

LITE-ON TECHNOLOGY CORP. AND ITS SUBSIDIARIES

SIGNIFICANT DIRECT OR INDIRECT TRANSACTIONS WITH THE INVESTEE COMPANY PRICES, PAYMENT TERMS, AND UNREALIZED GAIN OR LOSS
For the Year Ended December 31, 2002
(In Thousands of New Taiwan Dollars)

Company Name	Transactions	Purchase/Sales		Transaction Details			Accounts receivable		Unrealized (Loss)	Note
		Amount	% to Total	Payment Terms	Payment Terms	Period of Credit	Amount	% to Total	Amount	
G-COM (BVI) Technology Ltd.	Sale	\$ 229,092	-	-	90 days	-	\$ 611,844	12	(\$ 194)	
G-COM (BVI) Technology Ltd.	Purchase	264,879	1	Cost markup	30 days	Normal	233,045	3	-	
Titanic Capital Services. Ltd.	Purchase	21,691,320	49	Cost markup	30-90 days	-	1,227,397	16	-	
DW G-PRO Computer Co. Ltd.	Purchase	2,458,169	6	-	30-90 days	Normal	-	-	-	
Lite-On Computer Tech (DG) Ltd.	Purchase	4,420,007	10	Cost markup	30-90 days	Normal	101,449	1	-	
Great Adelphi International Ltd.	Purchase	5,442,436	12	Cost markup	30-90 days	Normal	1,007,932	12	-	
Yet Founded Ltd.	Purchase	1,370,664	3	Cost markup	30-90 days	Normal	872,846	11	-	