

**Lite-On Technology Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Years Ended December 31, 2016 and 2015 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2016 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standards No. 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

LITE-ON TECHNOLOGY CORPORATION

By

RAYMOND SOONG
Chairman

February 24, 2017

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Lite-On Technology Corporation

Opinion

We have audited the accompanying consolidated financial statements of Lite-On Technology Corporation and its subsidiaries (the Group), which comprise the consolidated balance sheet as of December 31, 2016 and 2015, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2016 and 2015, and its consolidated financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2016. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

For the year ended December 31, 2016, the key audit matters to the Group's consolidated financial statements were as follows:

Allowance for impairment loss for trade receivables

The recoverable amount from the allowance for impairment loss is determined by management's evaluation of the credit risk of overdue receivables, and it is affected by management's assumption of a client's credit quality. In our audit, we focused on clients with significant trade receivables and overdue balances, and we evaluated the reasonableness of management's estimation of the allowance for impairment loss.

For a summary of the significant accounting policies on impairment loss for trade receivables, refer to Note 4 to the consolidated financial statements. Refer to Note 10 to the consolidated financial statements for the carrying amount of trade receivables. Our audit procedures for the aforementioned key audit matter are described as follows:

1. We assessed both the trade receivables aging report classified by client credit rating and the reasonableness of the percent of impairment loss allowance; this assessment included the implementation of the computer audit sampling procedures to test the correctness of the trade receivable aging report. We compared the aging reports of current and prior accounting periods and examined both periods' bad debt write-offs. We confirmed the recoverability of outstanding trade receivables by testing the after period end collection of receivables.
2. We reviewed the approval of client credit terms and examined reversals in the trade receivables subledger in order to assess the effectiveness of internal controls relevant to trade receivables.

Allowance for inventory valuation loss

The value of the inventory is affected by the volatility of the market demand and the ever-changing technology which could make inventory outdated and obsolete. The allocation of inventory cost elements and estimations of the net realizable value of inventory require management's subjective judgment. In our audit, we focused on if the value of inventory was evaluated according to IAS 2, which is based on the lower of cost or net realizable value method. We also assessed the reasonableness of management's estimation of the allowance for inventory valuation loss.

For a summary of the significant accounting policies on inventory valuation, refer to Note 4 to the consolidated financial statements. Refer to Note 11 to the consolidated financial statements for the carrying amount of inventory. Our audit procedures for the aforementioned key audit matter are described as follows:

1. We assessed both the inventory aging report classified by product types and the reasonableness of the percent of allowance for inventory valuation loss; this assessment included the implementation of the computer audit sampling procedures to test the correctness of the inventory aging report. We compared the amount of allowances in prior years to the actual amount of write-downs in order to evaluate the appropriateness of the policy implemented relevant to the allowance for inventory valuation loss.
2. We obtained information of the year-end allowance for inventory valuation loss and inventory aging reports, and we compared the current and prior years' allowances and analyzed any differences. We drew samples from the year-end inventory and compared the most recent price of goods sold to the carrying amount to ensure that the inventory had been valued by the lower of cost or net realizable value method.

3. We obtained year-end inventory quantities from the inventory accounts book and compared it with data from the physical inventory count to test the existence and completeness of management's assumption. Through the physical inventory count, we evaluated the conditions of the inventory and, in turn, the appropriateness of the allowance estimated by management.

Impairment loss for property, plant and equipment and intangible assets (including goodwill)

Management should assess, on the financial statements date, any indication of impairment to property, plant and equipment, and to intangible assets. If there is any indication of impairment, management should estimate the recoverable amount of these assets. If it is impossible to do so, management should estimate the recoverable amount of the cash generating units to which these assets belong. Due to the complexity of this impairment estimation, in our audit, we focused on if the estimation was made in accordance with IAS 36 to ensure all assets' carrying amounts did not exceed their recoverable amounts.

For a summary of the significant accounting policies on property, plant and equipment and intangible assets impairment, refer to Note 4 to the consolidated financial statements. Refer to Notes 14 and 16 to the consolidated financial statements for disclosures of property, plant and equipment, and intangible assets. Our audit procedures for the aforementioned key audit matter are described as follows:

1. Through internal control testing, we understood the methods of asset impairment valuation made by management and the associated control policy's design and implementation.
2. We obtained the asset impairment valuation table of each cash generating unit from management. We consulted our firm experts on the reasonableness of management's impairment assessments and assumptions, including their cash generating unit classification, cash flow prediction, discount rate, etc.

Litigation provisions and contingent liabilities

In Note 32 to the consolidated financial statements, management has disclosed the progress of major ongoing litigations, investigations, and other government related matters. The timing of the recognition and quantification of the associated liabilities require the application of management's significant judgment on existing facts and circumstances, which can be subject to change. Therefore, we focused on if provisions and contingent liabilities were recognized according to IAS 37 and ensured that sufficient disclosures and explanations of these contingencies were in the Group's notes to consolidated financial statements. Our audit procedures for the aforementioned key audit matter are described as follows:

1. We understood and assessed the effectiveness of the controls designed and executed by management to recognize and assess risks.
2. We evaluated the assumptions made by management in assessing the appropriate level of provisions for litigations. We compared these assumptions with that of available industry-specific and historical information, including reviewing the Group's internal documents relevant to provisions.
3. We corresponded by mail with the Group's external lawyers to obtain the latest information on ongoing litigations and other legal matters, and we tested the reasonableness of management's assumptions.

Other Matter

We have also audited the parent company only financial statements of Lite-On Technology Corporation as of and for the years ended December 31, 2016 and 2015 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2016 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Jr-Shian Ke and Ching-Fu Chang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 24, 2017

Notice to Readers

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

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

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCES SHEETS
DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

ASSETS	2016		2015	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 65,208,491	31	\$ 65,501,807	31
Financial assets at fair value through profit or loss (Note 7)	173,068	-	53,211	-
Debt instruments with no active market (Note 9)	802,348	-	439,811	-
Notes receivable	374,182	-	300,825	-
Trade receivables, net (Note 10)	60,829,435	29	50,079,869	24
Trade receivables from related parties (Note 30)	60,178	-	66,338	-
Other receivables	1,093,853	1	1,289,849	1
Other receivables from related parties (Note 30)	5,840	-	10,481	-
Inventories, net (Note 11)	26,756,909	13	28,826,436	14
Other current assets (Note 17)	2,619,735	1	3,744,824	2
Total current assets	<u>157,924,039</u>	<u>75</u>	<u>150,313,451</u>	<u>72</u>
NONCURRENT ASSETS				
Available-for-sale financial assets (Note 8)	658,655	-	670,328	-
Debt instruments with no active market (Note 9)	684,614	-	255,458	-
Investments accounted for using equity method (Note 13)	3,810,433	2	4,095,167	2
Property, plant and equipment, net (Note 14)	27,826,214	13	33,389,439	16
Investment properties, net (Note 15)	429,790	-	499,950	-
Intangible assets, net (Note 16)	15,209,734	7	15,938,232	8
Deferred tax assets (Note 24)	3,041,666	2	3,164,798	2
Refundable deposits	510,142	-	579,758	-
Prepaid investment	4,457	-	-	-
Other noncurrent assets (Note 17)	757,044	1	747,282	-
Total noncurrent assets	<u>52,932,749</u>	<u>25</u>	<u>59,340,412</u>	<u>28</u>
TOTAL	<u>\$ 210,856,788</u>	<u>100</u>	<u>\$ 209,653,863</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 18)	\$ 14,386,282	7	\$ 17,670,878	8
Financial liabilities at fair value through profit or loss (Note 7)	128,685	-	55,945	-
Notes payable	18,473	-	178,594	-
Trade payables	64,139,696	30	58,224,636	28
Trade payables to related parties (Note 30)	1,004,079	-	856,945	-
Other payables	22,541,026	11	21,118,958	10
Other payables to related parties (Note 30)	9,428	-	12,941	-
Current tax liabilities	3,186,867	2	2,475,535	1
Provisions (Note 20)	1,032,113	-	1,068,810	1
Advance receipts	1,981,913	1	3,275,828	2
Current portion of long-term borrowings (Note 18)	7,890,899	4	4,796,118	2
Finance lease payables (Note 19)	1,657	-	95,501	-
Total current liabilities	<u>116,321,118</u>	<u>55</u>	<u>109,830,689</u>	<u>52</u>
NONCURRENT LIABILITIES				
Long-term borrowings, net of current portion (Note 18)	12,039,170	6	16,355,753	8
Deferred tax liabilities (Note 24)	2,932,121	1	3,531,564	2
Finance lease payables, net of current portion (Note 19)	3,646	-	5,398	-
Net defined benefit liabilities (Note 21)	189,104	-	155,854	-
Guarantee deposits	88,629	-	91,012	-
Credit balance of investments accounted for using equity method (Note 13)	2,564	-	-	-
Total noncurrent liabilities	<u>15,255,234</u>	<u>7</u>	<u>20,139,581</u>	<u>10</u>
Total liabilities	<u>131,576,352</u>	<u>62</u>	<u>129,970,270</u>	<u>62</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY				
Share capital				
Ordinary shares	23,508,670	11	23,349,283	11
Capital surplus				
Additional paid-in capital from share issuance in excess of par value	9,372,488	4	9,251,603	4
Bond conversion	7,462,138	4	7,462,138	4
Treasury stock transactions	328,800	-	275,516	-
Difference between consideration and carrying amounts adjusted arising from changes in percentage of ownership in subsidiaries	45,612	-	43,236	-
Change in capital surplus from investments in associates and joint ventures accounted for using equity method	273,487	-	278,747	-
Merger	10,015,194	5	10,015,194	5
Total capital surplus	<u>27,497,719</u>	<u>13</u>	<u>27,326,434</u>	<u>13</u>
Retain earnings				
Legal reserve	10,845,332	5	10,123,042	5
Special reserve	398,602	-	232,213	-
Unappropriated earnings	16,252,206	8	13,011,073	6
Total retained earnings	<u>27,496,140</u>	<u>13</u>	<u>23,366,328</u>	<u>11</u>
Other equity				
Exchange differences on translating foreign operations	(1,195,684)	(1)	3,347,902	2
Unrealized loss on available-for-sale financial assets	(126,588)	-	(152,714)	-
Total other equity	<u>(1,322,272)</u>	<u>(1)</u>	<u>3,195,188</u>	<u>2</u>
Treasury shares	(1,248,722)	-	(1,248,722)	(1)
Total equity attributable to owners of the Parent Company	75,931,535	36	75,988,511	36
NON-CONTROLLING INTERESTS	3,348,901	2	3,695,082	2
Total equity	<u>79,280,436</u>	<u>38</u>	<u>79,683,593</u>	<u>38</u>
TOTAL	<u>\$ 210,856,788</u>	<u>100</u>	<u>\$ 209,653,863</u>	<u>100</u>

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

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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

	2016		2015	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales (Notes 23 and 30)	\$ 235,674,455	103	\$ 222,826,970	103
Less: Sales allowance	5,033,596	2	4,258,037	2
Sales returns	<u>1,069,101</u>	<u>1</u>	<u>1,640,199</u>	<u>1</u>
Total operating revenue	<u>229,571,758</u>	<u>100</u>	<u>216,928,734</u>	<u>100</u>
COST OF GOODS SOLD (Notes 11, 26 and 30)	<u>198,313,490</u>	<u>86</u>	<u>188,787,517</u>	<u>87</u>
GROSS PROFIT	<u>31,258,268</u>	<u>14</u>	<u>28,141,217</u>	<u>13</u>
OPERATING EXPENSES (Notes 26 and 30)				
Selling and marketing expenses	6,431,916	3	7,450,517	3
General and administrative expenses	6,013,521	3	6,051,269	3
Research and development expenses	<u>6,103,571</u>	<u>3</u>	<u>5,986,608</u>	<u>3</u>
Total operating expenses	<u>18,549,008</u>	<u>9</u>	<u>19,488,394</u>	<u>9</u>
OPERATING INCOME	<u>12,709,260</u>	<u>5</u>	<u>8,652,823</u>	<u>4</u>
NONOPERATING INCOME AND EXPENSES				
Share of profit of associates	82,626	-	124,439	-
Interest income	1,182,862	1	1,170,008	-
Dividend income	19,031	-	66,500	-
Other income (Notes 27 and 30)	1,119,464	-	1,573,429	1
Net gain (loss) on disposal of investments	5,957	-	(71,351)	-
Net gain on foreign currency exchange	173,194	-	123,658	-
Net gain on financial assets at fair value through profit or loss	325,208	-	360,034	-
Finance costs	(556,837)	-	(578,715)	-
Other expenses	(1,879,140)	(1)	(1,087,531)	(1)
Net loss on disposal of property, plant and equipment	(31,530)	-	(15,465)	-
Impairment loss (Notes 8, 14 and 16)	<u>(507,068)</u>	<u>-</u>	<u>(311,188)</u>	<u>-</u>
Total nonoperating income and expenses	<u>(66,233)</u>	<u>-</u>	<u>1,353,818</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	12,643,027	5	10,006,641	4
INCOME TAX EXPENSE (Note 24)	<u>(3,270,463)</u>	<u>(1)</u>	<u>(2,693,809)</u>	<u>(1)</u>
NET PROFIT FOR THE YEAR	<u>9,372,564</u>	<u>4</u>	<u>7,312,832</u>	<u>3</u>

(Continued)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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

	2016		2015	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (Notes 21, 22 and 24)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	\$ (41,921)	-	\$ (75,240)	-
Share of the other comprehensive loss of associates accounted for using equity method	(15,770)	-	(25,529)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>1,633</u>	-	<u>15,604</u>	-
	<u>(56,058)</u>	-	<u>(85,165)</u>	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	(5,336,188)	(2)	(932,034)	-
Unrealized gain (loss) on available-for-sale financial assets	49,389	-	(292,354)	-
Unrealized gain on hedging instruments determined to be the effective portion of cash flow hedging	-	-	11,989	-
Share of the other comprehensive loss of associates accounted for using equity method	(288,338)	-	(27,849)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>845,209</u>	-	<u>130,178</u>	-
	<u>(4,729,928)</u>	(2)	<u>(1,110,070)</u>	-
Other comprehensive loss for the year, net of income tax	<u>(4,785,986)</u>	(2)	<u>(1,195,235)</u>	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 4,586,578</u>	<u>2</u>	<u>\$ 6,117,597</u>	<u>3</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Parent Company	\$ 9,416,351	4	\$ 7,222,899	3
Non-controlling interests	<u>(43,787)</u>	-	<u>89,933</u>	-
	<u>\$ 9,372,564</u>	<u>4</u>	<u>\$ 7,312,832</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Parent Company	\$ 4,845,911	2	\$ 6,080,431	3
Non-controlling interests	<u>(259,333)</u>	-	<u>37,166</u>	-
	<u>\$ 4,586,578</u>	<u>2</u>	<u>\$ 6,117,597</u>	<u>3</u>

(Continued)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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

	2016		2015	
	Amount	%	Amount	%
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 25)				
Basic	<u>\$4.05</u>		<u>\$3.10</u>	
Diluted	<u>\$4.00</u>		<u>\$3.05</u>	

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

(Concluded)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Parent Company																				
	Capital Surplus (Note 22)										Retained Earnings (Note 22)				Other Equity (Note 22)				Treasury Shares (Note 22)	Noncontrolling Interests (Note 22)	Total Equity
	Issue of Share Capital (Notes 22 and 26)		Additional Paid-in Capital from Share Issuance in Excess of Par Value	Bond Conversion	Treasury Stock Transactions	Difference Between Consideration and Carry Amounts Arising from Changes in Percentage of Ownership in Subsidiaries	Arising from Share of Changes in Capital Surplus of Associates	Merger	Total	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Cash Flow Hedges	Total				
	Shares (In Thousands)	Amount																			
BALANCE AT JANUARY 1, 2015	2,341,674	\$23,416,737	\$ 9,238,931	\$ 7,534,962	\$ 445,694	\$ 30,960	\$ 231,446	\$10,112,934	\$27,594,927	\$ 9,476,876	\$ 49,669	\$11,432,541	\$20,959,086	\$ 4,125,097	\$ 139,072	\$ (11,989)	\$ 4,252,180	\$ (1,248,722)	\$ 4,198,430	\$79,172,638	
Appropriation of the 2014 earnings																					
Legal reserve	-	-	-	-	-	-	-	-	-	646,166	-	(646,166)	-	-	-	-	-	-	-	-	
Special reserve	-	-	-	-	-	-	-	-	-	-	182,544	(182,544)	-	-	-	-	-	-	-	-	
Cash dividends - 19.7%	-	-	-	-	-	-	-	-	-	-	-	(4,613,097)	(4,613,097)	-	-	-	-	-	-	(4,613,097)	
Stock dividends - 0.5%	11,708	117,084	-	-	-	-	-	-	-	-	-	(117,084)	(117,084)	-	-	-	-	-	-	-	
Changes in noncontrolling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(540,514)	(540,514)	
Other changes in capital surplus																					
Arising from changes in percentage of ownership interest in subsidiaries	-	-	-	-	-	12,276	-	-	12,276	-	-	-	-	-	-	-	-	-	-	12,276	
Change in capital surplus from investments in associates and joint ventures accounted for using equity method	-	-	-	-	-	-	47,301	-	47,301	-	-	-	-	-	-	-	-	-	-	47,301	
Stock dividends of employee transferred to capital	4,333	43,332	102,960	-	-	-	-	-	102,960	-	-	-	-	-	-	-	-	-	-	146,292	
Change in capital from cash dividends of the Parent Company paid to subsidiaries	-	-	-	-	47,779	-	-	-	47,779	-	-	-	-	-	-	-	-	-	-	47,779	
Net profit for the year ended December 31, 2015	-	-	-	-	-	-	-	-	-	-	-	7,222,899	7,222,899	-	-	-	-	-	-	89,933	
Other comprehensive loss for the year ended December 31, 2015, net of income tax	-	-	-	-	-	-	-	-	-	-	-	(85,476)	(85,476)	(777,195)	(291,786)	11,989	(1,056,992)	-	(52,767)	(1,195,235)	
Total comprehensive income for the year ended December 31, 2015	-	-	-	-	-	-	-	-	-	-	-	7,137,423	7,137,423	(777,195)	(291,786)	11,989	(1,056,992)	-	37,166	6,117,597	
Cancellation of treasury shares	(22,787)	(227,870)	(90,288)	(72,824)	(217,957)	-	-	(97,740)	(478,809)	-	-	-	-	-	-	-	-	-	-	(706,679)	
BALANCE AT DECEMBER 31, 2015	2,334,928	23,349,283	9,251,603	7,462,138	275,516	43,236	278,747	10,015,194	27,326,434	10,123,042	232,213	13,011,073	23,366,328	3,347,902	(152,714)	-	3,195,188	(1,248,722)	3,695,082	79,683,593	
Appropriation of the 2015 earnings																					
Legal reserve	-	-	-	-	-	-	-	-	-	722,290	-	(722,290)	-	-	-	-	-	-	-	-	
Reversal of Special reserve	-	-	-	-	-	-	-	-	-	-	166,389	(166,389)	-	-	-	-	-	-	-	-	
Cash dividends - 21.9%	-	-	-	-	-	-	-	-	-	-	-	(5,113,493)	(5,113,493)	-	-	-	-	-	-	(5,113,493)	
Stock dividends - 0.5%	11,675	116,746	-	-	-	-	-	-	-	-	-	(116,746)	(116,746)	-	-	-	-	-	-	-	
Effect of deconsolidation of subsidiaries (Note 27)	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,320)	-	-	(3,320)	-	(26,985)	(30,305)	
Changes in noncontrolling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(59,863)	(59,863)	
Other changes in capital surplus																					
Arising from changes in percentage of ownership interest in subsidiaries	-	-	-	-	-	2,376	-	-	2,376	-	-	-	-	-	-	-	-	-	-	2,376	
Change in capital surplus from investments in associates and joint ventures accounted for using equity method	-	-	-	-	-	-	(5,260)	-	(5,260)	-	-	-	-	-	-	-	-	-	-	(5,260)	
Stock dividends of employee transferred to capital	4,264	42,641	120,885	-	-	-	-	-	120,885	-	-	-	-	-	-	-	-	-	-	163,526	
Change in capital from cash dividends of the Parent Company paid to subsidiaries	-	-	-	-	53,284	-	-	-	53,284	-	-	-	-	-	-	-	-	-	-	53,284	
Net profit for the year ended December 31, 2016	-	-	-	-	-	-	-	-	-	-	-	9,416,351	9,416,351	-	-	-	-	-	(43,787)	9,372,564	
Other comprehensive loss for the year ended December 31, 2016, net of income tax	-	-	-	-	-	-	-	-	-	-	-	(56,300)	(56,300)	(4,540,266)	26,126	-	(4,514,140)	-	(215,546)	(4,785,986)	
Total comprehensive income for the year ended December 31, 2016	-	-	-	-	-	-	-	-	-	-	-	9,360,051	9,360,051	(4,540,266)	26,126	-	(4,514,140)	-	(259,333)	4,586,578	
BALANCE AT DECEMBER 31, 2016	<u>2,350,867</u>	<u>\$23,508,670</u>	<u>\$ 9,372,488</u>	<u>\$ 7,462,138</u>	<u>\$ 328,800</u>	<u>\$ 45,612</u>	<u>\$ 273,487</u>	<u>\$10,015,194</u>	<u>\$27,497,719</u>	<u>\$10,845,332</u>	<u>\$ 398,602</u>	<u>\$16,252,206</u>	<u>\$27,496,140</u>	<u>\$(1,195,684)</u>	<u>\$(126,588)</u>	<u>\$ -</u>	<u>\$(1,322,272)</u>	<u>\$(1,248,722)</u>	<u>\$ 3,348,901</u>	<u>\$79,280,436</u>	

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

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (In Thousands of New Taiwan Dollars)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 12,643,027	\$ 10,006,641
Adjustments for:		
Depreciation expenses	6,340,412	6,746,130
Amortization expenses	466,983	534,128
Impairment loss recognized (reversal of impairment loss) on trade receivables	8,263	(51,276)
Net gain on fair value change of financial assets designated as at fair value through profit or loss	(325,208)	(360,034)
Finance costs	556,837	578,715
Interest income	(1,182,862)	(1,170,008)
Dividend income	(19,031)	(66,500)
Share of profit of associates accounted for using equity method	(82,626)	(124,439)
Net loss on disposal of property, plant and equipment	31,530	15,465
Gain on deconsolidation of subsidiaries (Note 27)	(7,362)	-
Net loss (gain) on disposal of available-for-sale financial assets	(5,957)	79,052
Gain on disposal of associates	-	(7,701)
Impairment loss recognized on financial assets	75,986	124,667
Impairment loss recognized (reversal of impairment loss) on non-financial assets	32,052	(52,450)
Unrealized net loss (gain) on foreign currency exchange	(447,117)	117,060
Recognition of provisions	265,905	286,549
Changes in operating assets and liabilities		
Financial instruments held for trading	272,402	337,471
Notes receivable	(89,627)	10,841
Trade receivables	(11,785,807)	890,123
Trade receivables from related parties	6,160	6,731
Other receivables	162,907	134,955
Other receivables from related parties	4,641	(7,428)
Inventories	1,396,807	821,149
Other current assets	(105,504)	803,571
Notes payable	(157,351)	55,647
Trade payables	7,455,968	(3,654,138)
Trade payables from related parties	147,134	(96,721)
Other payables	2,711,424	1,159,926
Other payables from related parties	(3,513)	6,200
Provisions	(295,397)	(301,940)
Advance receipts	(1,201,903)	452,621
Net defined benefit liabilities	(7,514)	(15,407)
Cash generated from operations	16,861,659	17,259,600
Interest received	1,164,781	1,162,036
Dividends received	19,031	66,500
Interest paid	(545,202)	(569,673)
Income tax paid	(2,987,755)	(2,366,201)
Net cash generated from operating activities	<u>14,512,514</u>	<u>15,552,262</u>

(Continued)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (In Thousands of New Taiwan Dollars)

	2016	2015
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of available-for-sale financial assets	\$ (70,838)	\$ (5,375)
Proceeds on sales of available-for-sale financial assets	55,833	202,200
Purchase of debt investments with no active market	(806,369)	(619,768)
Net cash inflow on disposal of associates	-	15,432
Net cash inflow on deconsolidation of subsidiaries (Note 27)	307,920	-
Proceeds from disposal of non-current assets held for sale	-	129,505
Payments for property, plant and equipment	(3,764,874)	(5,150,538)
Proceeds from disposal of property, plant and equipment	287,632	946,448
Decrease (increase) in refundable deposits	40,924	(87,503)
Payments for intangible assets	(164,802)	(247,234)
Proceeds from disposal of intangible assets	6,521	24,750
Decrease (increase) in other noncurrent assets	(68,332)	138,859
Dividend received from associates	<u>89,702</u>	<u>76,884</u>
Net cash used in investing activities	<u>(4,086,683)</u>	<u>(4,576,340)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	(3,006,580)	(5,195,615)
Repayments of long-term borrowings	(1,082,901)	(717,096)
Refund of guarantee deposits received	2,238	10,141
Decrease in finance lease payables	(92,029)	(86,054)
Cash dividends	(5,154,394)	(4,850,995)
Payments for buy-back of ordinary shares	-	(706,679)
Changes on noncontrolling interests	<u>34,321</u>	<u>(254,837)</u>
Net cash used in financing activities	<u>(9,299,345)</u>	<u>(11,801,135)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>(1,419,802)</u>	<u>(156,336)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(293,316)	(981,549)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>65,501,807</u>	<u>66,483,356</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 65,208,491</u>	<u>\$ 65,501,807</u>

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

(Concluded)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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

1. GENERAL INFORMATION

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

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

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

The consolidated financial statements are presented in the Parent Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Parent Company’s board of directors on February 24, 2017.

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

- a. Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the FSC for application starting from 2017

Rule No. 1050050021 and Rule No. 1050026834 issued by the FSC stipulated that starting January 1, 2017, the Group should apply the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC and SIC (collectively, the “IFRSs”) issued by the IASB and endorsed by the FSC for application starting from 2017.

New, Amended or Revised Standards and Interpretations (the “New IFRSs”)	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 3)
Amendments to IFRS 10, IFRS 12 and IAS 28 “Investment Entities: Applying the Consolidation Exception”	January 1, 2016
Amendment to IFRS 11 “Accounting for Acquisitions of Interests in Joint Operations”	January 1, 2016
IFRS 14 “Regulatory Deferral Accounts”	January 1, 2016
Amendment to IAS 1 “Disclosure Initiative”	January 1, 2016
Amendments to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”	January 1, 2016
Amendments to IAS 16 and IAS 41 “Agriculture: Bearer Plants”	January 1, 2016
Amendment to IAS 19 “Defined Benefit Plans: Employee Contributions”	July 1, 2014
Amendment to IAS 27 “Equity Method in Separate Financial Statements”	January 1, 2016
Amendment to IAS 36 “Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets”	January 1, 2014
Amendment to IAS 39 “Novation of Derivatives and Continuation of Hedge Accounting”	January 1, 2014
IFRIC 21 “Levies”	January 1, 2014

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

Note 2: The amendment to IFRS 2 applies to share-based payment transactions with grant date on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations with acquisition date on or after July 1, 2014; the amendment to IFRS 13 is effective immediately; the remaining amendments are effective for annual periods beginning on or after July 1, 2014.

Note 3: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

The initial application in 2017 of the above IFRSs and related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers would not have any material impact on the Group's accounting policies, except for the following:

Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers

The amendments include additions of several accounting items and requirements for disclosures of impairment of non-financial assets as a consequence of the IFRSs endorsed by the FSC for application starting from 2017. In addition, as a result of the post implementation review of IFRSs in Taiwan, the amendments also include emphasis on certain recognition and measurement considerations and add requirements for disclosures of related party transactions and goodwill.

The amendments stipulate that other companies or institutions of which the chairman of the board of directors or president serves as the chairman of the board of directors or the president, or is the spouse or second immediate family of the chairman of the board of directors or president of the Group are deemed to have a substantive related party relationship, unless it can be demonstrated that no control, joint control, or significant influence exists. Furthermore, the amendments require the disclosure of the names of the related parties and the relationship with whom the Group has significant transaction. If the transaction or balance with a specific related party is 10% or more of the Group's respective total transaction or balance, such transaction should be separately disclosed by the name of each related party.

The amendments also require additional disclosure if there is a significant difference between the actual operation after business combination and the expected benefit on acquisition date.

The disclosures of related party transactions and impairment of goodwill will be enhanced when the above amendments are retrospectively applied in 2017.

Except for the above impacts, as of the date the consolidated financial statements were authorized for issue, the Group continues assessing other possible impacts that application of the aforementioned amendments and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers will have on the Group's financial position and financial performance, and will disclose these other impacts when the assessment is completed.

b. New IFRSs in issue but not yet endorsed by the FSC

The Group has not applied the following IFRSs issued by the IASB but not yet endorsed by the FSC.

The FSC announced that IFRS 9 and IFRS 15 will take effect starting January 1, 2018. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced the effective dates of other new IFRSs.

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2014-2016 Cycle	Note 2
Amendment to IFRS 2 "Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB

(Continued)

New IFRSs	Effective Date Announced by IASB (Note 1)
IFRS 15 “Revenue from Contracts with Customers”	January 1, 2018
Amendments to IFRS 15 “Clarifications to IFRS 15 Revenue from Contracts with Customers”	January 1, 2018
IFRS 16 “Leases”	January 1, 2019
Amendment to IAS 7 “Disclosure Initiative”	January 1, 2017
Amendments to IAS 12 “Recognition of Deferred Tax Assets for Unrealized Losses”	January 1, 2017
Amendments to IAS 40 “Transfers of Investment Property”	January 1, 2018
IFRIC 22 “Foreign Currency Transactions and Advance Consideration”	January 1, 2018

(Concluded)

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

Note 2: The amendment to IFRS 12 is retrospectively applied for annual periods beginning on or after January 1, 2017; the amendment to IAS 28 is retrospectively applied for annual periods beginning on or after January 1, 2018.

The initial application of the above New IFRSs, whenever applied, would not have any material impact on the Group’s accounting policies, except for the following:

1) IFRS 9 “Financial Instruments”

Recognition and measurement of financial assets

With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 “Financial Instruments: Recognition and Measurement” are subsequently measured at amortized cost or fair value. Under IFRS 9, the requirement for the classification of financial assets is stated below.

For the Group’s debt instruments that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, their classification and measurement are as follows:

- a) For debt instruments, if they are held within a business model whose objective is to collect the contractual cash flows, the financial assets are measured at amortized cost and are assessed for impairment continuously with impairment loss recognized in profit or loss, if any. Interest revenue is recognized in profit or loss by using the effective interest method;
- b) For debt instruments, if they are held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of financial assets, the financial assets are measured at fair value through other comprehensive income (FVTOCI) and are assessed for impairment. Interest revenue is recognized in profit or loss by using the effective interest method, and other gain or loss shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses. When the debt instruments are derecognized or reclassified, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

Except for above, all other financial assets are measured at fair value through profit or loss. However, the Group may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss. No subsequent impairment assessment is required, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss.

Impairment of financial assets

IFRS 9 requires that impairment loss on financial assets is recognized by using the “Expected Credit Losses Model”. The credit loss allowance is required for financial assets measured at amortized cost, financial assets mandatorily measured at FVTOCI, lease receivables, contract assets arising from IFRS 15 “Revenue from Contracts with Customers”, certain written loan commitments and financial guarantee contracts. A loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition and is not low. However, a loss allowance for full lifetime expected credit losses is required for trade receivables that do not constitute a financing transaction.

For purchased or originated credit-impaired financial assets, the Group takes into account the expected credit losses on initial recognition in calculating the credit-adjusted effective interest rate. Subsequently, any changes in expected losses are recognized as a loss allowance with a corresponding gain or loss recognized in profit or loss.

Transition

Financial instruments that have been derecognized prior to the effective date of IFRS 9 cannot be reversed to apply IFRS 9 when it becomes effective. Under IFRS 9, the requirements for classification, measurement and impairment of financial assets are applied retrospectively with the difference between the previous carrying amount and the carrying amount at the date of initial application recognized in the current period and restatement of prior periods is not required. The requirements for general hedge accounting shall be applied prospectively and the accounting for hedging options shall be applied retrospectively.

2) IFRS 15 “Revenue from Contracts with Customers”

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersede IAS 18 “Revenue”, IAS 11 “Construction Contracts” and a number of revenue-related interpretations.

When applying IFRS 15, an entity shall recognize revenue by applying the following steps:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts; and
- Recognize revenue when the entity satisfies a performance obligation.

When IFRS 15 is effective, an entity may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying this Standard recognized at the date of initial application.

3) IFRS 16 “Leases”

IFRS 16 sets out the accounting standards for leases that will supersede IAS 17 and a number of related interpretations.

Under IFRS 16, if the Group is a lessee, it shall recognize right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for low-value and short-term leases. The Group may elect to apply the accounting method similar to the accounting for operating lease under IAS 17 to the low-value and short-term leases. On the consolidated statements of comprehensive income, the Group should present the depreciation expense charged on the right-of-use asset separately from interest expense accrued on the lease liability; interest is computed by using effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of the lease liability are classified within financing activities; cash payments for interest portion are classified within operating activities.

When IFRS 16 becomes effective, the Group may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of the initial application of this Standard recognized at the date of initial application.

4) IFRIC 22 “Foreign Currency Transactions and Advance Consideration”

IAS 21 stipulated that a foreign currency transaction shall be recorded on initial recognition in the functional currency by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. IFRIC 22 further explains that the date of the transaction is the date on which an entity recognizes a non-monetary asset or non-monetary liability from payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the entity shall determine the date of the transaction for each payment or receipt of advance consideration.

The Group shall apply IFRIC 22 either retrospectively or prospectively to all assets, expenses and income in the scope of the Interpretation initially recognized on or after (a) the beginning of the reporting period in which the entity first applies IFRIC 22, or (b) the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies IFRIC 22.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed by the FSC.

b. Basis of preparation

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

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

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

c. Basis of consolidation

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

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

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

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

See Note 12 and Table 7 for the detailed information of subsidiaries (including the percentage of ownership and main business).

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

Current assets include:

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

Current liabilities include:

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

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

e. Business combinations

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

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

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets.

f. Foreign currencies

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

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

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

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

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

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

g. Inventories

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

h. Investment accounted for using equity method

Investment in associates is accounted for using equity method.

An associate is an entity over which the Group has significant influence and that is not a subsidiary. Significant influence is the power to participate in financial and operating policy decisions of an investee, but is not control or joint control over the policies.

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

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

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

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

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

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

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

i. Property, plant and equipment

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

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

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

j. Investment properties

Investment properties are properties held to earn rentals or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

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

k. Goodwill

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

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

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

For an investment accounted for using equity method, the cash-generating unit of the whole entity is tested for impairment. If impairment is identified but the recoverable amount of the asset later increases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

l. Intangible assets

1) Intangible assets acquired separately

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

2) Intangible assets acquired in a business combination

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

3) Derecognition of intangible assets

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

m. Impairment of tangible and intangible assets other than goodwill

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

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

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

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

n. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

Financial assets are classified into the following categories: Financial assets at fair value through profit or loss, available-for-sale financial assets, and loans and receivables.

i. Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial asset doesn't meet the criteria of hedge accounting. Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss.

ii. Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are measured at fair value. Changes in the carrying amount of available-for-sale monetary financial assets relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of or is determined to be impaired.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established.

iii. Loans and receivables

Loans and receivables including cash and cash equivalent, note receivable, debt investments with no active market, trade receivables, and other receivables are measured at amortized cost using the effective interest method, less any impairment, except for short-term receivables when the effect of discounting is immaterial.

Cash equivalent includes time deposits and investments that meet short-term cash commitments, within highly liquid, readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value.

b) Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortized cost, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. The Group assesses the collectability of receivables by performing the account aging analysis and examining current trends in the credit quality of its customers.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period. In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss except for uncollectible trade receivables that are written off against the allowance account.

c) Derecognition of financial assets

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

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

2) Financial liabilities and equity instruments

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

a) Financial liabilities subsequent measurement

Financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in profit or loss.

c) Equity instruments

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

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

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

3) Derivative financial instruments

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

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

o. Hedge accounting

The Group designates derivative hedging instruments to conduct cash flow hedges. The effective portion of changes in the fair value of derivatives is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss. The associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment in the line item relating to the hedged item in the same period when the hedged item affects profit or loss.

Hedge accounting is discontinued prospectively when the Group revokes the designated hedging relationship, or when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer meets the criteria for hedge accounting. The cumulative gain or loss on the hedging instrument that has been previously recognized in other comprehensive income from the period when the hedge was effective remains separately in equity until the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

p. Provisions

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

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

q. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Allowance for sales returns and liability for returns are recognized at the time of sale based on the seller's reliable estimate of future returns and based on past experience and other relevant factors.

1) Sale of goods

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

- a) The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- b) The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- c) The amount of revenue can be measured reliably;

- d) It is probable that the economic benefits associated with the transaction will flow to the Group;
and
- e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

The Group does not recognize sales revenue on materials delivered to subcontractors because this delivery does not involve a transfer of risks and rewards of materials ownership.

2) Rental revenue

The operation of leasing business was in accordance with IAS 17- Leases, that is, the possible situation related to leasing (ex. the condition of leasing, and the burden of future cost) would treat as operating lease.

3) Electricity generation revenue

Revenue is recognized when the power is transmitted to the substation of a power company. Electricity generation revenue is based on the fair value of subsidiary's settled value with the power company. However, when receivables are expected to be realized within one year, the difference between fair value and maturity value of receivables is insignificant and the trading of power is very frequent, the fair value of settled value will not have to be discounted to the present value.

4) Dividend and interest income

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

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

r. Leasing

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

1) The Group as lessor

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

2) The Group as lessee

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

s. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

3) Termination benefits

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

t. Taxation

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

1) Current tax

According to the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

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

2) Deferred tax

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

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

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

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

3) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies (Note 4), management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

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

a. Impairment of goodwill

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

b. Estimated impairment of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise.

c. Impairment of property, plant and equipment

The impairment of equipment in relation to the production of handsets was based on the recoverable amount of those assets, which is the higher of fair value less costs to sell or value-in-use of those assets. Any changes in the market price or future cash flows will affect the recoverable amount of those assets and may lead to recognition of additional or reversal of impairment losses.

d. Write-down of inventory

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

e. Litigation provision and contingent liability

Refer to Note 32 for the disclosure on antitrust group lawsuits filed against the Parent Company, its subsidiaries, and other companies with related businesses in the United States of America. Litigation provision estimations and contingent liabilities disclosures are subject to change as some of the lawsuits are still in progress.

6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	2016	2015
Cash on hand	\$ 17,623	\$ 22,503
Checking accounts	1,377,065	1,214,794
Demand deposits	30,644,835	36,787,305
Time deposits	<u>33,168,968</u>	<u>27,477,205</u>
	<u>\$ 65,208,491</u>	<u>\$ 65,501,807</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	2016	2015
<u>Financial assets held for trading</u>		
Derivative financial assets (not under hedge accounting)		
Currency swap contracts	\$ 113,953	\$ 45,845
Foreign exchange forward contracts	<u>59,115</u>	<u>7,366</u>
	<u>\$ 173,068</u>	<u>\$ 53,211</u>
Current	\$ 173,068	\$ 53,211
Non-current	<u>-</u>	<u>-</u>
	<u>\$ 173,068</u>	<u>\$ 53,211</u>
<u>Financial liabilities held for trading</u>		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts	<u>\$ 128,685</u>	<u>\$ 55,945</u>
Current	\$ 128,685	\$ 55,945
Non-current	<u>-</u>	<u>-</u>
	<u>\$ 128,685</u>	<u>\$ 55,945</u>

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

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2016</u>			
The Parent Company			
Currency swap contracts	USD/NTD	2017.10.06- 2017.12.08	USD170,000/NTD5,304,775
Lite-On Overseas Trading Co., Ltd.			
Forward exchange contracts	CNY/USD	2017.03.08- 2017.03.14	CNY202,869/USD30,000
Lite-On Singapore Pte. Ltd.			
Forward exchange contracts	USD/EUR	2017.01.06	USD13,887/EUR13,000
Forward exchange contracts	USD/BRL	2017.02.06	USD2,500/BRL8,291
Forward exchange contracts	NTD/USD	2017.01.12- 2017.04.07	NTD6,072,165/USD189,000
Forward exchange contracts	USD/NTD	2017.01.12- 2017.03.27	USD62,000/NTD1,949,226
Forward exchange contracts	CNY/USD	2017.03.23- 2017.05.04	CNY205,470/USD29,800
Forward exchange contracts	USD/JPY	2017.01.06	USD1,234/JPY140,000
Lite-On Electronics (Thailand) Co., Ltd.			
Forward exchange contracts	THB/USD	2017.01.10- 2017.01.17	THB235,915/USD6,700
Philip & Lite-On Digital Solutions Corp.			
Forward exchange contracts	USD/EUR	2017.01.06	USD5,346/EUR5,000
Lite-On Mobile Pte. Ltd.			
Forward exchange contracts	CNY/USD	2017.01.20- 2017.02.28	CNY618,415/USD90,000
Silitech Technology Corp.			
Forward exchange contracts	USD/MYR	2017.01.10- 2017.03.08	USD1,421/MYR6,331
Forward exchange contracts	EUR/MYR	2017.01.25- 2017.02.24	EUR150/MYR707
<u>December 31, 2015</u>			
The Parent Company			
Currency swap contracts	USD/NTD	2016.11.09	USD100,000/NTD3,212,900
Lite-On Overseas Trading Co., Ltd.			
Forward exchange contracts	CNY/USD	2016.02.23	CNY194,159/USD30,000
Lite-On Singapore Pte. Ltd.			
Forward exchange contracts	USD/EUR	2016.01.06	USD10,606/EUR10,000
Forward exchange contracts	USD/BRL	2016.01.25	USD2,000/BRL8,052
Forward exchange contracts	NTD/USD	2016.01.25- 2016.02.04	NTD1,649,375/USD50,000
Lite-On Electronics (Thailand) Co., Ltd.			
Forward exchange contracts	THB/USD	2016.01.04- 2016.04.08	THB309,134/USD8,600

(Continued)

	Currency	Maturity Date	Notional Amount (In Thousands)
Philip & Lite-On Digital Solutions Corp. Forward exchange contracts	USD/EUR	2016.01.08	USD6,571/EUR6,000
Lite-On Mobile Pte. Ltd. Forward exchange contracts	CNY/USD	2016.01.13- 2016.02.23	CNY721,092/USD112,000
Forward exchange contracts Silitech Technology Corp.	EUR/USD	2016.01.21	EUR5,500/USD5,981
Forward exchange contracts	USD/MYR	2016.01.08- 2016.03.08	USD1,180/MYR5,099
Forward exchange contracts	EUR/MYR	2016.02.25	EUR50/MYR240

(Concluded)

The Group entered into derivative contracts in 2016 and 2015 to manage exposures due to fluctuations of foreign exchange rates. The derivative contracts entered into by the subsidiaries did not meet the criteria for hedge accounting. Thus, the derivative contracts classified as financial assets or financial liabilities at fair value through profit or loss. The financial risk management objectives of the subsidiaries were to minimize risks due to changes in fair value or cash flows.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31	
	2016	2015
<u>Non-current</u>		
Domestic investments		
Listed shares	\$ 313,185	\$ 316,426
Emerging market shares	178,716	178,716
Unlisted shares	<u>15,785</u>	<u>83,923</u>
	<u>507,686</u>	<u>579,065</u>
Foreign investments		
Mutual funds	57,973	53,178
Unlisted shares	89,370	26,539
Listed shares	<u>3,626</u>	<u>11,546</u>
	<u>150,969</u>	<u>91,263</u>
	<u>\$ 658,655</u>	<u>\$ 670,328</u>

Refer to Note 29 for information relating to the fair values of on available-for-sale financial assets determined.

There was objective evidence that the fair values of some financial assets were below their carrying costs and will permanently decline. As a result, the Group recognized impairment losses of \$75,986 thousand and \$124,667 thousand in the consolidated statements of comprehensive income for the years ended December 31, 2016 and 2015, respectively.

9. DEBT INVESTMENTS WITH NO ACTIVE MARKET

	<u>December 31</u>	
	2016	2015
Financial product	\$ 779,462	\$ 424,399
Pledged time deposits and restricted bank deposits	<u>707,500</u>	<u>270,870</u>
	<u>\$ 1,486,962</u>	<u>\$ 695,269</u>
Current	\$ 802,348	\$ 439,811
Non-current	<u>684,614</u>	<u>255,458</u>
	<u>\$ 1,486,962</u>	<u>\$ 695,269</u>

Financial product mainly refers to subsidiary's guarantee income-bearing bank deposit products, which is measured at amortized cost; the products shall not be paid or redeemed within the contract period.

Refer to Note 31 for information on asset pledged as collateral or for security.

10. TRADE RECEIVABLES, NET

	<u>December 31</u>	
	2016	2015
Trade receivables	\$ 61,117,721	\$ 50,390,680
Allowance for impairment loss	(219,021)	(239,849)
Unrealized interests revenue	<u>(69,265)</u>	<u>(70,962)</u>
	<u>\$ 60,829,435</u>	<u>\$ 50,079,869</u>

The average credit period on sales of goods was 90 days. In determining the recoverability of a trade receivable, the Group considered any change in the credit quality of the trade receivable since the date credit was initially granted to the end of the reporting period. The Group recognized an allowance for impairment loss of 100% against all receivables over 240 days because historical experience had been that receivables that are past due beyond 240 days were not recoverable. Allowance for impairment loss were recognized against trade receivables between 1 days and 240 days based on estimated irrecoverable amounts determined by reference to past default experience of the counterparties and an analysis of their current financial position.

The aging of trade receivables was as follows:

	<u>December 31</u>	
	2016	2015
Not overdue	\$ 60,359,423	\$ 49,137,082
Overdue		
1-60 days	532,570	999,794
61-210 days	54,002	114,839
211-240 days	3,430	4,119
Over 241 days	<u>168,296</u>	<u>134,846</u>
	<u>758,298</u>	<u>1,253,598</u>
	<u>\$ 61,117,721</u>	<u>\$ 50,390,680</u>

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

At the end of the reporting period, trade receivables from sales on installments by the Group were as follows:

	December 31	
	2016	2015
Trade receivables	\$ 1,114,886	\$ 1,168,467
Unrealized interests revenue	<u>(69,265)</u>	<u>(70,962)</u>
	<u>\$ 1,045,621</u>	<u>\$ 1,097,505</u>

The amount of the above trade receivables is expected to be recovered at \$201,684 thousand, \$204,571 thousand, \$198,703 thousand, \$196,043 thousand, \$194,981 thousand, \$34,212 thousand, \$38,139 thousand, \$18,430 thousand, \$17,053 thousand and \$11,070 thousand per year from 2017 to 2026, respectively.

Movements in the allowance for impairment loss recognized on notes receivable and trade receivables were as follows:

	For the Year Ended December 31	
	2016	2015
Balance at January 1	\$ 239,849	\$ 298,871
Allowance for impairment loss (reversal of impairment loss)	8,263	(51,276)
Uncollectible amounts written off during the period as uncollectible	(20,277)	(4,742)
Foreign exchange translation	(8,814)	(1,647)
Reclassification	<u>-</u>	<u>(1,357)</u>
Balance at December 31	<u>\$ 219,021</u>	<u>\$ 239,849</u>

11. INVENTORIES, NET

	December 31	
	2016	2015
Finished goods	\$ 17,128,762	\$ 18,725,787
Raw materials	6,744,483	7,069,710
Work in progress	2,456,458	2,546,266
Inventory in transit	217,771	218,599
Merchandise	<u>209,435</u>	<u>266,074</u>
	<u>\$ 26,756,909</u>	<u>\$ 28,826,436</u>

The costs of inventories recognized as cost of goods sold for the years ended December 31, 2016 and 2015 were \$198,313,490 thousand and \$188,787,517 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2016 and 2015 included reductions of cost of goods sold amounting to \$399,030 thousand and \$238,971 thousand, respectively, due to an increase in inventory's net realizable value. The increase was due to the Group writing off part of its inventories that had been impaired.

12. SUBSIDIARIES

a. Subsidiaries included in consolidated financial statements

Investor	Investee	Main Business	% of Ownership		Remark	
			2016	2015		
The Parent Company	Silitech Technology Corp.	Manufacture and sale of modules and plastic products	33.87	33.87	-	
	Lite-On Integrated Service Inc.	Information outsourcing and system integrat	100.00	100.00	-	
	Lite-On Capital Corp.	Investment activities	100.00	100.00	-	
	Lite-On Electronics H.K. Ltd.	Sale of LED optical products	100.00	100.00	-	
	Lite-On Electronics (Thailand) Co., Ltd.	Manufacture and sale of LED optical products	100.00	100.00	-	
	Lite-On Japan Ltd.	Sale of LED optical products and power supplies	49.49	49.49	-	
	Lite-On International Holding Co., Ltd.	Investment activities	100.00	100.00	-	
	LTC Group Ltd.	Investment activities	100.00	100.00	-	
	Lite-On Technology USA, Inc.	Investment activities	100.00	100.00	-	
	Lite-On Electronics (Europe) Ltd.	Manufacture and sale of power supplies	100.00	100.00	-	
	Lite-On Technology (Europe) B.V.	Market research and after-sales service	54.00	54.00	-	
	Lite-On Overseas Trading Co., Ltd.	Merchandising business	100.00	100.00	-	
	Lite-On Singapore Pte. Ltd.	Manufacture and supply computer peripheral products	100.00	100.00	-	
	Lite-On Vietnam Co., Ltd.	Electronic contract manufacturing	100.00	100.00	-	
The Parent Company	Li Shin International Enterprise Corp.	Manufacture and sale of computer and appliance components	100.00	100.00	-	
	Eagle Rock Investment Ltd.	Import and export business and investment activities	100.00	100.00	-	
	Lite-On Mobile Pte. Ltd.	Manufacture and sale of mobile phone modules and design for assembly line	100.00	100.00	-	
	High Yield Group Co., Ltd.	Holding company	100.00	100.00	-	
	Lite-On Information Technology B.V.	Market research and customer service	100.00	100.00	-	
	Philip & Lite-On Digital Solutions Corp.	Sale of optical disc drives	49.00	49.00	-	
	LET (HK) Ltd.	Sale of optical disc drives	100.00	100.00	-	
	Leotek Electronics Holding Limited	Holding company	-	100.00	1)	
	Lite-On Automotive Electronics (Europe) BV.	Sale of automotive parts and other electronic products	100.00	100.00	-	
	Lite-On Automotive Service USA Inc.	Sale of automotive parts and other electronic products	-	100.00	2)	
	Lite-On Automotive International (Cayman) Co., Ltd.	Investment activities	100.00	100.00	-	
	Lite-On Automotive Electronics Mexico, S.A. DE C.V.	Production, manufacture, sale, import and export of photovoltaic device, key electronic components, telecommunications equipment, information technology equipment, semiconductor applications, general lighting, automotive electronics, renewable energy products and systems and maintenance of automotive industry	99.00	99.00	-	
	Lite-On Capital Corp.	Silitech Technology Corp.	Manufacture and sale of modules and plastic products	0.64	0.64	-
		Lite-On Green Technologies Inc.	Manufacture and wholesales of electronic components and energy technology services	100.00	100.00	-
Lite-On Green Energy (HK) Limited		Investment activities	100.00	100.00	-	
Lite-On Technology (Europe) B.V.		Market research and after-sales services	46.00	46.00	-	
Lite-On Green Energy (Singapore) Pte. Ltd.		Investment activities	100.00	100.00	-	
Lite-On Green Technologies Inc.	Five Dimension Co., Ltd.	Development, manufacture and sale of cell phone and camera lens modules	39.10	69.94	3)	
	Lite-On Green Technologies B.V.	Solar energy engineering	100.00	100.00	-	
	Lite-On Green Technologies (HK) Limited	Solar energy engineering	100.00	100.00	-	
Lite-On Green Energy (Singapore) Pte. Ltd.	Lite-On Green Energy B.V.	Investment activities	100.00	100.00	-	
Lite-On Green Technologies (HK) Limited	Lite-on Green Technologies (Nanjing) Corporation	Solar energy engineering	100.00	100.00	-	
	Lite-On Green Energy B.V.	Romeo Tetti PV1 S.R.L.	Solar energy engineering	-	100.00	4)
Lite-On Green Energy B.V.	Lite-On Green Energy S.R.L.	Solar energy engineering	-	100.00	5)	
	Lite-On Electronics H.K. Ltd.	Lite-On Electronics (Tianjin) Co., Ltd.	ODM services	100.00	100.00	-
Lite-On Electronics H.K. Ltd.	Lite-On Network Communication (Dongguan) Limited	Manufacture and sale of IT products	100.00	100.00	-	
	Lite-On Power Technology (Chang Zhou) Co., Ltd.	Manufacture and sale of new-type electronic components and peripheral materials	-	100.00	6)	
	China Bridge (China) Co., Ltd.	Investment, sales agent	100.00	100.00	-	
	Lite-On Electronics (Dongguan) Co., Ltd.	Manufacture of electronic components	100.00	100.00	-	
	Silitek Elec. (Dongguan) Co., Ltd.	Manufacture and sale of keyboards	100.00	100.00	-	
	Lite-On Computer Tech (Dongguan) Co., Ltd.	Manufacture and sale of display device	100.00	100.00	-	
	Dong Guan G-Tech Computers Co., Ltd.	Manufacture and sale of computer case	100.00	100.00	-	
	DongGuan G-Pro Computer Co., Ltd.	Manufacture and sale of system products	79.29	79.29	-	
	Lite-On Digital Electronics (Dongguan) Co., Ltd.	Manufacture and sale of computer peripheral products	100.00	100.00	-	
	Lite-On Network Communication (Dongguan) Limited	DongGuan G-Pro Computer Co., Ltd.	Manufacture and sale of system products	20.71	20.71	-
	China Bridge (China) Co., Ltd.	Lite-On Opto Technology (Changzhou) Co., Ltd.	Development, manufacture of new-type electronic components and provide technology consulting services, maintenance equipment and after-sales services	12.59	12.59	-
	China Bridge Express (Wuxi) Co., Ltd.	Express and sale of power supplies, printers, display devices and scanners	100.00	100.00	-	

(Continued)

Investor	Investee	Main Business	% of Ownership		Remark
			2016	2015	
Lite-On Electronics Co., Ltd.	Lite-On Communications (Guangzhou) Co., Ltd.	Manufacture and sale of mobile terminal equipment	100.00	100.00	-
	Lite-On Electronics (Guangzhou) Co., Ltd.	Manufacture and sale of printers and scanners	100.00	100.00	-
	Lite-On (Guangzhou) Infotech Co., Ltd.	Information outsourcing	100.00	100.00	-
	Lite-On Elec and Wire (Guangzhou) Co., Ltd.	Manufacture and sale of mobile terminal equipment	100.00	100.00	-
	Lite-On (Guangzhou) Precision Tooling Co., Ltd.	Manufacture and sale of modules	67.03	67.03	-
	Lite-On Tech (Guangzhou) Co., Ltd.	Manufacture and sale of computer cases	100.00	100.00	-
	Lite-On Electronics (Jiangsu) Co., Ltd.	Development, manufacture, sale and installation of power supplies and transformers and provision of technology consulting services, maintenance equipment and precision instruments	100.00	100.00	-
	Lite-On Technology (Guangzhou) Investment Co., Ltd.	Investment activities	100.00	100.00	-
	Lite-On Power Technology (Dongguan) Co., Ltd.	Development, manufacture and sale of electronic components, power supplies and provision technology consulting services	100.00	100.00	-
	Lite-On Technology (Guangzhou) Investment Co., Ltd.	Lite-On (Guangzhou) Precision Tooling Co., Ltd.	Manufacture and sale of modules	32.97	32.97
Zhuhai Lite-On Mobile Technology Co., Ltd.		Mobile phone mold, assembly line design, manufacture and sale activities.	100.00	100.00	-
Lite-On Technology (Changzhou) Co., Ltd.		Development, manufacture, sale and installation of power supplies and transformers and provision technology consulting services, maintenance equipment and after-sales services	100.00	100.00	-
Lite-On Electronics (Jiangsu) Co., Ltd.	Lite-On Opto Technology (Changzhou) Co., Ltd.	Development, manufacture and sale of new-type electronic components and LED and provision technology consulting services, maintenance equipment and after-sales services	87.41	87.41	-
	Lite-On Medical Device (Changzhou) Ltd.	Manufacture and sale of medical equipment	100.00	100.00	-
	Changzhou Leotek New Energy Trade Limited	Wholesale, import and export and installation of street lights, signal lights, scenery lights and new-type electronic components	100.00	100.00	-
	Lite-On Computer (Changzhou) Co., Ltd.	Design, development, manufacture of computer laptop modules and components and provision technology consulting services and after-sales services.	100.00	-	7)
Yet Foundate Ltd.	Dongguan Lite-On Computer Co., Ltd.	Manufacture and sale of computer hosts and components	100.00	100.00	-
Fordgood Electronic Ltd.	Lite-On Li Shin Technology (Ganzhou) Co., Ltd.	Manufacture and sale of electronic components	100.00	100.00	-
Lite-On Technology USA, Inc.	Lite-On, Inc.	Sales data processing business of optoelectronic products and power supplies	100.00	100.00	-
	Lite-On Trading USA, Inc.	Sale of optical products	100.00	100.00	-
	Lite-On Service USA, Inc.	After-sales service of optical products	-	100.00	8)
	Leotek Electronics USA LLC.	Sale of LED products	100.00	100.00	-
	Power Innovations International, Inc.	Development, design and manufacture of power control and energy management	95.25	95.25	-
	Lite-On Sales & Distribution Inc.	Sale of optical disc drives	100.00	100.00	-
	Lite-On Technology Service, Inc.	After-sales service of optical products	100.00	100.00	-
Lite-On International Holding Co., Ltd.	Lite-On China Holding Co., Ltd.	Manufacture and sale of computer cases	100.00	100.00	-
Lite-On Singapore Pte. Ltd.	Lite-On Technology (Ying Tan) Co., Ltd.	Manufacture and sale of electronic components	100.00	100.00	-
	Lite-On Technology (Xianging) Co., Ltd.	Manufacture and sale of electronic components	100.00	100.00	-
	Lite-On Technology (Shanghai) Ltd.	Manufacture and sale of energy saving equipment	100.00	100.00	-
	Lite-On Automotive Electronics Mexico, S.A. DE C.V.	Production, manufacture, sale, import and export of photovoltaic device, key electronic components, telecommunications equipment, information technology equipment, semiconductor applications, general lighting, automotive electronics, renewable energy products and systems and maintenance of automotive industry	1.00	1.00	-
Lite-On Technology (Shanghai) Ltd.	Lite-On Intelligent Technology (Yencheng) Corporation	Wholesale, import and export and installation of street lights, signal lights, scenery lights and new-type electronic components	100.00	100.00	-
LTC Group Ltd.	Titanic Capital Services Ltd.	Investment activities	100.00	100.00	-
LTC International Ltd.	LTC International Ltd.	Manufacture and sale of system products	100.00	100.00	-
Lite-On Technology (Europe) B.V.	Lite-On (Finland) Oy	Manufacture and sale of mobile phone modules and design for assembly line	100.00	100.00	-
Lite-On (Finland) Oy	Lite-On Mobile Oyj (formerly: Perlos Oyj)	Manufacture and sale of mobile phone modules and design for assembly line	100.00	100.00	-
Lite-On China Holding Co., Ltd.	Lite-On Electronics Co., Ltd.	Investment activities	100.00	100.00	-
	Yet Foundate Ltd.	Manufacture of plastic and computer peripheral products	100.00	100.00	-
	I-Solutions Limited	Original equipment manufacturer of electronic products	100.00	100.00	-
	Fordgood Electronic Ltd.	Import and export and real estate business	100.00	100.00	-
	G&W Technology (BVI) Ltd.	G&W Technology (BVI) Ltd.	Real estate management	50.00	50.00
G&W Technology (BVI) Ltd.	G&W Technology Limited	Leasing business	100.00	100.00	-

(Continued)

Investor	Investee	Main Business	% of Ownership		Remark
			2016	2015	
Eagle Rock Investment Ltd.	Huizhou Li Shin Electronic Co., Ltd.	Manufacture of computer peripheral products	100.00	100.00	-
	Huizhou Fu Tai Electronic Co., Ltd.	Manufacture of computer peripheral products	100.00	100.00	-
	Li Shin Technology (Huizhou) Ltd.	Manufacture and sale of new-type electronic components and peripheral materials	100.00	100.00	-
High Yield Group Co., Ltd.	Lite-On IT International (HK) Ltd.	Sale of optical disc drives	100.00	100.00	-
Lite-On IT International (HK) Ltd.	Lite-On Opto Technology (Guangzhou) Co., Ltd.	Manufacture and sale of optical disc drives	100.00	100.00	-
	Lite-On Auto Electric Technology (Guangzhou) Ltd.	Manufacture and sale of optical disc drives	100.00	100.00	-
Lite-On Information Technology B.V.	Lite-On IT Opto Tech (BH) Co., Ltd.	Manufacture and sale of optical disc drives	100.00	100.00	-
	Lite-On Information Technology GmbH	Sale of optical disc drives	100.00	100.00	-
Philip & Lite-On Digital Solutions Corp.	Philips & Lite-On Digital Solutions Germany GmbH	Development and sale of modules of automotive recorders	100.00	100.00	-
	Philips & Lite-On Digital Solutions USA Inc.	Sale of optical disc drives	100.00	100.00	-
	Philips & Lite-On Digital Solutions Korea Ltd.	Sale of optical disc drives	100.00	100.00	-
	Philips & Lite-On Digital Solutions Netherlands B.V.	Sale and design of optical disc drives	100.00	100.00	-
	Philip & Lite-On Digital Solutions (Shanghai) Co., Ltd.	Sale of optical disc drives	100.00	100.00	-
Silitech Technology Corp.	Silitech (BVI) Holding Ltd.	Investment activities	100.00	100.00	-
	Lite-On Japan Ltd.	Sale of LED optical products and power supplies	7.87	7.87	-
Silitech (BVI) Holding Ltd.	Silitech (Bermuda) Holding Ltd.	Investment activities	100.00	100.00	-
	Silitech Technology Corp. Ltd.	Manufacture of plastic and computer peripheral products	100.00	100.00	-
Silitech (Bermuda) Holding Ltd.	Silitech Technology Corp. Sdn. Bhd.	Manufacture of computer peripheral products	100.00	100.00	-
	Silitech (Hong Kong) Holding Ltd.	Investment activities	100.00	100.00	-
	Silitech International (India) Private Limited	Development, manufacture and sale of automotive parts	100.00	100.00	-
Silitech (Hong Kong) Holding Ltd.	Silitech Technology (SuZhou) Co., Ltd.	Manufacture and sale of automotive parts	100.00	100.00	-
	Silitech Technology Corp. Ltd.	Manufacture of automotive parts, touch panels and plastic and rubber assembly	100.00	100.00	-
Silitech Technology Corp. Ltd.	SuZhou Xulong Mold Producing Co., Ltd.	Development, manufacture and sale of precision modules and new-type electronic components (chip components, testing elements, hybrid integrated circuits)	60.00	60.00	-
Lite-On Automotive International (Cayman) Co., Ltd.	Lite-On Automotive Holdings (Hong Kong) Co., Ltd.	Investment activities	100.00	100.00	-
	Lite-On Automotive (Wuxi) Co., Ltd.	Manufacture, sale and processing of electronic products	100.00	100.00	-
Lite-On Automotive Holdings (Hong Kong) Co., Ltd.	Lite-On Automotive Electronics (Guangzhou) Co., Ltd.	Manufacture, sale and processing of electronic products	100.00	100.00	-
Lite-On Japan Ltd.	Lite-On Japan (S) Pte. Ltd.	Import and export of electronic components	-	100.00	9)
	L&K Industries Philippines, Inc.	Import and export of electronic components	100.00	100.00	-
	Lite-On Japan (H.K.) Limited	Import and export of electronic components	100.00	100.00	-
	Lite-On Japan (Korea) Co., Ltd.	Import and export of electronic components	100.00	100.00	-
	Lite-On Japan (Thailand) Co., Ltd.	Import and export of electronic components	100.00	100.00	-
Lite-On Japan (H.K.) Limited	NL (Shanghai) Co., Ltd.	Import and export of electronic components	100.00	100.00	-
	Lite-On Mobile Oyj (formerly: Perlos Oyj)	Manufacture and sale of mobile phone modules and design for assembly line	100.00	100.00	-
Lite-On Mobile Indústria e Comércio de Plásticos Ltda.	Lite-On Mobile Indústria e Comércio de Plásticos Ltda.	Manufacture and sale of mobile phone modules and design for assembly line	3.08	3.14	-
	Lite-On Mobile India Private Limited	Manufacture and sale of mobile phone modules and design for assembly line	11.59	-	10)
Lite-On Mobile Pte. Ltd.	Guangzhou Lite-On Mobile Electronic Components Co., Ltd.	Manufacture and sale of mobile phone modules and design for assembly line	100.00	100.00	-
	Guangzhou Lite-On Mobile Engineering Plastics Co., Ltd.	Manufacture and sale of mobile phone modules and design for assembly line	100.00	100.00	-
Beijing Lite-On Mobile Electronic and Telecommunication Components Co., Ltd.	Beijing Lite-On Mobile Electronic and Telecommunication Components Co., Ltd.	Manufacture and sale of mobile phone modules and design for assembly line	100.00	100.00	-
	Shenzhen Lite-On Mobile Precision Molds Co., Ltd.	Manufacture and sale of mobile phone modules and design for assembly line	100.00	100.00	-
Lite-On Mobile Indústria e Comércio de Plásticos Ltda.	Lite-On Mobile Indústria e Comércio de Plásticos Ltda.	Manufacture and sale of mobile phone modules and design for assembly line	96.92	96.86	-
	Perlos Precision Plastics Moulding Limited Liability Company	Manufacture and sale of mobile phone modules and design for assembly line	100.00	100.00	-
Lite-On Mobile India Private Limited.	Lite-On Mobile India Private Limited.	Manufacture and sale of mobile phone modules and design for assembly line	88.41	100.00	10)
Lite-On Young Fast Pte. Ltd.	Lite-On Young Fast Pte. Ltd.	Investment activities	100.00	100.00	-
	Yantai Lite-On Mobile Electronic Components Co., Ltd.	Manufacture and sale of mobile phone modules and design for assembly line	100.00	100.00	-
Guangzhou Lite-On Mobile Electronic Components Co., Ltd.	Yantai Lite-On Mobile Electronic Components Co., Ltd.	Manufacture and sale of mobile phone modules and design for assembly line	100.00	100.00	-
Lite-On Young Fast Pte. Ltd.	Lite-On Young Fast (Huizhou) Co., Ltd.	Modules of touch panels	100.00	100.00	-

(Concluded)

Remark:

- 1) Leotek Electronics Holding Limited was dissolved after liquidation in December 2016.
- 2) Lite-On Automotive Service USA Inc. was dissolved after liquidation in April 2016.
- 3) The Group subscribed for additional new shares of Five Dimension Co., Ltd. at a percentage different from its existing ownership percentage and disposed part of its holdings. As a result, the Group has lost control of Five Dimension Co., Ltd. starting from May 2016. Five Dimension Co., Ltd. is no longer consolidated and is accounted for using the equity method for subsequent measurement.

- 4) Romeo Tetti PV1 S.R.L. was disposed in January 2016.
 - 5) Lite-On Green Energy S.R.L. was dissolved after liquidation in December 2016.
 - 6) Lite-On Power Technology (Changzhou) Co., Ltd. was dissolved after liquidation in February 2016.
 - 7) Lite-On Computer (Changzhou) Co., Ltd. was established in June 2016.
 - 8) Lite-On Service USA Inc. was dissolved after liquidation in December 2016.
 - 9) Lite-On Japan (S) Pte. Ltd. was dissolved after liquidation in June 2016.
 - 10) In March 2016, a loan to Lite-On Mobile India Private Limited from Lite-On Mobile Oyj and Lite-On Mobile Pte. Ltd. was reclassified to additional capital investment in Lite-On Mobile India Private Limited.
- b. Subsidiaries excluded from consolidated financial statements: None.
- c. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests	
	December 31	
	2016	2015
Silitech Technology Corp.	65.49%	65.49%

See Table 7 and Table 8 for the information on place of incorporation and principal place of business.

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests For the Year Ended December 31		Accumulated Non-controlling Interests December 31	
	2016	2015	2016	2015
	Silitech Technology Corp.	\$ (79,187)	\$ 52,347	\$ 2,581,986
Others	<u>35,400</u>	<u>37,586</u>	<u>766,915</u>	<u>809,793</u>
	<u>\$ (43,787)</u>	<u>\$ 89,933</u>	<u>\$ 3,348,901</u>	<u>\$ 3,695,082</u>

The summarized financial information below represents amounts before intragroup eliminations.

Silitech Technology Corp. and Silitech Technology Corp.'s subsidiaries:

	December 31	
	2016	2015
Current assets	\$ 4,725,000	\$ 5,467,860
Non-current assets	1,615,292	1,941,195
Current liabilities	(1,340,826)	(1,399,290)
Non-current liabilities	<u>(1,057,556)</u>	<u>(1,608,984)</u>
Equity	<u>\$ 3,941,910</u>	<u>\$ 4,400,781</u>

(Continued)

	December 31	
	2016	2015
Equity attributable to:		
Parent Company	\$ 1,359,924	\$ 1,515,492
Non-controlling interests of Silitech Technology Corp.	2,580,743	2,875,966
Non-controlling interests of Silitech Technology Corp.'s subsidiaries	<u>1,243</u>	<u>9,323</u>
	<u>\$ 3,941,910</u>	<u>\$ 4,400,781</u>
		(Concluded)
	For the Year Ended December 31	
	2016	2015
Revenue	<u>\$ 2,387,732</u>	<u>\$ 3,530,193</u>
Profit (loss) for the year	\$ (116,873)	\$ 101,383
Other comprehensive loss for the year	<u>(236,162)</u>	<u>(42,252)</u>
Total comprehensive income (loss) for the year	<u>\$ (353,035)</u>	<u>\$ 59,131</u>
Profit (loss) attributable to:		
Parent Company	\$ (37,686)	\$ 49,036
Non-controlling interests of Silitech Technology Corp.	(71,516)	96,941
Non-controlling interests of Silitech Technology Corp.'s subsidiaries	<u>(7,671)</u>	<u>(44,594)</u>
	<u>\$ (116,873)</u>	<u>\$ 101,383</u>
Total comprehensive income (loss) attributable to:		
Parent Company	\$ (119,044)	\$ 34,982
Non-controlling interests of Silitech Technology Corp.	(225,911)	69,155
Non-controlling interests of Silitech Technology Corp.'s subsidiaries	<u>(8,080)</u>	<u>(45,006)</u>
	<u>\$ (353,035)</u>	<u>\$ 59,131</u>
Net cash flow from:		
Operating activities	\$ 15,467	\$ 424,898
Investing activities	(380,734)	(412,759)
Financing activities	(106,012)	(461,902)
Foreign exchange translation	<u>(155,579)</u>	<u>(6,274)</u>
Net cash outflow	<u>\$ (626,858)</u>	<u>\$ (456,037)</u>
Dividends paid to non-controlling interest Silitech Technology Corp.	<u>\$ 69,312</u>	<u>\$ 148,827</u>

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in Associates

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
Associates that are not individually material	\$ 3,807,869	\$ 4,095,167
Add: Credit balance of investments accounted for using equity method	<u>2,564</u>	<u>-</u>
	<u><u>\$ 3,810,433</u></u>	<u><u>\$ 4,095,167</u></u>

Aggregate Information of Associates That are Not Individually Material

	<u>For the Year Ended December 31</u>	
	<u>2016</u>	<u>2015</u>
The Group's share of:		
Profit for the year	\$ 82,626	\$ 124,439
Other comprehensive loss	<u>(304,108)</u>	<u>(53,378)</u>
Total comprehensive income (loss) for the year	<u><u>\$ (221,482)</u></u>	<u><u>\$ 71,061</u></u>

14. PROPERTY, PLANT AND EQUIPMENT, NET

	Freehold Land	Buildings	Machinery Equipment	Tooling Equipment	Transportation Equipment	Office Equipment	Equipment Held under Finance Lease	Other Equipment	Total
Cost									
January 1, 2016	\$ 2,339,337	\$20,743,583	\$43,413,229	\$ 3,547,594	\$ 72,550	\$ 2,463,313	\$ 1,470,559	\$ 7,724,699	\$81,774,864
Additions	-	34,502	2,034,337	98,448	213	125,528	36,647	1,060,628	3,390,303
Disposals	(13,926)	(362,775)	(3,017,478)	(816,315)	(6,116)	(317,459)	(603,281)	(275,733)	(5,413,083)
Effect of business combination	-	(423,671)	-	-	-	-	-	(888)	(424,559)
Reclassification	-	18,614	353,806	55,854	-	(10,439)	-	(436,095)	(18,260)
Effect of foreign currency exchange differences	<u>(650)</u>	<u>(1,095,171)</u>	<u>(2,986,688)</u>	<u>(178,325)</u>	<u>(3,138)</u>	<u>(97,367)</u>	<u>(117,399)</u>	<u>(599,035)</u>	<u>(5,037,773)</u>
December 31, 2016	<u><u>\$ 2,324,761</u></u>	<u><u>\$18,915,082</u></u>	<u><u>\$39,797,206</u></u>	<u><u>\$ 2,707,256</u></u>	<u><u>\$ 63,509</u></u>	<u><u>\$ 2,163,576</u></u>	<u><u>\$ 786,526</u></u>	<u><u>\$ 7,513,576</u></u>	<u><u>\$74,271,492</u></u>
Accumulated depreciation									
January 1, 2016	\$ -	\$ 8,685,181	\$27,604,565	\$ 3,298,595	\$ 55,867	\$ 2,028,918	\$ 1,170,552	\$ 4,083,357	\$46,927,035
Additions	-	757,366	4,579,043	174,903	6,812	203,654	91,923	495,127	6,308,828
Disposals	-	(124,829)	(2,740,412)	(802,633)	(4,986)	(313,272)	(591,301)	(256,468)	(4,833,901)
Effect of business combination	-	(89,320)	-	-	-	-	-	(460)	(89,780)
Reclassification	-	-	23,756	15,876	(2)	(1,374)	-	(9,664)	28,592
Effect of foreign currency exchange differences	<u>-</u>	<u>(509,617)</u>	<u>(1,969,270)</u>	<u>(172,204)</u>	<u>(2,781)</u>	<u>(87,632)</u>	<u>(90,414)</u>	<u>(265,415)</u>	<u>(3,097,333)</u>
December 31, 2016	<u><u>\$ -</u></u>	<u><u>\$ 8,718,781</u></u>	<u><u>\$27,497,682</u></u>	<u><u>\$ 2,514,537</u></u>	<u><u>\$ 54,910</u></u>	<u><u>\$ 1,820,294</u></u>	<u><u>\$ 580,760</u></u>	<u><u>\$ 4,046,477</u></u>	<u><u>\$45,243,441</u></u>
Accumulated impairment									
January 1, 2016	\$ -	\$ 380,217	\$ 846,869	\$ 21,000	\$ 747	\$ 8,839	\$ 42,156	\$ 158,562	\$ 1,458,390
Additions	-	50,000	28,558	5,596	-	21	-	10,685	94,860
Disposals	-	(134,323)	(87,518)	(12,907)	(245)	(1,219)	-	(23,808)	(260,020)
Effect of business combination	-	(33,999)	-	-	-	-	-	-	(33,999)
Effect of foreign currency exchange differences	<u>-</u>	<u>(7,723)</u>	<u>(53,672)</u>	<u>(65)</u>	<u>(49)</u>	<u>(586)</u>	<u>(3,369)</u>	<u>8,070</u>	<u>(57,394)</u>
December 31, 2016	<u><u>\$ -</u></u>	<u><u>\$ 254,172</u></u>	<u><u>\$ 734,237</u></u>	<u><u>\$ 13,624</u></u>	<u><u>\$ 453</u></u>	<u><u>\$ 7,055</u></u>	<u><u>\$ 38,787</u></u>	<u><u>\$ 153,509</u></u>	<u><u>\$ 1,201,837</u></u>
December 31, 2016, net	<u><u>\$ 2,324,761</u></u>	<u><u>\$ 9,942,129</u></u>	<u><u>\$11,565,287</u></u>	<u><u>\$ 179,095</u></u>	<u><u>\$ 8,146</u></u>	<u><u>\$ 326,227</u></u>	<u><u>\$ 166,979</u></u>	<u><u>\$ 3,313,590</u></u>	<u><u>\$27,826,214</u></u>
Cost									
January 1, 2015	\$ 2,335,867	\$20,591,355	\$42,733,143	\$ 3,884,972	\$ 83,156	\$ 2,730,452	\$ 1,411,445	\$ 9,077,902	\$82,848,292
Additions	-	149,911	4,364,717	159,092	5,050	221,682	97,851	802,393	5,800,696
Disposals	(53)	(90,266)	(3,675,925)	(688,688)	(5,171)	(231,804)	(679)	(435,101)	(5,127,687)
Reclassification	10,275	296,816	589,501	234,079	(9,336)	(245,268)	(11,741)	(1,647,974)	(783,648)
Effect of foreign currency exchange differences	<u>(6,752)</u>	<u>(204,233)</u>	<u>(598,207)</u>	<u>(41,861)</u>	<u>(1,149)</u>	<u>(11,749)</u>	<u>(26,317)</u>	<u>(72,521)</u>	<u>(962,789)</u>
December 31, 2015	<u><u>\$ 2,339,337</u></u>	<u><u>\$20,743,583</u></u>	<u><u>\$43,413,229</u></u>	<u><u>\$ 3,547,594</u></u>	<u><u>\$ 72,550</u></u>	<u><u>\$ 2,463,313</u></u>	<u><u>\$ 1,470,559</u></u>	<u><u>\$ 7,724,699</u></u>	<u><u>\$81,774,864</u></u>
Accumulated depreciation									
January 1, 2015	\$ -	\$ 7,821,429	\$25,607,321	\$ 3,704,341	\$ 60,551	\$ 2,254,755	\$ 1,101,485	\$ 4,534,639	\$45,084,521
Additions	-	814,098	4,831,830	194,072	8,307	239,883	108,323	516,782	6,713,295
Disposals	-	(57,152)	(2,278,086)	(667,103)	(4,978)	(211,497)	(281)	(423,837)	(3,642,934)
Reclassification	-	186,352	(194,641)	107,787	(7,076)	(243,435)	(18,002)	(505,686)	(674,701)
Effect of foreign currency exchange differences	<u>-</u>	<u>(79,546)</u>	<u>(361,859)</u>	<u>(40,502)</u>	<u>(937)</u>	<u>(10,788)</u>	<u>(20,973)</u>	<u>(38,541)</u>	<u>(553,146)</u>
December 31, 2015	<u><u>\$ -</u></u>	<u><u>\$ 8,685,181</u></u>	<u><u>\$27,604,565</u></u>	<u><u>\$ 3,298,595</u></u>	<u><u>\$ 55,867</u></u>	<u><u>\$ 2,028,918</u></u>	<u><u>\$ 1,170,552</u></u>	<u><u>\$ 4,083,357</u></u>	<u><u>\$46,927,035</u></u>

(Continued)

	Freehold Land	Buildings	Machinery Equipment	Tooling Equipment	Transportation Equipment	Office Equipment	Equipment Held under Finance Lease	Other Equipment	Total
<u>Accumulated impairment</u>									
January 1, 2015	\$ -	\$ 345,834	\$ 1,113,732	\$ 40,520	\$ 924	\$ 9,882	\$ 42,492	\$ 103,171	\$ 1,656,555
Additions	-	16	130,276	-	-	-	-	56,229	186,521
Disposals	-	-	(494,361)	(24,163)	(170)	(968)	-	(3,178)	(522,840)
Reclassification	-	2,287	84,402	908	-	-	-	5,529	93,126
Effect of foreign currency exchange differences	-	32,080	12,820	3,735	(7)	(75)	(336)	(3,189)	45,028
December 31, 2015	\$ -	\$ 380,217	\$ 846,869	\$ 21,000	\$ 747	\$ 8,839	\$ 42,156	\$ 158,562	\$ 1,458,390
December 31, 2015, net	\$ 2,339,337	\$ 11,678,185	\$ 14,961,795	\$ 227,999	\$ 15,936	\$ 425,556	\$ 257,851	\$ 3,482,780	\$ 33,389,439

(Concluded)

For the years ended December 31, 2016 and 2015, as the result of the declining sale of some of the products in the market, the estimated future cash flows expected to arise from the related equipment was decreased and recognized impairment loss \$94,860 thousand and \$186,521 thousand, respectively. The Group carried out a review of the recoverable amount of that related equipment and determined that the carrying amount exceeded the recoverable amount. The impairment loss had been recognized in the consolidated statements of comprehensive income.

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

Buildings	5-60 years
Machinery equipment	2-10 years
Tooling equipment	2-10 years
Transportation equipment	3-10 years
Office equipment	2-10 years
Equipment held under finance lease	3-40 years
Other equipment	2-10 years

15. INVESTMENT PROPERTIES, NET

	Completed Investment Property
<u>Cost</u>	
Balance at January 1, 2015	\$ 733,478
Net exchange differences	<u>(5,814)</u>
Balance at December 31, 2015	<u>\$ 727,664</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2015	\$ 196,448
Depreciation expense	32,835
Net exchange differences	<u>(1,569)</u>
Balance at December 31, 2015	<u>\$ 227,714</u>
Balance at December 31, 2015, net	<u>\$ 499,950</u>

(Continued)

**Completed
Investment
Property**

Cost

Balance at January 1, 2016	\$ 727,664
Net exchange differences	<u>(58,162)</u>

Balance at December 31, 2016	<u><u>\$ 669,502</u></u>
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Accumulated depreciation

Balance at January 1, 2016	\$ 227,714
Depreciation expense	31,584
Net exchange differences	<u>(19,586)</u>

Balance at December 31, 2016	<u><u>\$ 239,712</u></u>
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Balance at December 31, 2016, net	<u><u>\$ 429,790</u></u> (Concluded)
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The investment properties held by the Group are depreciated using the straight-line method over their estimated useful lives of 20 years.

For the investment properties valued by Wuxi Zhongzheng Assets Appraisal Co., an independent appraiser, the Group's management determined their fair value by reference to the appraiser's market evidence of the transaction price of real estate. As of December 31, 2016, the fair value of investment property estimated using unobservable inputs (Level3) was \$569,278 thousand.

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

16. OTHER INTANGIBLE ASSETS, NET

	Goodwill	Patents	Patents Use Rights	Client Relationships	Software	Other Intangible Assets	Total
<u>Cost</u>							
January 1, 2016	\$ 15,524,903	\$ 37,773	\$ 2,695,878	\$ 163,819	\$ 669,053	\$ 1,991,449	\$ 21,082,875
Additions	-	800	-	-	159,667	4,336	164,803
Disposals	-	-	-	-	(23,647)	(54,185)	(77,832)
Effect of business combination	(75,671)	-	-	-	(573)	-	(76,244)
Reclassification	-	-	-	-	35,594	(13,231)	22,363
Effect of foreign currency exchange differences	<u>(32,929)</u>	<u>(3)</u>	<u>-</u>	<u>-</u>	<u>(6,499)</u>	<u>(39,946)</u>	<u>(79,377)</u>
December 31, 2016	<u><u>\$ 15,416,303</u></u>	<u><u>\$ 38,570</u></u>	<u><u>\$ 2,695,878</u></u>	<u><u>\$ 163,819</u></u>	<u><u>\$ 833,595</u></u>	<u><u>\$ 1,888,423</u></u>	<u><u>\$ 21,036,588</u></u>
<u>Accumulated amortization</u>							
January 1, 2016	\$ 77,234	\$ 30,853	\$ 2,134,238	\$ 163,819	\$ 415,910	\$ 1,869,056	\$ 4,691,110
Additions	-	3,308	224,657	-	196,693	42,325	466,983
Disposals	-	-	-	-	(21,742)	(49,064)	(70,806)
Effect of business combination	-	-	-	-	(285)	-	(285)
Reclassification	-	-	-	-	502	(13,231)	(12,729)
Effect of foreign currency exchange differences	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,000)</u>	<u>(32,655)</u>	<u>(36,655)</u>
December 31, 2016	<u><u>\$ 77,234</u></u>	<u><u>\$ 34,161</u></u>	<u><u>\$ 2,358,895</u></u>	<u><u>\$ 163,819</u></u>	<u><u>\$ 587,078</u></u>	<u><u>\$ 1,816,431</u></u>	<u><u>\$ 5,037,618</u></u>

(Continued)

	Goodwill	Patents	Patents Use Rights	Client Relationships	Software	Other Intangible Assets	Total
<u>Accumulated impairment</u>							
January 1, 2016	\$ 453,533	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 453,533
Additions	336,210	-	-	-	12	-	336,222
Disposals	-	-	-	-	(505)	-	(505)
Effect of foreign currency exchange differences	-	-	-	-	(14)	-	(14)
December 31, 2016	<u>\$ 789,743</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (507)</u>	<u>\$ -</u>	<u>\$ 789,236</u>
December 31, 2016, net	<u>\$ 14,549,326</u>	<u>\$ 4,409</u>	<u>\$ 336,983</u>	<u>\$ -</u>	<u>\$ 247,024</u>	<u>\$ 71,992</u>	<u>\$ 15,209,734</u>
<u>Cost</u>							
January 1, 2015	\$ 15,483,954	\$ 39,481	\$ 2,695,878	\$ 163,819	\$ 563,576	\$ 3,859,575	\$ 22,806,283
Additions	92,264	-	-	-	139,208	15,762	247,234
Disposals	-	-	-	-	(37,243)	(1,009,378)	(1,046,621)
Reclassification	-	(1,566)	-	-	3,981	(854,677)	(852,262)
Effect of foreign currency exchange differences	(51,315)	(142)	-	-	(469)	(19,833)	(71,759)
December 31, 2015	<u>\$ 15,524,903</u>	<u>\$ 37,773</u>	<u>\$ 2,695,878</u>	<u>\$ 163,819</u>	<u>\$ 669,053</u>	<u>\$ 1,991,449</u>	<u>\$ 21,082,875</u>
<u>Accumulated amortization</u>							
January 1, 2015	\$ 77,234	\$ 27,293	\$ 1,909,581	\$ 163,819	\$ 277,272	\$ 3,598,588	\$ 6,053,787
Additions	-	4,850	224,657	-	159,610	145,011	534,128
Disposals	-	-	-	-	(26,243)	(995,602)	(1,021,845)
Reclassification	-	(1,178)	-	-	5,191	(865,406)	(861,393)
Effect of foreign currency exchange differences	-	(112)	-	-	80	(13,535)	(13,567)
December 31, 2015	<u>\$ 77,234</u>	<u>\$ 30,853</u>	<u>\$ 2,134,238</u>	<u>\$ 163,819</u>	<u>\$ 415,910</u>	<u>\$ 1,869,056</u>	<u>\$ 4,691,110</u>
<u>Accumulated impairment</u>							
January 1, 2015	\$ 453,533	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 453,533
December 31, 2015	<u>\$ 453,533</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 453,533</u>
December 31, 2015, net	<u>\$ 14,994,136</u>	<u>\$ 6,920</u>	<u>\$ 561,640</u>	<u>\$ -</u>	<u>\$ 253,143</u>	<u>\$ 122,393</u>	<u>\$ 15,938,232</u>

(Concluded)

The above items of other intangible assets were amortized on a straight-line basis over the estimated useful life of the asset:

Patents	6 years
Patents use rights	12 years
Client relationships	4 years
Software	1-14 years
Other intangible assets	1-10 years

The carrying amount of goodwill allocated to the Group's cash-generating units as follows:

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
Lite-On Mobile Pte. Ltd.	\$ 8,533,126	\$ 8,562,258
The Parent company	5,617,208	5,953,418
Power Innovations International Inc.	360,108	366,539
Others	38,884	58,818
Five Dimension Co., Ltd.	<u>-</u>	<u>53,103</u>
	<u>\$ 14,549,326</u>	<u>\$ 14,994,136</u>

- a. The Parent Company acquired an asset group from SEEnergy Corp. in September 2015. IFRS 3 “Business Combinations” and IAS 38 “Intangible Assets” define recognized goodwill as the sum of the acquisition cost plus other direct transaction costs minus the fair value of the identifiable net assets acquired. Thus, goodwill was calculated as follows:

Acquisition price		\$ 30,093
Fair value of acquired identifiable net assets:		
Inventories	\$ 2,420	
Property, plant and equipment	340	
Software	<u>71</u>	<u>2,831</u>
Goodwill		<u>\$ 27,262</u>

- b. Goodwill is allocated to the Group’s recoverable amount of cash-generating units. The recoverable amount of all cash-generating units has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering the future five-year period. In 2016, the Group examined the current conditions and future prospects of the global optical disc drives market; the amount of \$336,210 thousand was recognized as goodwill impairment after the assessment, and the discount rate used was 9.71%.

Management determined the gross margin based on past performance and future profits. The growth rate used is consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks related to the relevant cash-generating units.

17. OTHER ASSETS

	December 31	
	2016	2015
Prepayments	\$ 1,929,273	\$ 2,408,898
Prepayments for lease	615,138	689,368
Offset against business tax payable	594,015	1,220,409
Prepayment for equipment	29,912	63,956
Others	<u>208,441</u>	<u>109,475</u>
	<u>\$ 3,376,779</u>	<u>\$ 4,492,106</u>
Current	\$ 2,619,735	\$ 3,744,824
Non-current	<u>757,044</u>	<u>747,282</u>
	<u>\$ 3,376,779</u>	<u>\$ 4,492,106</u>

Prepayments for lease with carrying amounts of \$582,914 thousand and \$653,274 thousand as of December 31, 2016 and 2015, respectively, referred to land use rights located in mainland China.

18. BORROWINGS

- a. Short-term borrowings

	December 31	
	2016	2015
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>\$ 14,386,282</u>	<u>\$ 17,670,878</u>

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

Short-term borrowings	0.78% -8.55%	0.7% -4%
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b. Long-term borrowings

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
<u>Unsecured borrowings</u>		
The Parent Company	\$ 12,000,000	\$ 12,500,000
Lite-On Mobile Pte. Ltd.	6,440,000	6,555,000
Silitech Technology Corp.	1,440,000	1,440,000
Guangzhou Lite-On Mobile Electronic Components Co., Ltd.	-	524,396
Lite-On Japan Ltd.	47,663	102,082
Five Dimension Co., Ltd.	-	26,890
	<u>19,927,663</u>	<u>21,148,368</u>
Current portion	<u>(7,889,817)</u>	<u>(4,795,064)</u>
	<u>12,037,846</u>	<u>16,353,304</u>
<u>Secured borrowings</u>		
Power Innovations International Inc.	2,406	3,503
Current portion	<u>(1,082)</u>	<u>(1,054)</u>
	<u>1,324</u>	<u>2,449</u>
	<u>\$ 12,039,170</u>	<u>\$ 16,355,753</u>

- 1) As of December 31, 2016 and 2015, the Parent Company had 2 long-term bank loans, respectively, with contract terms between September 23, 2013 and September 23, 2021. The floating interest rates are (1.5789% to 1.7895% and 1.5789% to 1.59067% as of December 31, 2016 and 2015, respectively) payable monthly or quarterly. These loans should be repaid in 5 installments or at lump sum on loan maturity.

On September 23, 2008, the Parent Company signed a contract for a five-year syndicated loan with Citibank and 14 other financial institutions, and on May 16, 2011, changed the contract period to seven years from 2008. The repayment period is between September 23, 2008 and September 22, 2015. The credit line is \$15 billion, consisting of (a) \$12 billion and (b) \$3 billion of the credit line of the above syndicated loan. The Parent Company had repaid the syndicated loan in September 2015.

On September 12, 2013, the Parent Company signed another contract for a five-year syndicated loan with Citibank and 17 other financial institutions. The credit line was \$15 billion, which was for Company to repay the former syndicated loan with Citibank signed on September 23, 2008, consisting of (a) \$12 billion and (b) \$3 billion of the credit line of the above syndicated loan. It should be used as a medium-term loan but may not be used on a revolving basis. The principal of this syndication loan should be repaid three years after September 23, 2013 in five semiannual installments with the first payment paid on September 23, 2016, and the interest rate is the 90-day Taipei Interbank Offered Rate plus 61 points. Under the syndicated loan agreement, the Parent Company should maintain the agreed financial ratios based on the most recent semiannual or annual financial statements. As of December 31, 2016 and 2015, the Parent Company used \$9.6 billion and \$12 billion, respectively, of the credit line of the above syndicated loan.

On June 27, 2016, the Parent Company signed another contract for a five-year syndicated loan with Citibank and 15 other financial institutions. The credit line was \$12 billion, which was for Company to repay the former syndicated loan with Citibank signed on September 12, 2013. It should be used as a medium-term loan but may not be used on a revolving basis. The principal of this syndication loan should be repaid three years after June 27, 2016 in five semiannual installments with the first payment paid on June 27, 2019, and the interest rate is the 90-day Taipei Interbank Offered Rate plus 60 points. Under the syndicated loan agreement, the Parent Company should maintain the agreed financial ratios based on the most recent semiannual or annual financial statements. As of December 31, 2016, the Parent Company used \$2.4 billion of the credit line of the above syndicated loan.

- 2) Lite-On Mobile Pte. Ltd., a subsidiary of the Parent Company, had a long-term, syndicated-bank loan. As of December 31, 2016 and 2015, the floating interest rates were 1.98733% and 0.92075% to 1.4239%, respectively. The principal is repayable from April 29, 2014 in five semiannual installments.

On April 29, 2011, Lite-On Mobile Pte. Ltd. signed a loan contract with Citibank and 13 other financial institutions (the endorsements and guarantees were provided by the Parent Company). This contract is on a five-year syndicated loan of US\$200 million. As of December 31, 2015, Lite-On Mobile Pte. Ltd. had used US\$40 million of the syndicated loan. It had repaid the syndicated loan in April 2016.

On March 31, 2014, Lite-On Mobile Pte. Ltd. signed with Citibank and 12 other financial institutions (the endorsements and guarantees were provided by the Parent Company). This contract is on a five-year syndicated loan of US\$200 million. This syndicated loan was for Lite-On Mobile Pte. Ltd. to prepay the syndicated loan with Citibank under a contract signed on April 29, 2011. As of December 31, 2016 and 2015, Lite-On Mobile Pte. Ltd. had used US\$200 million and US\$160 million of the syndicated loan.

- 3) Silitech Technology Co., Ltd., a subsidiary of the Parent Company, entered into a \$2.4 billion syndicated loan contract, with the Land Bank of Taiwan as lead bank and a contract term from February 18, 2013 to February 18, 2018. This loan was obtained for the purposes of supporting working capital and capital expenditure. As of December 31, 2016 and 2015, Silitech had both used \$1.44 billion of the syndicated loan, with floating interest rates of 1.5856% and 1.5958% to 1.5962%, respectively. The first repayment of \$480 million should be made on August 18, 2017. The remaining principal of \$960 million is repayable by February 18, 2018.
- 4) On December 28, 2011, Guangzhou Lite-On Mobile Electronic Components Co., Ltd., a subsidiary of the Parent Company, signed a contract for a five-year syndicated loan with Citibank and 10 other financial institutions. The credit line was US\$50 million (the endorsements and guarantees were provided by the Parent Company). The syndicated loan was repaid in December 2016.
- 5) As of December 31, 2016, Lite-On Japan Ltd., a subsidiary of the Parent Company, had 4 long-term bank loans, with contract terms from March 2012 to October 2018, with interest rates of 1.3% to 1.5370% and principal repayable in trimestral installments.

As of December 31, 2015, Lite-On Japan Ltd., a subsidiary of the Parent Company, had 6 long-term bank loans, with contract terms from March 2011 to October 2018, with interest rates of 0.975% to 1.35% and principal repayable in trimestral installments.

- 6) Since April 2016, Five Dimension Co., Ltd., a subsidiary of the Parent Company, is no longer included in the consolidated financial statements. As of December 31, 2015, Five Dimension Co., Ltd. had 3 long-term bank loans, with contract terms from March 28, 2012 to March 20, 2027, with interest rates of 0.4% to 2.375%, and principal repayable in monthly installments or at lump sum on loan maturity.

- 7) As of December 31, 2016 and 2015, Power Innovations International Inc., a subsidiary of the Parent Company, had a long-term secured borrowing as a collateral loan for machinery and equipment, with contract terms from March 28, 2013 to February 28, 2019, and an interest rate of 4.4%.

19. FINANCE LEASE PAYABLES

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
<u>Minimum lease payments</u>		
Not later than one year	\$ 1,866	\$ 98,508
Later than one year and not later than five years	<u>3,822</u>	<u>5,790</u>
	5,688	104,298
Future finance charges	<u>(385)</u>	<u>(3,399)</u>
Present value of minimum lease payments	<u>\$ 5,303</u>	<u>\$ 100,899</u>
<u>Present value of minimum lease payments</u>		
Not later than one year	\$ 1,657	\$ 95,501
Later than one year and not later than five years	<u>3,646</u>	<u>5,398</u>
	<u>\$ 5,303</u>	<u>\$ 100,899</u>
Current	\$ 1,657	\$ 95,501
Non-current	<u>3,646</u>	<u>5,398</u>
	<u>\$ 5,303</u>	<u>\$ 100,899</u>
Power Innovations International Inc.	\$ 5,303	\$ 7,010
Guangzhou Lite-On Mobile Electronic Components Co., Ltd.	-	93,390
Lite-On Mobile Sweden AB	<u>-</u>	<u>499</u>
	5,303	100,899
Current portion of long-term capital lease liabilities	<u>(1,657)</u>	<u>(95,501)</u>
	<u>\$ 3,646</u>	<u>\$ 5,398</u>

- a. Power Innovations International Inc. leased machinery and equipment under finance leases valid from March 28, 2013 to March 31, 2020. The terms of these leases were between five and seven years, with 3.49% to 4.75% interest rate. The machinery and equipment can be bought at bargain purchase prices at the end of the lease terms.
- b. Guangzhou Lite-On Mobile Electronic Components Co., Ltd. leased buildings, machinery and equipment under finance leases valid from January 1, 2007 to December 31, 2016. The terms of these leases were 10 years, with 7.11% interest rate.
- c. Lite-On Mobile Sweden AB leased machinery and equipment under finance leases valid from January 9, 2013 to January 31, 2016. The terms of these leases were three years, with 2.36% interest rate.

20. PROVISIONS

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
<u>Current</u>		
Warranties	<u>\$ 1,032,113</u>	<u>\$ 1,068,810</u>
	<u>For the Year Ended December 31</u>	
	<u>2016</u>	<u>2015</u>
Balance at January 1	\$ 1,068,810	\$ 1,080,628
Recognition of provisions	265,905	286,549
Usage	(295,397)	(301,940)
Effect of foreign currency exchange differences	<u>(7,205)</u>	<u>3,573</u>
Balance at December 31	<u>\$ 1,032,113</u>	<u>\$ 1,068,810</u>

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

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Parent Company and subsidiaries - Philips & Lite-On Digital Solutions Corp., Silitech Technology Corp., Lite-On Integrated Services Inc. and Lite-On Green Technologies Inc. of the Group adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

Some consolidated entities, which are mainly in investments, have either very few or even no staff. These companies have no pension plans and thus do not contribute to pension funds and do not recognize pension costs.

Except for these companies, the remaining companies all contribute to pension funds and recognize pension costs based on local government regulations.

b. Defined benefit plans

The Parent Company and subsidiaries - Philips & Lite-On Digital Solutions Corp. and Silitech Technology Corp. of the Group adopted the defined benefit plan under the Labor Standards Law, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Parent Company and its subsidiaries - Philips & Lite-On Digital Solutions Corp. and Silitech Technology Corp. of the Group contribute amounts equal to 2% to 6% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Parent Company and its subsidiaries assess the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Parent Company and its subsidiaries are required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of

Labor (“the Bureau”); the Parent Company and its subsidiaries have no right to influence the investment policy and strategy.

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

	December 31	
	2016	2015
Present value of defined benefit obligation	\$ 1,267,158	\$ 1,257,757
Fair value of plan assets	<u>(1,078,054)</u>	<u>(1,101,903)</u>
Net defined benefit liability	<u>\$ 189,104</u>	<u>\$ 155,854</u>

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2015	\$ <u>1,178,095</u>	\$ <u>(1,082,074)</u>	\$ <u>96,021</u>
Current service cost	12,544	-	12,544
Net interest expense (income)	<u>20,308</u>	<u>(18,317)</u>	<u>1,991</u>
Recognized in profit or loss	<u>32,852</u>	<u>(18,317)</u>	<u>14,535</u>
Remeasurement			
Return on plan assets	-	(10,604)	(10,604)
Actuarial loss - changes in demographic assumptions	4,795	-	4,795
Actuarial loss - changes in financial assumptions	71,548	-	71,548
Actuarial loss - experience adjustments	<u>9,501</u>	<u>-</u>	<u>9,501</u>
Recognized in other comprehensive loss	<u>85,844</u>	<u>(10,604)</u>	<u>75,240</u>
Contributions from the employer	-	(21,910)	(21,910)
Benefits paid	(36,202)	31,002	(5,200)
Exchange differences on foreign plans	<u>(2,832)</u>	<u>-</u>	<u>(2,832)</u>
Balance at December 31, 2015	\$ <u>1,257,757</u>	\$ <u>(1,101,903)</u>	\$ <u>155,854</u>
Balance at January 1, 2016	\$ <u>1,257,757</u>	\$ <u>(1,101,903)</u>	\$ <u>155,854</u>
Current service cost	11,005	-	11,005
Net interest expense (income)	<u>14,627</u>	<u>(12,087)</u>	<u>2,540</u>
Recognized in profit or loss	<u>25,632</u>	<u>(12,087)</u>	<u>13,545</u>
Remeasurement			
Return on plan assets	-	4,406	4,406
Actuarial loss - changes in demographic assumptions	956	-	956
Actuarial gain - changes in financial assumptions	(16,404)	-	(16,404)
Actuarial loss - experience adjustments	<u>52,963</u>	<u>-</u>	<u>52,963</u>
Recognized in other comprehensive loss	<u>37,515</u>	<u>4,406</u>	<u>41,921</u>
Contributions from the employer	-	(21,059)	(21,059)
Benefits paid	(52,589)	52,589	-
Exchange differences on foreign plans	<u>(1,157)</u>	<u>-</u>	<u>(1,157)</u>
Balance at December 31, 2016	\$ <u>1,267,158</u>	\$ <u>(1,078,054)</u>	\$ <u>189,104</u>

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

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

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

	December 31	
	2016	2015
Discount rate(s)	1.25% -4.75%	1.10% -4.375%
Expected rate(s) of salary increase	3.00% -4.75%	3.00% -4.75%
Expected return on plan assets	1.25% -4.75%	1.10% -4.375%

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

	December 31	
	2016	2015
Discount rate(s)		
0.25% increase	<u>\$ (30,926)</u>	<u>\$ (32,514)</u>
0.25% decrease	<u>\$ 32,059</u>	<u>\$ 33,759</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 30,843</u>	<u>\$ 32,481</u>
0.25% decrease	<u>\$ (29,930)</u>	<u>\$ (31,469)</u>

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

	December 31	
	2016	2015
The expected contributions to the plan for the next year	<u>\$ 21,444</u>	<u>\$ 21,613</u>
The average duration of the defined benefit obligation	9.83-16.75 years	10.32-18.53 years

22. EQUITY

a. Share capital

1) Common shares

	December 31	
	2016	2015
Number of shares authorized (in thousands)	<u>3,500,000</u>	<u>3,500,000</u>
Amount of shares authorized	<u>\$ 35,000,000</u>	<u>\$ 35,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>2,350,867</u>	<u>2,334,928</u>
Amount of shares issued	<u>\$ 23,508,670</u>	<u>\$ 23,349,283</u>

Fully paid common shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

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

2) Issued global depositary receipts

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

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

As of December 31, 2016 and 2015, the outstanding marketable equity securities were 5,221 thousand units and 5,217 thousand units, representing 52,209 thousand common shares and 52,168 thousand common shares of the Parent Company, respectively. The rights and obligation of security holders are the same as those of common shareholders, except for voting rights. As of December 31, 2016 and 2015, the unredeemed GDRs amounted to 890 thousand units and 816 thousand units.

b. Capital surplus

The premium from shares issued in excess of par (including share premium from issuance of common shares, conversion of bonds, and merger) may be used to offset a deficit; in addition, when the Parent Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital limited to a certain percentage of the Parent Company's capital surplus and once a year.

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

c. Retained earnings and dividend policy

To ensure the availability of cash for the Parent Company's present and future expansion plans and to meet shareholders' cash flow requirements, the Parent Company prefers to distribute more stock dividends. In principle, cash dividends are no less than 10% of total dividends distributed.

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The shareholders held their regular meeting on June 24, 2016 and, in that meeting, had resolved amendments to the Company's Articles of Incorporation (the "Articles"), particularly the amendment to the policy on dividend distribution and the addition of the policy on distribution of employees' compensation.

Under the dividend policy as set forth in the amended Articles, if there is net profit after tax upon the final settlement of account of each fiscal year, the Parent Company shall first offset any previous accumulated losses (including unappropriated earnings adjustment if any) and set aside a legal reserve at 10% of the net profits, unless the accumulated legal reserve is equal to the total capital of the Parent Company; then set aside special reserve in accordance with relevant laws or regulations or as requested by the authorities in charge. The remaining net profit, plus the beginning unappropriated earnings (including adjustment of unappropriated earnings if any), shall be distributed into dividends to shareholders according to the distribution plan proposed by the Board of Directors and submitted to the shareholders' meeting for approval. For the policies on distribution of employees' compensation and remuneration to directors before and after amendment, please refer to (b) Employee benefits expense in Note 26.

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

Under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", the Parent Company should appropriate or reverse a special reserve. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and thereafter distributed.

Except for non-ROC resident shareholders, all shareholders receiving the dividends are allowed a tax credit equal to their proportionate share of the income tax paid by the Parent Company.

The appropriations of earnings for 2015 and 2014 had been approved in the shareholders' meetings on June 24, 2016 and 2015. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	2015	2014	2015	2014
Legal reserve	\$ 722,290	\$ 646,166		
Special reserve	166,389	182,544		
Share dividends	116,746	117,084	\$ 0.05	\$ 0.05
Cash dividends	5,113,493	4,613,097	2.19	1.97

The appropriations of earnings for 2016 had been proposed by the Parent Company's board of directors on February 24, 2017. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 941,635	
Special reserve	940,276	
Cash dividends	6,864,532	\$2.92

The appropriations of earnings for 2016 are subject to the resolution of the shareholders' meeting to be held on June 22, 2017.

d. Other equity items

Movements in other equity items were as follows:

	For the Year Ended December 31, 2016		
	Foreign Currency Translation Reserve	Unrealized Gain (Loss) from Available-for- sale Financial Assets	Total
Balance at January 1	\$ 3,347,902	\$ (152,714)	\$ 3,195,188
Exchange differences arising on translating the financial statements of foreign operations	(5,117,763)	-	(5,117,763)
Gain arising on changes in the fair value of available-for-sale financial assets	-	55,055	55,055
Reclassification to gain from disposal of available-for-sale financial assets	-	(5,957)	(5,957)
Share of other comprehensive loss of associates	(265,366)	(22,972)	(288,338)
Effect of deconsolidation of subsidiaries (Note 27)	(3,320)	-	(3,320)
Income tax benefit	842,863	-	842,863
Balance at December 31	<u>\$ (1,195,684)</u>	<u>\$ (126,588)</u>	<u>\$ (1,322,272)</u>

	For the Year Ended December 31, 2015			
	Foreign Currency Translation Reserve	Unrealized Gain (Loss) from Available-for- sale Financial Assets	Cash Flow Hedges Reserve	Total
Balance at January 1	\$ 4,125,097	\$ 139,072	\$ (11,989)	\$ 4,252,180
Exchange differences arising on translating the financial statements of foreign operations	(881,221)	-	-	(881,221)
Loss arising on changes in the fair value of available-for-sale financial assets	-	(371,318)	-	(371,318)
Reclassification to loss from disposal of available-for-sale financial assets	-	79,052	-	79,052
Gain arising on changes in the fair value of hedging instruments	-	-	11,989	11,989
Share of other comprehensive income (loss) of associates	(28,329)	480	-	(27,849)
Income tax benefit	132,355	-	-	132,355
Balance at December 31	<u>\$ 3,347,902</u>	<u>\$ (152,714)</u>	<u>\$ -</u>	<u>\$ 3,195,188</u>

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

Unrealized gain/loss on available-for-sale financial assets represents the cumulative gains or losses arising from the fair value measurement on available-for-sale financial assets that are recognized in other comprehensive income. When those available-for-sale financial assets have been disposed of or are determined to be impaired subsequently, the related cumulative gains or losses in other comprehensive income are reclassified to profit or loss.

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

e. Non-controlling interests

	For the Year Ended December 31	
	2016	2015
Balance at January 1	\$ 3,695,082	\$ 4,198,430
Attributable to non-controlling interests:		
Share of profit (loss) for the year	(43,787)	89,933
Exchange difference arising on translation of foreign entities	(218,425)	(50,813)
Unrealized net gain (loss) on available-for-sale financial assets	291	(88)
Remeasurement on define benefit plans	243	311
Related income tax benefit (expense)	2,346	(2,177)
Effect of deconsolidation of subsidiaries (Note 27)	(26,985)	-
Decrease in non-controlling interests	<u>(59,864)</u>	<u>(540,514)</u>
Balance at December 31	<u>\$ 3,348,901</u>	<u>\$ 3,695,082</u>

The Group recognized a decrease in non-controlling interests for the years ended December 31, 2016 and 2015 because of the attribution of cash dividends to non-controlling interests amounting to 94,185 thousand and 285,677 thousand, respectively.

f. Treasury shares

	Unit: In Thousands of Shares			
Purpose of Buyback	Number of Shares at January 1	Increase During the Period	Decrease During the Period	Number of Shares at December 31
<u>For the year ended December 31, 2016</u>				
Shares held by subsidiaries	<u>26,708</u>	<u>133</u>	<u>-</u>	<u>26,841</u>
<u>For the year ended December 31, 2015</u>				
Shares held by subsidiaries	26,575	133	-	26,708
Shares buyback for cancellation	<u>-</u>	<u>22,787</u>	<u>22,787</u>	<u>-</u>
	<u>26,575</u>	<u>22,920</u>	<u>22,787</u>	<u>26,708</u>

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

Name of Subsidiary	Number of Shares Held (In Thousands)	Carrying Amount	Market Price
<u>December 31, 2016</u>			
Lite-On Capital Corp.	15,116	\$ 718,857	\$ 734,631
LTC International Ltd.	7,004	297,469	340,269
Yet Foundate Ltd.	2,271	126,881	110,276
Lite-On Electronics Co., Ltd.	2,438	<u>105,515</u>	<u>118,984</u>
		<u>\$ 1,248,722</u>	<u>\$ 1,304,160</u>
<u>December 31, 2015</u>			
Lite-On Capital Corp.	15,041	\$ 718,857	\$ 479,049
LTC International Ltd.	6,969	297,469	221,759
Yet Foundate Ltd.	2,260	126,881	71,820
Lite-On Electronics Co., Ltd.	2,438	<u>105,515</u>	<u>77,491</u>
		<u>\$ 1,248,722</u>	<u>\$ 850,119</u>

On July 20, 2015, the Parent Company's Board of Directors approved the repurchase of up to 100,000 thousand shares listed on the Taiwan Stock Exchange between July 21, 2015 and September 20, 2015, with the buyback price ranging from \$25.34 to \$53.97. By the end of the repurchase period, the Parent Company had bought back 22,787 thousand shares for \$706,679 thousand. The Parent Company has already registered with the Ministry of Economic Affairs to cancel those buy-back shares.

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

23. REVENUE

	For the Year Ended December 31	
	2016	2015
Revenue from the sale of goods	\$ 229,450,758	\$ 216,736,589
Rental income from property	112,961	125,260
Solar power	<u>8,039</u>	<u>66,885</u>
	<u>\$ 229,571,758</u>	<u>\$ 216,928,734</u>

For segment revenue information, refer to Note 35.

24. INCOME TAX

a. Major components of tax expense recognized in profit or loss

	For the Year Ended December 31	
	2016	2015
Current income tax expense		
Current tax expense recognized in the current year	\$ 3,162,261	\$ 2,456,956
Adjustment for prior years' tax	<u>(218,374)</u>	<u>(149,166)</u>
	<u>2,943,887</u>	<u>2,307,790</u>
Deferred tax		
The origination and reversal of temporary differences	<u>326,576</u>	<u>386,019</u>
Income tax expense recognized in profit or loss	<u>\$ 3,270,463</u>	<u>\$ 2,693,809</u>

A reconciliation of income before income tax and income tax expense recognized in profit or loss was as follows:

	For the Year Ended December 31	
	2016	2015
Income before Income tax	<u>\$ 12,643,027</u>	<u>\$ 10,006,641</u>
Income tax expense calculated at the statutory rate	\$ 3,272,015	\$ 2,678,778
Deductible items in determining taxable income	(213,941)	(312,831)
Additional income tax on unappropriated earnings	104,187	91,009
The origination and reversal of temporary differences	326,576	386,019
Adjustment for prior years' tax	<u>(218,374)</u>	<u>(149,166)</u>
Income tax expense recognized in profit or loss	<u>\$ 3,270,463</u>	<u>\$ 2,693,809</u>

The applicable tax rate used above is the corporate tax rate of 17% payable by the Group entities based in the ROC. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

As the status of 2017 appropriations of earnings is uncertain, the potential income tax consequences of 2016 unappropriated earnings are not reliably determinable.

b. Income tax benefit recognized in other comprehensive income

	For the Year Ended December 31	
	2016	2015
<u>Deferred tax</u>		
Income tax recognized in other comprehensive income		
Translation of foreign operations	\$ 845,227	\$ 128,956
Remeasurement on defined benefit plans	1,633	15,604
Share of other comprehensive income (loss) of associates	<u>(18)</u>	<u>1,222</u>
	<u>\$ 846,842</u>	<u>\$ 145,782</u>

c. Deferred income tax

The movements of deferred tax assets were as follows:

	Opening Balance	Recognized in Profit (Loss)	Recognized in Other Comprehensive Income (Loss)	Exchange Differences	Closing Balance
<u>2016</u>					
Temporary differences					
Investment accounted for using equity method	\$ 1,263,354	\$ (4,560)	\$ -	\$ (2,518)	\$ 1,256,276
Unrealized loss and expense	628,295	(64,327)	-	(35,528)	528,440
Impairment loss on assets	351,520	-	-	-	351,520
Accrued warranty expense	234,193	22,241	-	12,284	268,718
Unrealized loss on inventories	235,390	(33,662)	-	(18,592)	183,136
Operating loss carryforward	110,354	22,920	-	12,659	145,933
Net defined benefit liability	70,007	700	1,633	387	72,727
Unrealized sales profit	39,113	3,072	-	1,697	43,882
Others	<u>232,572</u>	<u>(26,758)</u>	<u>-</u>	<u>(14,780)</u>	<u>191,034</u>
	<u>\$ 3,164,798</u>	<u>\$ (80,374)</u>	<u>\$ 1,633</u>	<u>\$ (44,391)</u>	<u>\$ 3,041,666</u>
<u>2015</u>					
Temporary differences					
Investment accounted for using equity method	\$ 1,305,046	\$ (53,741)	\$ -	\$ 12,049	\$ 1,263,354
Unrealized loss and expense	565,528	80,908	-	(18,141)	628,295
Impairment loss on assets	325,877	33,054	-	(7,411)	351,520
Accrued warranty expense	236,222	(2,616)	-	587	234,193
Unrealized loss on inventories	225,978	12,132	-	(2,720)	235,390
Operating loss carryforward	112,478	(2,738)	-	614	110,354
Net defined benefit liability	59,309	(5,575)	15,604	669	70,007
Unrealized sales profit	40,835	(2,220)	-	498	39,113
Accumulated compensated absences	29,681	(20,319)	-	4,556	13,918
Others	<u>204,512</u>	<u>15,386</u>	<u>-</u>	<u>(1,244)</u>	<u>218,654</u>
	<u>\$ 3,105,466</u>	<u>\$ 54,271</u>	<u>\$ 15,604</u>	<u>\$ (10,543)</u>	<u>\$ 3,164,798</u>

The movements of deferred tax liabilities were as follows:

	Opening Balance	Recognized in Profit (Loss)	Recognized in Other Comprehensive Income (Loss)	Exchange Differences	Closing Balance
<u>2016</u>					
Temporary differences					
Investment accounted for using equity method	\$ 2,905,065	\$ 160,893	\$ (845,209)	\$ (285)	\$ 2,220,464
Unrealized amortization of goodwill	353,808	-	-	-	353,808
Land value increment tax	239,693	-	-	-	239,693
Unrealized exchange gains, net	-	84,946	-	(150)	84,796
Others	<u>32,998</u>	<u>363</u>	<u>-</u>	<u>(1)</u>	<u>33,360</u>
	<u>\$ 3,531,564</u>	<u>\$ 246,202</u>	<u>\$ (845,209)</u>	<u>\$ (436)</u>	<u>\$ 2,932,121</u>
<u>2015</u>					
Temporary differences					
Investment accounted for using equity method	\$ 2,614,664	\$ 428,842	\$ (130,178)	\$ (8,263)	\$ 2,905,065
Unrealized amortization of goodwill	353,808	-	-	-	353,808
Land value increment tax	239,693	-	-	-	239,693
Others	<u>21,627</u>	<u>11,448</u>	<u>-</u>	<u>(77)</u>	<u>32,998</u>
	<u>\$ 3,229,792</u>	<u>\$ 440,290</u>	<u>\$ (130,178)</u>	<u>\$ (8,340)</u>	<u>\$ 3,531,564</u>

d. As of December 31, 2016 and 2015, the aggregate deductible temporary differences for which no deferred income tax assets have been recognized amounted to \$1,384,716 thousand and \$1,103,742 thousand, respectively.

e. Integrated income tax

	December 31	
	2016	2015
Unappropriated earnings		
Unappropriated earnings generated before January 1, 1998	\$ 2,215	\$ 2,215
Unappropriated earnings generated on and after January 1, 1998	<u>16,249,991</u>	<u>13,008,858</u>
	<u>\$ 16,252,206</u>	<u>\$ 13,011,073</u>
Imputation credits accounts	<u>\$ 1,034,031</u>	<u>\$ 888,124</u>

The estimated and actual creditable ratio for distribution of earnings of 2016 and 2015 were 8.72% and 8.13%, respectively.

f. Income tax assessments

The tax returns of Parent Company through all years by 2014 have been assessed by the tax authorities.

25. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2016	2015
Basic earnings per share	<u>\$ 4.05</u>	<u>\$ 3.10</u>
Diluted earnings per share	<u>\$ 4.00</u>	<u>\$ 3.05</u>

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of bonus shares on August 30, 2016. The basic and diluted earnings per share adjusted retrospectively for the year ended December 31, 2015 were as follows:

Unit: NT\$ Per Share

	Before Retrospective Adjustment	After Retrospective Adjustment
Basic earnings per share	<u>\$ 3.11</u>	<u>\$ 3.10</u>
Diluted earnings per share	<u>\$ 3.07</u>	<u>\$ 3.05</u>

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

Net Profit for the Year

	For the Year Ended December 31	
	2016	2015
Earnings used in the computation of basic earnings per share	\$ 9,416,351	\$ 7,222,899
Effect of potentially dilutive ordinary shares:		
Employees' compensation	<u> -</u>	<u> -</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 9,416,351</u>	<u>\$ 7,222,899</u>

Weighted Average Number of Ordinary Shares Outstanding (in thousand shares)

	For the Year Ended December 31	
	2016	2015
Weighted average number of ordinary shares in computation of basic earnings per share	2,323,048	2,331,882
Effect of potentially dilutive ordinary shares:		
Employees' compensation or bonus issue to employees	<u> 28,393</u>	<u> 34,549</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u> 2,351,441</u>	<u> 2,366,431</u>

If the Parent Company offered to settle compensation paid to employees in cash or shares, the Parent Company assumed the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

26. ADDITIONAL INFORMATION ON EXPENSES

	For the Year Ended December 31	
	2016	2015
a. Depreciation and amortization		
Property, plant and equipment	\$ 6,308,828	\$ 6,713,295
Investment property	31,584	32,835
Intangible assets	<u> 466,983</u>	<u> 534,128</u>
	<u>\$ 6,807,395</u>	<u>\$ 7,280,258</u>
An analysis of deprecation by function		
Recognized in operating costs	\$ 5,468,377	\$ 5,873,561
Recognized in operating expenses	<u> 872,035</u>	<u> 872,569</u>
	<u>\$ 6,340,412</u>	<u>\$ 6,746,130</u>
An analysis of amortization by function		
Recognized in operating costs	\$ 46,396	\$ 52,404
Recognized in operating expenses	<u> 420,587</u>	<u> 481,724</u>
	<u>\$ 466,983</u>	<u>\$ 534,128</u>

(Continued)

	For the Year Ended December 31	
	2016	2015
b. Employee benefit expenses		
Post-employment benefits		
Defined contribution plans	\$ 801,127	\$ 722,054
Defined benefit plans (Note 21)	<u>13,545</u>	<u>14,535</u>
	814,672	736,589
Termination benefits	141,827	212,304
Other employee benefits	<u>25,846,942</u>	<u>26,785,595</u>
	<u>\$ 26,803,441</u>	<u>\$ 27,734,488</u>
 An analysis of employee benefit expenses by function		
Recognized in operating costs	\$ 16,830,099	\$ 17,942,193
Recognized in operating expenses	<u>9,973,342</u>	<u>9,792,295</u>
	<u>\$ 26,803,441</u>	<u>\$ 27,734,488</u>
		(Concluded)

In compliance with the Company Act as amended in May 2015 and the amended Articles as resolved in the shareholders' meeting on June 24, 2016, the Parent Company distributed employees' compensation and remuneration of directors at the rates no less than 1% and no higher than 1.5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The appropriations of employee compensation and remuneration of directors for 2016 and 2015, which have been approved by the Parent Company's board of directors on February 24, 2017 and March 25, 2016. The details were as follows:

	For the Year Ended December 31			
	2016		2015	
	Cash Dividends	Share Dividends	Cash Dividends	Share Dividends
Employees' compensation	\$ 1,332,414	\$ -	\$ 858,514	\$ 163,526
Remuneration of directors	80,039	-	61,395	-

The 4,264 thousand shares for 2015 were determined by dividing the amount of share compensation resolved in 2016 by \$38.35, the closing price of the shares on the day immediately preceding the Parent Company's board of directors' meeting.

Material differences between these estimates and the amounts proposed by the board of directors on or before the financial statements are authorized for issue are adjusted in the year the bonus and remuneration are recognized. If there is a change in the proposed amounts after the financial statements are authorized for issue, the differences are recorded as a change in accounting estimate.

There was no difference between the amounts of employee compensation and remuneration of directors and the amounts recognized in the consolidated financial statements for the year ended December 31, 2015.

The appropriations of bonuses to employees and remuneration of directors for 2014, which had been approved in the shareholders' meetings on June 24, 2015, were as follows:

	For the Year Ended December 31, 2014	
	Cash	Share
Bonus to employees	\$ 768,033	\$ 146,292
Remuneration of directors	54,924	-

The 4,333 thousand shares for 2014 was determined by dividing the amount of share bonus approved in 2015 by the closing price of \$33.76 (after considering the effect of cash and stock dividends) on the day immediately preceding the shareholders' meeting.

There was no difference between the amounts of the bonus to employees and the remuneration of directors approved in the shareholders' meeting on June 24, 2015 and the amounts recognized in the consolidated financial statements for the years ended December 31, 2014.

Information on 2017 and 2016 employees' compensation and remuneration of directors resolved by the Parent Company's board of directors, refer to the Market Observation Post System website of the Taiwan Stock Exchange.

27. DECONSOLIDATION OF SUBSIDIARY

On April 28, 2016, subsidiary Lite-On Capital Corp. subscribed for additional new shares of Five Dimension Co., Ltd. at a percentage different from its existing ownership percentage and disposed part of its holdings. Lite-On Capital Corp. lost its power to govern the financial and operating policies of Five Dimension Co., Ltd.; thus, the relevant assets and liabilities had been derecognized.

On January 27, 2016, subsidiary Lite-On Green Energy B.V. disposed of its 100% ownership in Romeo Tetti PV1 S.R.L. Lite-On Green Energy B.V. lost its power to govern the financial and operating policies of Romeo Tetti PV1 S.R.L.; thus, the relevant assets and liabilities had been derecognized.

a. Consideration received from the disposal

	April 28, 2016	January 27, 2016
Sales proceeds receivable	<u>\$ 15,092</u>	<u>\$ 297,778</u>

b. Analysis of asset and liabilities on the date control was lost

	April 28, 2016	January 27, 2016
Current assets		
Cash and cash equivalents	\$ 993	\$ 3,957
Receivables, net	-	11,733
Other receivables	35,022	-
Inventories, net	417	-
Others	313	15,878

(Continued)

	April 28, 2016	January 27, 2016
Non-current assets		
Property, plant and equipment, net	\$ 459	\$ 300,321
Intangible assets, net	288	-
Refundable deposits	1,640	-
Current liabilities		
Short-term borrowings	(572)	-
Payables	-	(38,557)
Others	(2,086)	(15,715)
Current portion of long-term borrowings	(3,135)	-
Non-current liabilities		
Long-term borrowings, net of current portion	<u>(24,043)</u>	<u>-</u>
Net assets disposed of	<u>\$ 9,296</u>	<u>\$ 277,617</u> (Concluded)

c. Gain on deconsolidation of subsidiary

	For the Year Ended December 31, 2016	
	Five Dimension Co., Ltd.	Romeo Tetti PV1 S.R.L.
Fair value of interest retained	\$ 26,771	\$ -
Consideration received	15,092	297,778
Add: Accumulated exchange differences reclassified to profit or loss after deconsolidation of subsidiary	3,320	-
Less: Carrying amount of interest retained		
Net assets deconsolidated	9,296	277,617
Non-controlling interests	<u>(26,985)</u>	<u>-</u>
	<u>(17,689)</u>	<u>277,617</u>
Less: Goodwill of deconsolidated subsidiary	<u>55,736</u>	<u>19,935</u>
Gain on disposal (recorded as nonoperating income and expense: Other income)	<u>\$ 7,136</u>	<u>\$ 226</u>

d. Net cash inflow on deconsolidation of subsidiary

	For the Year Ended December 31, 2016
Consideration received in cash and cash equivalents	\$ 312,870
Less: Cash and cash equivalent balances disposed of	<u>(4,950)</u>
	<u>\$ 307,920</u>

28. CAPITAL MANAGEMENT

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

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

29. FINANCIAL INSTRUMENTS

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

For certain financial instruments-including notes receivable, trade receivables, trade receivables - related parties, other receivables, other receivables - related parties, debt investments with no active market, short-term borrowings, notes payable, trade payables, trade payables - related parties, other payables, other payables - related parties, and finance lease payables-the Group's management considers the carrying amounts of these financial instruments recognized in the financial statements as approximating their fair values. For long-term loans (including their current portion) with floating rates, the carrying amounts of long-term loans are used as basis to estimate their fair value.

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

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

1) Fair value hierarchy

December 31, 2016

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 173,068	\$ -	\$ 173,068
Financial liabilities at FVTPL				
Derivative financial liabilities	\$ -	\$ 128,685	\$ -	\$ 128,685
Available-for-sale financial assets				
Securities listed in ROC - equity securities	\$ 313,185	\$ -	\$ -	\$ 313,185
Securities listed in other countries - equity securities	3,626	-	-	3,626

(Continued)

	Level 1	Level 2	Level 3	Total
Unlisted securities - ROC - equity securities	-	-	15,785	15,785
Unlisted securities - other countries - equity securities	-	-	89,370	89,370
Mutual funds	\$ -	\$ 57,973	\$ -	\$ 57,973
Emerging market stocks	-	178,716	-	178,716
	<u>\$ 316,811</u>	<u>\$ 236,689</u>	<u>\$ 105,155</u>	<u>\$ 658,655</u>
				(Concluded)

December 31, 2015

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	<u>\$ -</u>	<u>\$ 53,211</u>	<u>\$ -</u>	<u>\$ 53,211</u>
Financial liabilities at FVTPL				
Derivative financial liabilities	<u>\$ -</u>	<u>\$ 55,945</u>	<u>\$ -</u>	<u>\$ 55,945</u>
Available-for-sale financial assets				
Securities listed in ROC - equity securities	\$ 316,426	\$ -	\$ -	\$ 316,426
Securities listed in other countries - equity securities	11,546	-	-	11,546
Unlisted securities - ROC - equity securities	-	-	83,923	83,923
Unlisted securities - other countries - equity securities	-	-	26,539	26,539
Mutual funds	-	53,178	-	53,178
Emerging market stocks	-	178,716	-	178,716
	<u>\$ 327,972</u>	<u>\$ 231,894</u>	<u>\$ 110,462</u>	<u>\$ 670,328</u>

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

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

	Investments on Equity Instruments Unlisted Quotes
<u>December 31, 2016</u>	
Balance at January 1, 2016	\$ 110,462
Total gains or losses	
In profit or loss	(68,138)
In other comprehensive income	(149)
Additions	64,451
Disposals	<u>(1,471)</u>
Balance at December 31, 2016	<u>\$ 105,155</u>
	(Continued)

	Investments on Equity Instruments <u>Unlisted Quotes</u>
<u>December 31, 2015</u>	
Balance at January 1, 2015	\$ 366,428
Total gains or losses	
In profit or loss	(124,667)
In other comprehensive income	1,598
Additions	33,627
Disposals	<u>(166,524)</u>
Balance at December 31, 2015	<u>\$ 110,462</u> (Concluded)

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

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Financial assets at FVTPL - forward exchange contracts	Estimation of future cash flows using observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Financial assets at FVTPL - Cross-currency swap contracts	Estimation of fair value of a currency swap contract is based on its principal and interest rate on mutual agreement and the suitable discount rate that reflects the credit risk of various counterparties at the end of the reporting period.
Mutual funds	Using the observable similar market average price or the price of the same kind of tools provided by the mutual fund management company.
Emerging market shares	Using the recent emerging market share price of similar emerging market shares of investee companies and considering the adjustment of all the information on the performance and operation of the emerging company available from trading date to measuring date.

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

The fair values of unlisted equity securities - ROC and other countries were determined using the income approach. In this approach, the discounted cash flow method was used to capture the present value of the expected economic benefits from these investments. According to the discounted cash flow analysis and observable financial market average prices or with the same kind of tool to be estimated, the use of the discount rate and the parameters can refer to Reuters news agency or Bloomberg agency or other financial institutions with essentially the same conditions and characteristics of the interest rate swap offer financial products whose features including the remaining contract terms of fixed interest rates, the payment of principal, payment of currency, and etc. All the information can be obtained by the Group.

c. Categories of financial instruments

	December 31	
	2016	2015
<u>Financial assets</u>		
Fair value through profit or loss (FVTPL)		
Derivative instruments	\$ 173,068	\$ 53,211
Loans and receivables (1)	129,058,941	117,944,438
Available-for-sale financial assets	658,655	670,328
<u>Financial liabilities</u>		
Fair value through profit or loss (FVTPL)		
Derivative instruments	128,685	55,945
Amortized cost		
Short-term borrowings	14,386,282	17,670,878
Long-term loans (including current portion of long-term debts)	19,930,069	21,151,871
Payables (2)	87,712,702	80,392,074

- 1) The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, debt investments with no active market, notes receivable, trade receivables, trade receivables - inter, other receivables and other receivables - inter.
- 2) The balances included financial liabilities measured at amortized cost, which comprise notes payable, trade payables, trade payables - inter, other payables and other payables - inter.

d. Financial risk management objectives and policies

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

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

1) Market risk

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

- a) Forward foreign exchange contracts to hedge the exchange rate risk arising on the export;
- b) Interest rate swaps to mitigate the risk of rising interest rates.

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

a) Foreign currency risk

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period (Refer to Note 33).

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

Sensitivity analysis

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

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

	Currency USD Impact	
	For the Year Ended December 31	
	2016	2015
Profit or loss	<u>\$ 201,172</u>	<u>\$ 9,064</u>

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings, and using interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost - effective hedging strategies are applied.

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

	December 31	
	2016	2015
Fair value interest rate risk		
Financial assets (i)	\$ 34,655,930	\$ 28,172,474
Financial liabilities (ii)	11,715,606	15,645,260
Cash flow interest rate risk		
Financial assets (iii)	30,644,835	36,787,305
Financial liabilities (iv)	22,606,048	23,278,388

- i. The balances included time deposit and debt investments with no active market.
- ii. The balances included financial liabilities exposed to fair value risk from interest rate fluctuation.
- iii. The balances included demand deposits.
- iv. The balances included financial liabilities exposed to cash flow risk from interest rate fluctuation.

Sensitivity analysis

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

If interest rates had been 25 basis points higher and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2016 and 2015 would increase by \$20,097 thousand and \$33,772 thousand.

c) Other price risk

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

Sensitivity analysis

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

If equity prices had been 10% higher, the pre-tax other comprehensive income for the years ended December 31, 2016 and 2015 would increase by \$31,681 thousand and \$32,797 thousand as a result of the changes in fair value of available-for-sale financial assets.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group is exposed to credit risk from trade receivables, deposits, and other financial instruments. Credit risk on business-related exposures is managed separately from that on financial-related exposures.

a) Business related credit risk

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

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

b) Financial related credit risk

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

3) Liquidity risk

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

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

December 31, 2016

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Year	1-3 Years	Over 3 Years to 5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	-	\$ 87,712,702	\$ 87,815	\$ -	\$ 814
Finance lease liabilities	3.49-4.75	1,657	3,646	-	-
Variable interest rate liabilities	1.11-1.9873	10,582,048	12,024,000	-	-
Fixed interest rate liabilities	1.3-8.55	<u>11,695,133</u>	<u>15,170</u>	-	-
		<u>\$ 109,991,540</u>	<u>\$ 12,130,631</u>	<u>\$ -</u>	<u>\$ 814</u>

December 31, 2015

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Year	1-3 Years	Over 3 Years to 5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	-	\$ 80,392,074	\$ 90,022	\$ -	\$ 990
Finance lease liabilities	2.36-7.11	95,501	5,398	-	-
Variable interest rate liabilities	0.4-2.375	6,975,190	16,289,583	-	13,615
Fixed interest rate liabilities	0.8565-4.4	<u>15,491,806</u>	<u>48,077</u>	<u>4,478</u>	-
		<u>\$ 102,954,571</u>	<u>\$ 16,433,080</u>	<u>\$ 4,478</u>	<u>\$ 14,605</u>

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

December 31, 2016

	On Demand or Less than 1 Year	1-3 Years	Over 3 Years to 5 Years	5+ Years
Forward exchange contracts				
Inflows	\$ 13,782,409	\$ -	\$ -	\$ -
Outflows	<u>(13,803,962)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(21,553)</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

	On Demand or Less than 1 Year	1-3 Years	Over 3 Years to 5 Years	5+ Years
Currency swap contracts				
Inflows	\$ 5,370,000	\$ -	\$ -	\$ -
Outflows	<u>(5,304,775)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>65,225</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 43,672</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
				(Concluded)

December 31, 2015

	On Demand or Less than 1 Year	1-3 Years	Over 3 Years to 5 Years	5+ Years
Forward exchange contracts				
Inflows	\$ 7,387,884	\$ -	\$ -	\$ -
Outflows	<u>(7,410,193)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(22,309)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Currency swap contracts				
Inflows	3,235,000	-	-	-
Outflows	<u>(3,212,900)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>22,100</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ (209)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

30. TRANSACTIONS WITH RELATED PARTIES

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

a. Sales of goods

	For the Year Ended December 31	
	2016	2015
<u>Related parties categories</u>		
Associates	\$ 183,174	\$ 177,556
Other related parties	<u>1,010</u>	<u>1,197</u>
	<u>\$ 184,184</u>	<u>\$ 178,753</u>

For the years ended December 31, 2016 and 2015, the Group's selling prices for Lite-On Semiconductor Corp. were at cost plus a negotiated profit. Except for this sales arrangement with Lite-On Semiconductor Corp., the sales terms between the Group and its related parties were normal.

Operating lease contracts with related parties were based on market prices and made under mutual agreements and normal terms; the market prices and contract terms between the Group and its related parties were normal.

b. Purchases of goods

	For the Year Ended December 31	
	2016	2015
<u>Related parties categories</u>		
Associates	\$ 4,987,276	\$ 4,796,010
Other related parties	<u>625,326</u>	<u>707,559</u>
	<u>\$ 5,612,602</u>	<u>\$ 5,503,569</u>

The cost of the Group's purchases from Lite-On Semiconductor Corp. for the years ended December 31, 2016 and 2015 was based on cost plus specific profit. Except for these purchases, the purchase terms between the Group and its related parties were normal.

c. Receivables from related parties

	December 31	
	2016	2015
<u>Related parties categories</u>		
Trade receivables		
Associates	\$ 58,858	\$ 66,243
Other related parties	<u>1,320</u>	<u>95</u>
	<u>\$ 60,178</u>	<u>\$ 66,338</u>
Other receivables		
Associates	\$ 5,712	\$ 10,462
Other related parties	<u>128</u>	<u>19</u>
	<u>\$ 5,840</u>	<u>\$ 10,481</u>

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2016 and 2015, no impairment loss was recognized for trade receivables from related parties.

d. Payables to related parties

	December 31	
	2016	2015
<u>Related parties categories</u>		
Trade payables		
Associates	\$ 774,882	\$ 575,365
Other related parties	<u>229,197</u>	<u>281,580</u>
	<u>\$ 1,004,079</u>	<u>\$ 856,945</u>
Other payables		
Associates	\$ 133	\$ 4
Other related parties	<u>9,295</u>	<u>12,937</u>
	<u>\$ 9,428</u>	<u>\$ 12,941</u>

The outstanding trade payables from related parties are unsecured.

e. Operating expense

	For the Year Ended December 31	
	2016	2015
<u>Related parties categories</u>		
Associates	\$ 2	\$ -
Other related parties	<u>66,724</u>	<u>69,011</u>
	<u>\$ 66,726</u>	<u>\$ 69,011</u>

f. Other revenue

	For the Year Ended December 31	
	2016	2015
<u>Related parties categories</u>		
Associates	\$ 7,362	\$ 5,664
Other related parties	<u>10,114</u>	<u>1,867</u>
	<u>\$ 17,476</u>	<u>\$ 7,531</u>

g. Compensation of key management personnel

	For the Year Ended December 31	
	2016	2015
Short-term employee benefits	\$ 669,016	\$ 641,939
Post-employment benefits	23,483	24,453
Termination benefits	<u>231</u>	<u>-</u>
	<u>\$ 692,730</u>	<u>\$ 666,392</u>

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

31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

	December 31	
	2016	2015
Pledged time deposits and restricted bank deposits	<u>\$ 707,500</u>	<u>\$ 270,870</u>

Above assets included the guarantee deposits that had been provided for (a) a government projects (b) the customs agency for shipment clearance in advance of duty payments (c) the tax refund guarantee.

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- a. From the fourth quarter of 2009, CMP Consulting Service, Inc., KI, Inc., Aaron Wagner, The Stereo Shop, David Carney, Jr., Aaron Deshaw, Don Cheung and other indirect U.S. consumers filed several antitrust group lawsuits against the Company and its subsidiaries - Philips & Lite-On Digital Solutions Corporation, Philips & Lite-On Digital Solutions USA, Inc. and other companies with related businesses - with a court in the United States. In January 2017, the Parent Company reached a settlement with the plaintiff, and the contents of the settlement do not have a significant impact on the Group's operation.
- b. In the second quarter of 2013, the Attorney General of the State of Florida filed antitrust lawsuits against the Parent Company and its subsidiaries - Philips & Lite-On Digital Solutions Corporation and Philips & Lite-On Digital Solutions USA, Inc. - as well as other companies with related businesses with the U.S. District Court for the Northern District of California (USDC-NDC). The Parent Company assigned lawyers as its representative in these lawsuits. In the second quarter of 2014, the USDC-NDC allowed the plaintiff to proceed with the lawsuits but dismissed certain parts of these lawsuits. In January 2017, the Parent Company reached a settlement with the plaintiff, and the contents of the settlement do not have a significant impact on the Group's operation.
- c. In the second quarter of 2013, Dell Inc. and Dell Products L.P. filed a complaint with the United States District Court for Western District of Texas. In the fourth quarter of 2013, Acer Inc., Acer America Corporation, Gateway Inc. and Gateway U.S. Retail, Inc. filed a complaint with the United States District Court for the Northern District of California. In the fourth quarter of 2013, Ingram Micro Inc., and Synnex Corporation filed a complaint with the United States District Court for the Central District of California. In the third quarter of 2015, Alfred H. Siegel, the bankruptcy trustee of Circuit City Stores, Inc. filed a complaint with the United States District Court for the Northern District of California. In the fourth quarter of 2015, Peter Kravitz, the bankruptcy trustee of RadioShack Corporation, filed a complaint with the United States District Court for the Northern District of California. All these complaints constituted an antitrust group lawsuit against the Parent Company and other companies with related businesses. The Parent Company assigned lawyers as its representative in these lawsuits. Although the outcome of the proceedings had not been determined, the Parent Company already accrued a reasonable amount in case of a loss on this lawsuit and will continue to recognize losses quarterly at this reasonably estimated amount until the settlement of this lawsuit.
- d. From the second quarter of 2010 to the second quarter of 2014, petitioner Carlos Fogelman filed a motion for authorization to institute class action antitrust proceedings with the Superior Court of Quebec in the district of Montreal. The Fanshawe College of Applied Arts and Technology filed a statement of claim in Ontario court. Neil Godfrey filed a statement of claim with the Superior Court of British Columbia. Donald Woligroski filed a statement of claim in Manitoba court. Cindy Retallick filed a statement of claim in Saskatchewan court. All plaintiffs filed the antitrust group lawsuit against the Parent Company and its subsidiaries - Philips & Lite-On Digital Solutions Corporation, Philips & Lite-On Digital Solutions USA, Inc. and other companies with related businesses. The Parent Company assigned lawyers as its representative in these lawsuits. Although the outcome of the proceedings had not been determined, the Parent Company accrued a reasonable amount in case of a loss on this lawsuit and will continue to recognize the losses quarterly on the basis of a reasonable estimation of the lawsuit until the settlement of this lawsuit.

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2016

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 1,581,812	32.2000 (USD:NTD)	\$ 50,934,338
USD	1,364,261	6.9429 (USD:CNY)	43,929,207
USD	56,644	7.7551 (USD:HKD)	1,823,929
USD	26,143	35.8000 (USD:THB)	841,791
USD	13,769	0.9517 (USD:EUR)	443,376
EUR	11,342	1.0508 (EUR:USD)	<u>397,189</u>
			<u>\$ 98,369,830</u>
Non-monetary items			
Investments accounted for using equity method			
USD	1,883	32.2000 (USD:NTD)	<u>\$ 60,643</u>

Financial liabilities

Monetary items			
USD	1,456,860	32.2000 (USD:NTD)	\$ 46,910,893
USD	1,284,163	6.9429 (USD:CNY)	41,350,062
USD	20,558	7.7551 (USD:HKD)	661,968
USD	27,898	35.8000 (USD:THB)	898,326
USD	19,244	0.9517 (USD:EUR)	<u>619,643</u>
			<u>\$ 90,440,892</u>

December 31, 2015

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 1,084,165	32.7750 (USD:NTD)	\$ 35,533,506
USD	557,386	6.4766 (USD:CNY)	18,268,326
EUR	10,569	0.9154 (EUR:USD)	378,415
HKD	43,873	7.7503 (HKD:USD)	185,535
JPY	221,634	120.3600 (JPY:USD)	60,351
HKD	7,184	4.2289 (HKD:NTD)	<u>30,382</u>
			<u>\$ 54,456,515</u>

(Continued)

	Foreign Currencies	Exchange Rate	Carrying Amount
Non-monetary items			
Investments accounted for using equity method			
USD	\$ 1,396	32.7750 (USD:NTD)	<u>\$ 45,749</u>
 <u>Financial liabilities</u>			
Monetary items			
USD	1,078,634	32.7750 (USD:NTD)	\$ 35,352,229
USD	1,013,643	6.4766 (USD:CNY)	33,222,149
EUR	1,790	7.0751 (EUR:CNY)	64,088
JPY	69,550	0.2723 (JPY:NTD)	18,938
EUR	485	35.8034 (EUR:NTD)	17,365
JPY	45,731	120.3600 (JPY:USD)	<u>12,453</u>
			<u>\$ 68,687,222</u>
			(Concluded)

For the years ended December 31, 2016 and 2015 net foreign exchange gains was \$173,194 thousand and \$123,658 thousand. It is impractical to disclose net foreign exchange gains or losses by each significant foreign currency due to the variety of the foreign currency transactions of the group entities.

34. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and information on investees:

- 1) Financing provided: See Table 1 below.
- 2) Endorsement/guarantee provided: See Table 2 below.
- 3) Marketable securities held (excluding investment in subsidiaries, associates and jointly controlled entities): See Table 3 below.
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: See Table 4 below.
- 5) Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital: None.
- 6) Disposal of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- 7) Total purchases from or sales to related parties of at amounting to at least NT\$100 million or 20% of the paid-in capital: See Table 5 below.
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: See Table 6 below.
- 9) Trading in derivative instruments: See Notes 7 and 29 to the financial statements.
- 10) Information on investees: See Table 7 below.

- b. Information on investments in mainland China:
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: See Table 8 below.
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: See Table 9 below.
- c. Intercompany relationships and significant intercompany transactions: See Table 9 below.

35. SEGMENT INFORMATION

a. General information

The Group identified the reportable segments based on the managerial reporting information, and the segments by the types of products which included Optoelectronics, Information Technologies, Storage, and Mobile Mechanics and Others. The types of products are described as follows:

- 1) Optoelectronics: LED Components and Lighting Products, Camera Modules and Automotive Electronics.
- 2) Information technologies: Products used in Server, Networking Devices, NB, Tablets, DT and Multifunction Peripheral.
- 3) Storage: Optical Disk Drives and Solid State Drives.
- 4) The Group also had Mobile Mechanics and Others operating segments that did not exceed the quantitative threshold. These segments mainly engage in manufacturing and selling of Mechanical Products for Mobile Devices and others.

b. Measurement of segment information

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

c. Segment information

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

	Optoelectronics	IT	Storage	Mobile Mechanics and Others	Elimination	Total
<u>2016</u>						
Sales from external customers	\$ 54,640,867	\$ 111,818,722	\$ 44,386,554	\$ 18,725,615	\$ -	\$ 229,571,758
Sales among segments	1,357,365	1,371,829	7,543	496,602	(3,233,339)	-
Operating profit (loss)	2,790,309	7,626,326	4,254,516	(1,160,763)	-	13,510,388
<u>2015</u>						
Sales from external customers	53,160,628	105,899,693	34,201,009	23,667,404	-	216,928,734
Sales among segments	1,514,501	1,724,299	14,068	609,444	(3,862,312)	-
Operating profit (loss)	1,915,800	6,886,653	2,219,191	(1,300,981)	-	9,720,663

d. Geographic information

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2016	2015	2016	2015
Asia	\$ 158,095,174	\$ 151,570,732	\$ 43,340,489	\$ 49,155,939
America	49,529,759	41,682,293	867,989	889,770
Europe	21,668,018	23,241,976	14,304	529,194
Others	<u>278,807</u>	<u>433,733</u>	-	-
	<u>\$ 229,571,758</u>	<u>\$ 216,928,734</u>	<u>\$ 44,222,782</u>	<u>\$ 50,574,903</u>

The geographic information is presented by billing regions. Noncurrent assets include intangible assets, properties, plant and equipment and others.

e. Information about major customers

There is no customer representing at least 10% of the Group's net sales for the years ended December 31, 2016 and 2015.

f. Reconciliation information for segment profit (loss)

- 1) The revenue from external parties reported to the chief operating decision-maker is used the same accounting policies in consistent with in the statement of comprehensive income.
- 2) A reconciliation of reportable segments profit (loss) and income before income tax is provided as follows:

	For the Year Ended December 31	
	2016	2015
Reportable segments' profit	\$ 13,510,388	\$ 9,720,663
Unclassified loss	(801,128)	(1,067,840)
Non-operating income and expenses	<u>(66,233)</u>	<u>1,353,818</u>
Profit before income tax	<u>\$ 12,643,027</u>	<u>\$ 10,006,641</u>

- 3) Segment profit represented the profit before tax earned by each segment without unclassified of headquarter administration costs, share of profits of associates, gain or loss on disposal of investments, dividend income, interest income, gain or loss on disposal of property, plant and equipment, exchange gain or loss, valuation gain or loss on financial instruments, finance costs, impairment loss, other expense and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2016
(Amounts in Thousands of New Taiwan Dollars)

No.	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate	Nature for Financing (Note 1)	Transaction Amount	Reasons for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 2)	Financing Company's Total Financing Amount Limits (Note 2)	Note
													Item	Value			
1	Lite-On Opto Technology (Changzhou) Co., Ltd.	Changzhou Leotek New Energy Trade Limited	Receivables from related parties	Yes	\$ 178,098	\$ -	\$ -	3.045%	b	\$ -	Operating capital	\$ -	None	\$ -	\$ 2,674,321	\$ 2,674,321	
2	Lite-On Technology (Changzhou) Co., Ltd.	Zhuhai Lite-On Mobile Technology Co., Ltd. Changzhou Leotek New Energy Trade Limited	Receivables from related parties	Yes	1,272,125	-	-	3.570%	b	-	Operating capital	-	None	-	4,107,051	4,107,051	
			Receivables from related parties	Yes	185,512	185,512	185,512	3.045%	b	-	Operating capital	-	None	-	4,107,051	4,107,051	
3	Lite-On Electronics (Tianjin) Co., Ltd.	Lite-On Medical Device (Changzhou) Ltd. Lite-On Opto Technology (Guangzhou) Co., Ltd.	Receivables from related parties	Yes	22,898	-	-	3.220%	b	-	Operating capital	-	None	-	2,937,359	2,937,359	
			Receivables from related parties	Yes	254,425	-	-	3.570%	b	-	Operating capital	-	None	-	2,937,359	2,937,359	
4	Dongguan Lite-On Computer Co., Ltd.	Yantai Lite-On Mobile Electronic Components Co., Ltd.	Receivables from related parties	Yes	50,885	-	-	3.395%	b	-	Operating capital	-	None	-	100,107	100,107	
5	DongGuan G-Pro Computer Co., Ltd.	Lite-On Electronics (Dongguan) Co., Ltd.	Receivables from related parties	Yes	254,425	-	-	3.045%	b	-	Operating capital	-	None	-	1,148,281	1,148,281	
6	Guangzhou Lite-On Mobile Engineering Plastics Co., Ltd.	Zhuhai Lite-On Mobile Technology Co., Ltd.	Receivables from related parties	Yes	1,715,986	1,715,986	1,715,986	3.045%-4.2%	b	-	Operating capital	-	None	-	4,526,169	4,526,169	
7	Lite-On Auto Electric Technology (Guangzhou) Ltd.	Yantai Lite-On Mobile Electronic Components Co., Ltd.	Receivables from related parties	Yes	50,885	46,378	46,378	3.045%-3.395%	b	-	Operating capital	-	None	-	135,953	135,953	
8	Lite-On Mobile Oyj (formerly: Perlos Oyj)	Lite-On Mobile India Private Limited	Receivables from related parties	Yes	163,219	-	-	2.833%	b	-	Operating capital	-	None	-	978,803	978,803	
9	Lite-On Mobile Pte. Ltd.	Lite-On Mobile India Private Limited	Receivables from related parties	Yes	957,030	-	-	2.583%	b	-	Operating capital	-	None	-	-	-	
10	Lite-On Green Energy B.V.	Romeo Tetti PVI S.R.L.	Receivables from related parties	Yes	-	-	-	2.235%	b	-	Operating capital	-	None	-	15,267	15,267	
11	Lite-On Technology (Europe) B.V.	Lite-On Green Energy B.V.	Receivables from related parties	Yes	14,516	-	-	1.000%	b	-	Operating capital	-	None	-	2,700,018	2,700,018	
12	Lite-On Singapore Pte. Ltd.	Lite-On Mobile Pte. Ltd.	Receivables from related parties	Yes	1,332,400	1,288,000	1,288,000	0.860%	b	-	Operating capital	-	None	-	18,497,916	18,497,916	
13	Lite-On Electronics (Guangzhou) Co., Ltd.	Zhuhai Lite-On Mobile Technology Co., Ltd.	Receivables from related parties	Yes	1,526,550	-	-	3.220%	b	-	Operating capital	-	None	-	13,017,650	13,017,650	
14	LTC International Ltd.	Lite-On Automotive Electronics Mexico, S.A. DE C.V.	Receivables from related parties	Yes	99,930	-	-	4.080%	b	-	Operating capital	-	None	-	483,666	483,666	
15	Lite-On Automotive (Wuxi) Co., Ltd.	Lite-On Green Technologies (Nanjing) Corporation	Receivables from related parties	Yes	103,446	51,016	51,016	3.045%-3.395%	b	-	Operating capital	-	None	-	600,912	600,912	
16	Li Shin Technology (Huizhou) Ltd.	Lite-On Technology (Xianging) Co., Ltd.	Receivables from related parties	Yes	76,328	-	-	3.045%	b	-	Operating capital	-	None	-	388,552	388,552	

(Continued)

No.	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate	Nature for Financing (Note 1)	Transaction Amount	Reasons for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 2)	Financing Company's Total Financing Amount Limits (Note 2)	Note
													Item	Value			
17	Lite-On Electronics H.K. Ltd.	Lite-On Green Technologies (HK) Limited	Receivables from related parties	Yes	\$ 415	\$ 415	\$ 415	1.200%	b	\$ -	Operating capital	\$ -	None	\$ -	\$ 8,087,626	\$ 8,087,626	
		Lite-On Green Energy (HK) Limited	Receivables from related parties	Yes	830	830	830	1.200%	b	-	Operating capital	-	None	-	8,087,626	8,087,626	
		LET (HK) Ltd.	Receivables from related parties	Yes	260,520	257,600	257,600	1.160%	b	-	Operating capital	-	None	-	8,087,626	8,087,626	
18	LTC Group Ltd.	Lite-On Automotive Electronics Mexico, S.A. DE C.V.	Receivables from related parties	Yes	96,675	96,600	96,600	2.130%	b	-	Operating capital	-	None	-	628,871	628,871	
19	Lite-On Power Technology (Dongguan) Co., Ltd.	Lite-On Electronics (Dongguan) Co., Ltd.	Receivables from related parties	Yes	145,806	139,134	139,134	3.045%	b	-	Operating capital	-	None	-	774,756	774,756	
20	Guangzhou Lite-On Mobile Electronic Components Co., Ltd.	Zuhai Lite-On Mobile Technology Co., Ltd.	Receivables from related parties	Yes	371,024	371,024	371,024	3.045%	b	-	Operating capital	-	None	-	11,233,330	11,233,330	
21	Huizhou Fu Tai Electronic Co., Ltd.	Lite-On Technology (Xianging) Co., Ltd.	Receivables from related parties	Yes	37,102	37,102	37,102	3.045%	b	-	Operating capital	-	None	-	61,645	61,645	

Note 1: Reasons for financing are as follows:

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

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

Note 3: The net worth value is based on the most current audited financial statements.

Note 4: All intercompany financing loans have been eliminated from consolidation.

(Concluded)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2016
(Amounts in Thousands of New Taiwan Dollars)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 2)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity Per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable (Note 2)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries In Mainland China	Note
		Name	Nature of Relationship (Note 1)											
0	Lite-On Technology Corporation (the "Parent Company")	Lite-On Technology (Europe) B.V.	b	\$ 7,593,154	\$ 69,651	\$ 64,288	\$ 64,288	\$ -	0.08	\$ 30,372,614	Yes	No	No	
		Lite-On Mobile Pte. Ltd.	b	7,593,154	7,994,400	6,440,000	6,440,000	-	8.48	30,372,614	Yes	No	No	
		Silitek Elec. (Dongguan) Co., Ltd.	c	7,593,154	1,332,400	1,288,000	1,288,000	-	1.70	30,372,614	Yes	No	Yes	
		Guangzhou Lite-On Mobile Electronic Components Co., Ltd.	c	7,593,154	866,060	-	-	-	-	-	30,372,614	Yes	No	Yes
1	Lite-On Mobile Oyj (formerly: Perlos Oyj)	Guangzhou Lite-On Mobile Electronic Components Co., Ltd.	c	156,608	809,146	-	-	-	-	391,521	No	No	Yes	
2	Lite-On Capital Corp.	Lite-On Green Technologies B.V.	c	2,248,152	859,933	793,720	793,720	-	1.05	2,248,152	No	No	No	
		Lite-On Green Energy B.V.	c	2,248,152	344,565	318,034	318,034	-	0.42	2,248,152	No	No	No	

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

- Business relationship.
- A subsidiary in which the guarantee provider holds directly over 50% of equity interest.
- An investee in which the guarantee provider and its subsidiaries hold over 50% of equity interest.

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

b. The endorsement/guarantee limit for each entity and the total endorsement/guarantee limit are calculated on the basis of Lite-On Mobile Oyj's and Lite-On Capital Corporation's endorsement/guarantee procedures.

c. Limits on endorsement/guarantee amount provided to each guaranteed party and maximum endorsement/guarantee amount allowable were calculated on the basis of the net worth of the endorsement/guarantee provider, as shown in its most recent audited financial statements.

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2016

(In Thousands of New Taiwan Dollars or Thousands of Foreign Currencies)

Held Company Name	Marketable Securities Type and Name	Relationship with the Parent Company	Financial Statement Account	December 31, 2016				Note
				Shares/Units (In Thousands)	Carrying Value (Foreign Currencies in Thousands)	Percentage of Ownership (%)	Fair Value (Foreign Currencies in Thousands)	
Lite-On Technology Corporation	<u>Common stock</u> EPISTAR Corporation	-	Available-for-sale financial assets - non-current	5,908	\$ 136,769	0.55	\$ 136,769	
	Wistron Corporation	-	"	5,130	127,995	0.20	127,995	
	Com2B Corp.	-	"	5,000	19,009	11.11	19,009	
	Avamax Corp.	-	"	559	-	6.99	-	Note
	Aetas Technology, Inc.	Member of the board of directors	"	4,026	-	8.07	-	Note
	AuriaSolar Co., Ltd.	-	"	41,400	-	19.71	-	Note
	Z-Com, Inc.	-	"	2,974	23,794	4.10	23,794	
	Fong Han Electronics Co., Ltd.	-	"	1,167	-	6.67	-	Note
	Xepex Electronics Co., Ltd.	-	"	-	-	-	-	Note
	North America Micro-Electronic & Software, Incorporated	-	"	5	1,154	2.67	1,154	
	Action Media Technologies, Inc.	-	"	38	-	-	-	Note
	Oplink Communications, Inc.	-	"	1	910	0.01	910	
	Taiwan Changxing Technology Co., Ltd.	-	"	462	4,620	15.40	4,620	
	<u>Preferred stock</u> Arkologic Holdings Limited	-	"	11,111	-	7.66	-	Note
	PI-CORAL	-	"	1,139	-	10.65	-	Note
	<u>Convertible bond</u> Xepex Electronics Co., Ltd.	-		Debt investments with no active market - non-current	150	-	-	-
Lite-On Capital Corporation	<u>Common stock</u> Lite-On Technology Corporation	The Parent Company	Available-for-sale financial assets - non-current	15,116	734,631	0.64	734,631	
	Lead Data, Inc.	-	"	865	5,334	0.59	5,334	
	Compound Solar Technology Co., Ltd.	-	"	2,000	-	2.86	-	Note
	Z-Com, Inc.	-	"	2,412	19,293	3.33	19,293	
	Auden Techno Corp.	Member of the board of directors	"	8,124	178,716	19.90	178,716	
Lite-On Green Energy (HK) Limited	<u>Common stock</u> Changzhou Binhu Thin Film Solar Greenhouse Co., Ltd.	-	Available-for-sale financial assets - non-current	-	US\$ 140	19.90	US\$ 140	

(Continued)

Held Company Name	Marketable Securities Type and Name	Relationship with the Parent Company	Financial Statement Account	December 31, 2016				Note
				Shares/Units (In Thousands)	Carrying Value (Foreign Currencies in Thousands)	Percentage of Ownership (%)	Fair Value (Foreign Currencies in Thousands)	
Lite-On Electronics Co., Ltd.	<u>Share certificates</u> Lite-On Technology Corporation GDR	The Parent Company	"	245	\$ 118,984	0.10	\$ 118,984	
Yet Foundate Ltd.	<u>Share certificates</u> Lite-On Technology Corporation GDR	"	"	227	110,276	0.10	110,276	
	<u>Common stock</u> Northern Lights Semiconductor	-	"	3,000	-	5.91	-	Note
LET (HK) Ltd.	<u>Fund</u> Innovation Works Development Fund, L.P.	-	"	-	HK\$ 6,841	-	HK\$ 6,841	
Lite-On Technology USA, Inc.	<u>Preferred stock</u> Mojo NetWorks, Inc.	-	"	7,486	US\$ 2,000	2.93	US\$ 2,000	
LTC Group Ltd. (BVI)	<u>Common stock</u> VIZIO, Inc.	-	"	437	\$ -	2.90	\$ -	Note
LTC International Ltd.	<u>Common stock</u> Lite-On Technology Corporation	The Parent Company	"	3,793	184,345	0.16	184,345	
	<u>Share certificates</u> Lite-On Technology Corporation GDR	"	"	321	155,924	0.14	155,924	
Lite-On China Holding Co., Ltd.	<u>Common stock</u> COMMIT Incorporated	-	"	4,962	-	1.87	-	Note
Silitech Technology Corp.	<u>Common stock</u> Chi Mei Mold Co., Ltd. RTR-TECH Technology Co., Ltd.	Member of the board of directors "	" "	1,300 6,820	11,165 -	10.00 9.46	11,165 -	Note
Silitech (Bermuda) Holding Ltd.	<u>Fund</u> Innovation Works Development Fund, L.P.	-	"	-	US\$ 916	-	US\$ 916	
Lite-On Japan Ltd.	<u>Common stock</u> Tamura Corporation The Dai-ichi Life Insurance Company, Limited	- -	" "	19,250 7	JPY 8,509 JPY 1,362	0.03 -	JPY 8,509 JPY 1,362	
Lite-On Mobile Oyj (formerly: Perlos Oyj)	<u>Common stock</u> Kontiolahti Golf Oy	-	"	1	EUR 9	-	EUR 9	

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

(Concluded)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2016
(Amounts in Thousands of New Taiwan Dollars or in Thousands of Foreign Currencies)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counterparty	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares/Units (In Thousands)	Amount
Lite-On Mobile Pte. Ltd.	Lite-On Mobile India Private Limited	Investment accounted for using equity method	-	-	59,095	US\$ (9,652)	196,635	US\$ 31,206 (Note 1)	-	\$ -	US\$ 1,559 (Note 1)	\$ -	255,730	US\$ 19,995
Lite-on Green Energy B.V.	Romeo Tetti PVI S.R.L.	"	IKAVEE Sarl	-	-	EUR 8,317	-	EUR (6) (Note 2)	-	EUR 8,317	EUR 8,311	EUR 6	-	EUR -
Silitech Technology Corp.	Allianz Global Investors Taiwan Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	\$ -	48,447	\$ 600,000	48,447	\$ 600,445	\$ 600,000	\$ 445	-	\$ -
	Yuanta De-Li Money Market Fund	"	-	-	-	-	31,015	500,000	31,015	500,312	500,000	312	-	-
	Taishin 1699 Money Market Fund	"	-	-	-	-	33,649	450,000	33,649	450,266	450,000	266	-	-
	Upamc James Bond Money Market Fund	"	-	-	-	-	18,741	310,000	18,741	310,057	310,000	57	-	-
	Paradigm Pion Money Market Fund	"	-	-	-	-	34,103	390,000	34,103	390,072	390,000	72	-	-
	Prudential Financial Money Market Fund	"	-	-	-	-	25,587	400,000	25,587	400,296	400,000	296	-	-
Silitech Technology (SuZhou) Co., Ltd.	Fixed Income Instruments	Debt investments with no active market - current	-	-	-	424,399 (CNY 83,810)	-	3,166,301 (CNY 679,600)	-	2,832,338 (CNY 600,639)	2,811,238 (CNY 596,110)	21,100 (CNY 4,529)	-	779,462 (CNY 167,300)

Note 1: The acquisition amount of US\$28,730 thousand is from the capital injection funded by debt, and the US\$2,476 thousand is from changes in equities for using equity method; the US\$733 thousand in the disposal is from the loss accounted for using equity method, and US\$826 thousand is from the other comprehensive loss for using equity method.

Note 2: The acquisition amount is from the loss accounted for using equity method.

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2016
(Amounts in Thousands of New Taiwan Dollars or in Thousands of Foreign Currencies)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts (Payable) or Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Lite-On Technology Corporation	Philip & Lite-On Digital Solutions Corp.	Note 1	Sale	\$ (23,627,190)	(16)	About 90 days	Cost-plus pricing	No significant difference	\$ 5,996,229	14	
	Lite-On Technology (Changzhou) Co., Ltd.	Note 2	Sale	(1,075,660)	(1)	About 90 days	Cost-plus pricing	No significant difference	414,917	1	
	China Bridge Express (Wuxi) Co., Ltd.	Note 2	Sale	(1,143,329)	(1)	About 90 days	Cost-plus pricing	No significant difference	544,026	1	
	Lite-On Singapore Pte. Ltd.	Note 1	Sale	(3,497,556)	(2)	About 90 days	Cost-plus pricing	No significant difference	1,159,868	3	
	Lite-On Japan Ltd.	Note 1	Sale	(608,388)	-	About 90 days	Cost-plus pricing	No significant difference	160,262	-	
	Lite-On Trading USA, Inc.	Note 2	Sale	(4,399,638)	(3)	About 90 days	Cost-plus pricing	No significant difference	1,462,746	3	
	Lite-On Sales & Distribution Inc.	Note 2	Sale	(1,943,838)	(1)	About 90 days	Cost-plus pricing	No significant difference	632,684	1	
	Lite-On China Holding Co., Ltd.	Note 2	Sale	(152,686)	-	About 90 days	Cost-plus pricing	No significant difference	154,510	-	
	Lite-On Technology (Changzhou) Co., Ltd.	Note 2	Purchase	1,176,235	1	About 90 days	Cost-plus pricing	No significant difference	(508,539)	(1)	
	Lite-On Singapore Pte. Ltd.	Note 1	Purchase	21,907,646	17	About 90 days	Cost-plus pricing	No significant difference	(7,918,051)	(20)	
	Lite-On, Inc.	Note 2	Purchase	163,708	-	About 90 days	Cost-plus pricing	No significant difference	-	-	
	Li Shin International Enterprise Corp.	Note 1	Purchase	3,264,919	3	About 90 days	Cost-plus pricing	No significant difference	(352,208)	(1)	
	Lite-On Overseas Trading Co., Ltd.	Note 1	Purchase	85,211,776	66	About 90 days	Cost-plus pricing	No significant difference	(23,414,894)	(58)	
	Lite-On Automotive Electronics (Guangzhou) Co., Ltd.	Note 2	Purchase	481,162	-	About 90 days	Cost-plus pricing	No significant difference	(148,180)	-	
Philip & Lite-On Digital Solutions Corp.	Philips & Lite-On Digital Solutions USA Inc.	Note 4	Sale	(9,760,384)	(40)	About 90 days	Cost-plus pricing	No significant difference	1,728,693	30	
	Philips & Lite-On Digital Solutions Germany GmbH	Note 4	Sale	(1,429,026)	(6)	About 90 days	Cost-plus pricing	No significant difference	389,525	7	
Lite-On Electronics (Tianjinn) Co., Ltd.	Lite-On Overseas Trading Co., Ltd.	Note 3	Sale	(1,562,343)	(100)	About 90 days	Cost-plus pricing	No significant difference	260,289	100	
Lite-On Network Communication (Dongguan) Limited	China Bridge Express (Wuxi) Co., Ltd.	Note 4	Sale	(200,774)	(2)	About 90 days	Cost-plus pricing	No significant difference	53,191	5	
	Lite-On Overseas Trading Co., Ltd.	Note 3	Sale	(12,714,862)	(98)	About 90 days	Cost-plus pricing	No significant difference	1,089,382	94	
Lite-On Opto Technology (Changzhou) Co., Ltd.	Lite-On Singapore Pte. Ltd.	Note 3	Sale	(3,286,850)	(100)	About 90 days	Cost-plus pricing	No significant difference	606,864	100	
Lite-On Li Shin Technology (Ganzhou) Co., Ltd.	Li Shin International Enterprise Corp.	Note 3	Sale	(691,034)	(100)	About 90 days	Cost-plus pricing	No significant difference	106,078	100	
Lite-On Technology (Changzhou) Co., Ltd.	Lite-On Singapore Pte. Ltd.	Note 3	Sale	(12,329,615)	(53)	About 90 days	Cost-plus pricing	No significant difference	1,763,168	46	
	Lite-On Overseas Trading Co., Ltd.	Note 3	Sale	(9,771,381)	(42)	About 90 days	Cost-plus pricing	No significant difference	1,519,871	40	
Lite-On Technology (Ying Tan) Co., Ltd.	Li Shin International Enterprise Corp.	Note 3	Sale	(619,287)	(100)	About 90 days	Cost-plus pricing	No significant difference	189,119	100	
Lite-On Technology (Xianging) Co., Ltd.	Li Shin International Enterprise Corp.	Note 3	Sale	(731,921)	(100)	About 90 days	Cost-plus pricing	No significant difference	121,206	100	
Lite-On Technology (Shanghai) Ltd.	Philip & Lite-On Digital Solutions (Shanghai) Co., Ltd.	Note 4	Sale	(841,238)	(16)	About 90 days	Cost-plus pricing	No significant difference	75,306	4	
China Bridge Express (Wuxi) Co., Ltd.	Lite-On Technology (Changzhou) Co., Ltd.	Note 4	Sale	(231,777)	(8)	About 90 days	Cost-plus pricing	No significant difference	42,577	4	
Lite-On Electronics (Dongguan) Co., Ltd.	Lite-On Overseas Trading Co., Ltd.	Note 3	Sale	(12,901,886)	(100)	About 90 days	Cost-plus pricing	No significant difference	1,118,384	100	
Silitek Elec. (Dongguan) Co., Ltd.	Lite-On Overseas Trading Co., Ltd.	Note 3	Sale	(8,288,288)	(95)	About 90 days	Cost-plus pricing	No significant difference	1,645,684	92	
Lite-On Power Technology (Dongguan) Co., Ltd.	Lite-On Electronic Co., Ltd.	Note 4	Sale	(1,200,457)	(100)	About 90 days	Cost-plus pricing	No significant difference	-	-	
Lite-On Electronics H.K. Ltd.	Lite-On Overseas Trading Co., Ltd.	Note 3	Sale	(286,767)	(14)	About 90 days	Cost-plus pricing	No significant difference	113,122	21	
Lite-On Electronics Co., Ltd.	Lite-On Singapore Pte. Ltd.	Note 3	Sale	(1,200,462)	(100)	About 90 days	Cost-plus pricing	No significant difference	-	-	
Dong Guan G-Tech Computers Co., Ltd.	Lite-On Overseas Trading Co., Ltd.	Note 3	Sale	(3,670,350)	98	About 90 days	Cost-plus pricing	No significant difference	408,406	94	
Huizhou Li Shin Electronic Co., Ltd.	Li Shin International Enterprise Corp.	Note 3	Sale	(1,204,998)	(63)	About 90 days	Cost-plus pricing	No significant difference	25,463	16	

(Continued)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts (Payable) or Receivable		Note	
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total		
DongGuan G-Pro Computer Co., Ltd.	Lite-On Overseas Trading Co., Ltd.	Note 4	Sale	\$ (8,853,694)	(100)	About 90 days	Cost-plus pricing	No significant difference	\$ -	-		
Lite-On Electronics (Guangzhou) Co., Ltd.	Lite-On Technology (Shanghai) Ltd.	Note 4	Sale	(216,184)	-	About 90 days	Cost-plus pricing	No significant difference	89,974	1		
	Lite-On Overseas Trading Co., Ltd.	Note 4	Sale	(32,972,454)	(60)	About 90 days	Cost-plus pricing	No significant difference	7,050,220	42		
Lite-On Opto Technology (Guangzhou) Co., Ltd.	Lite-On Overseas Trading Co., Ltd.	Note 4	Sale	(2,389,937)	(99)	About 90 days	Cost-plus pricing	No significant difference	526,227	100		
Lite-On Auto Electric Technology (Guangzhou) Ltd.	Lite-On Technology (Shanghai) Ltd.	Note 4	Sale	(742,970)	(99)	About 90 days	Cost-plus pricing	No significant difference	69,763	100		
Lite-On IT Opto Tech (BH) Co., Ltd.	Lite-On Overseas Trading Co., Ltd.	Note 3	Sale	(17,190,388)	(100)	About 90 days	Cost-plus pricing	No significant difference	3,797,218	100		
Lite-On Electronics (Thailand) Co., Ltd.	Lite-On Singapore Pte. Ltd.	Note 3	Sale	(3,317,936)	(97)	About 90 days	Cost-plus pricing	No significant difference	827,541	95		
	Lite-On Japan Ltd.	Note 3	Sale	(104,475)	(3)	About 90 days	Cost-plus pricing	No significant difference	39,608	5		
Lite-On Singapore Pte. Ltd.	Lite-On Technology (Changzhou) Co., Ltd.	Note 4	Sale	(141,925)	-	About 90 days	Cost-plus pricing	No significant difference	57,059	-		
	Lite-On Technology (Shanghai) Ltd.	Note 4	Sale	(2,475,382)	(4)	About 90 days	Cost-plus pricing	No significant difference	1,165,899	6		
	China Bridge Express (Wuxi) Co., Ltd.	Note 4	Sale	(998,835)	(2)	About 90 days	Cost-plus pricing	No significant difference	485,211	2		
	Lite-On Electronics H.K. Ltd.	Note 3	Sale	(2,063,351)	(3)	About 90 days	Cost-plus pricing	No significant difference	504,040	2		
	Lite-On Japan Ltd.	Note 3	Sale	(1,412,404)	(2)	About 90 days	Cost-plus pricing	No significant difference	455,587	2		
	Lite-On, Inc.	Note 4	Sale	(786,513)	(1)	About 90 days	Cost-plus pricing	No significant difference	187,562	1		
	Lite-On Trading USA, Inc.	Note 4	Sale	(5,281,012)	(8)	About 90 days	Cost-plus pricing	No significant difference	1,974,636	9		
	Leotek Electronics USA LLC	Note 4	Sale	(1,266,916)	(2)	About 90 days	Cost-plus pricing	No significant difference	415,959	2		
	Lite-On Sales & Distribution Inc.	Note 4	Sale	(273,574)	-	About 90 days	Cost-plus pricing	No significant difference	81,893	-		
	Lite-On Overseas Trading Co., Ltd.	Note 3	Sale	(250,073)	-	About 90 days	Cost-plus pricing	No significant difference	114,029	1		
	Lite-On Mobile Indústria e Comércio de Plásticos Ltda.	Note 4	Sale	(162,194)	-	About 90 days	Cost-plus pricing	No significant difference	73,690	-		
	Lite-On Overseas Trading Co., Ltd.	Lite-On Network Communication (Dongguan) Limited	Note 4	Sale	(11,405,108)	(5)	About 90 days	Cost-plus pricing	No significant difference	2,392,483	4	
		Lite-On Li Shin Technology (Ganzhou) Co., Ltd.	Note 4	Sale	(261,079)	-	About 90 days	Cost-plus pricing	No significant difference	44,131	-	
		Lite-On Technology (Changzhou) Co., Ltd.	Note 4	Sale	(13,853,750)	(6)	About 90 days	Cost-plus pricing	No significant difference	5,444,235	10	
Lite-On Technology (Ying Tan) Co., Ltd.		Note 4	Sale	(224,212)	-	About 90 days	Cost-plus pricing	No significant difference	40,836	-		
Lite-On Technology (Xianning) Co Ltd.		Note 4	Sale	(249,250)	-	About 90 days	Cost-plus pricing	No significant difference	57,955	-		
Lite-On Electronics (Dongguan) Co., Ltd.		Note 4	Sale	(10,741,568)	(5)	About 90 days	Cost-plus pricing	No significant difference	1,781,147	3		
Silitek Elec. (Dongguan) Co., Ltd.		Note 4	Sale	(5,996,218)	(3)	About 90 days	Cost-plus pricing	No significant difference	557,088	1		
Dong Guan G-Tech Computers Co., Ltd.		Note 4	Sale	(1,891,585)	(1)	About 90 days	Cost-plus pricing	No significant difference	745,351	1		
I-Solutions Limited		Note 4	Sale	(317,074)	-	About 90 days	Cost-plus pricing	No significant difference	90,013	-		
Huizhou Li Shin Electronic Co., Ltd.		Note 4	Sale	(847,077)	-	About 90 days	Cost-plus pricing	No significant difference	157,468	-		
DongGuan G-Pro Computer Co., Ltd.		Note 4	Sale	(7,233,999)	(3)	About 90 days	Cost-plus pricing	No significant difference	1,172,403	2		
Lite-On Electronics (Guangzhou) Ltd.		Note 4	Sale	(39,302,589)	(18)	About 90 days	Cost-plus pricing	No significant difference	10,166,510	19		
Lite-On Opto Technology (Guangzhou) Co., Ltd.		Note 4	Sale	(1,379,803)	(1)	About 90 days	Cost-plus pricing	No significant difference	493,579	1		
Lite-On Auto Electric Technology (Guangzhou) Ltd.		Note 4	Sale	(251,560)	-	About 90 days	Cost-plus pricing	No significant difference	98,908	-		
Lite-On IT Opto Tech (BH) Co., Ltd.		Note 4	Sale	(15,412,908)	(7)	About 90 days	Cost-plus pricing	No significant difference	5,345,685	10		
Lite-On Singapore Pte. Ltd.		Note 3	Sale	(23,205,038)	(11)	About 90 days	Cost-plus pricing	No significant difference	2,318,450	4		
Diodes Incorporated		Note 6	Purchase	337,661	-	About 90 days	Cost-plus pricing	No significant difference	(136,527)	-		
		Note 5	Purchase	557,040	-	About 90 days	Cost-plus pricing	No significant difference	(206,967)	-		
Lite-On Automotive (Wuxi) Co., Ltd.	Lite-On Technology (Shanghai) Ltd.	Note 4	Sale	(425,596)	(57)	About 90 days	Cost-plus pricing	No significant difference	201,913	64		
Lite-On Automotive Electronics (Guangzhou) Ltd.	Lite-On Technology (Shanghai) Ltd.	Note 4	Sale	(1,104,314)	(28)	About 90 days	Cost-plus pricing	No significant difference	471,191	28		
	Lite-On Singapore Pte. Ltd.	Note 3	Sale	(1,506,175)	(38)	About 90 days	Cost-plus pricing	No significant difference	427,013	26		
Shenzhen Lite-On Mobile Precision Molds Co., Ltd.	Zhuhai Lite-On Mobile Telecommunication Co., Ltd.	Note 4	Sale	(436,926)	(90)	About 90 days	Cost-plus pricing	No significant difference	75,802	88		
Guangzhou Lite-On Mobile Electronic Components Co., Ltd.	Lite-On Mobile Oyj (formerly: Perlos Oyj)	Note 4	Sale	(396,032)	(9)	About 90 days	Cost-plus pricing	No significant difference	166,483	10		
	Lite-On Mobile Pte. Ltd.	Note 3	Sale	(2,184,744)	(48)	About 90 days	Cost-plus pricing	No significant difference	1,004,758	61		
Zhuhai Lite-On Mobile Technology Co., Ltd.	Lite-On Mobile Pte. Ltd.	Note 3	Sale	(1,686,339)	(58)	About 90 days	Cost-plus pricing	No significant difference	783,315	73		
Lite-On Japan Ltd.	Lite-On Semiconductor Corp.	Note 5	Sale	JPY (604,713)	(4)	About 90 days	Cost-plus pricing	No significant difference	JPY 194,293	7		
	Lite-On Semiconductor Corp.	Note 5	Purchase	JPY 1,450,137	12	About 90 days	Cost-plus pricing	No significant difference	JPY (332,274)	(11)		

(Continued)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts (Payable) or Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Silitech Technology Corp. Ltd.	Silitech Technology Corp.	Note 3	Sale	US\$ (14,428) JPY (11,639)	(83)	90 days	No significant difference	90-120 days	US\$ 4,366 JPY 4,769	93	
Xurong Electronic (Shenzhen) Co., Ltd.	Silitech Technology Corp. Ltd.	Note 4	Sale	US\$ (17,272) JPY (11,639)	(46)	90 days	No significant difference	90-120 days	US\$ 5,229 JPY 4,769	69	

Note 1: Equity-method investee.

Note 2: Investee of the equity-method investee.

Note 3: The Parent Company's equity-method investee.

Note 4: Investee of the Parent Company's equity-method investee.

Note 5: Associate.

Note 6: Other related parties.

Note 7: All intercompany sales and purchases have been eliminated from consolidation.

(Concluded)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2016

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

Company Name	Related Party	Nature of Relationship	Ending Balance of Notes Receivable-inter	Ending Balance of Trade Receivables-inter	Ending Balance of Other Receivables-inter	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
							Amount	Action Taken		
Lite-On Technology Corporation	Philip & Lite-On Digital Solutions Corp.	Note 1	\$ -	\$ 5,996,229	\$ 210	4.72	\$ -	-	\$ 1,817,358	\$ -
	Lite-On Technology (Changzhou) Co., Ltd.	Note 2	-	414,917	3,341	2.40	2,330	-	-	-
	China Bridge Express (Wuxi) Co., Ltd.	Note 2	-	544,026	-	2.69	-	-	126,502	-
	Lite-On Singapore Pte. Ltd.	Note 1	-	1,159,868	223,803	3.40	-	-	1,116,170	-
	Lite-On Japan Ltd.	Note 1	-	160,262	24,180	3.74	15	-	16,394	-
	Lite-On Trading USA, Inc.	Note 2	-	1,462,746	-	3.46	-	-	450,209	-
	Lite-On Sales & Distribution Inc.	Note 2	-	632,684	2	5.10	-	-	228,366	-
	Lite-On Overseas Trading Co., Ltd.	Note 1	-	4,098,762	30,786	-	-	-	2,173,903	-
	Lite-On China Holding Co., Ltd.	Note 2	-	154,510	-	1.03	-	-	-	-
Philip & Lite-On Digital Solutions Corp.	Philips & Lite-On Digital Solutions USA Inc.	Note 4	-	1,728,693	3,881	6.96	-	-	664,845	-
	Philips & Lite-On Digital Solutions Germany GmbH	Note 4	-	389,525	-	4.17	-	-	103,575	-
Lite-On Electronics (Tianjinn) Co., Ltd.	Lite-On Overseas Trading Co., Ltd.	Note 3	-	260,289	-	5.57	-	-	133,858	-
Lite-On Network Communication (Dongguan) Limited	Lite-On Overseas Trading Co., Ltd.	Note 3	-	1,089,382	-	12.11	-	-	1,089,382	-
Lite-On Opto Technology (Changzhou) Co., Ltd.	Lite-On Singapore Pte. Ltd.	Note 3	-	606,864	7,706	8.42	-	-	34,958	-
Lite-On Li Shin Technology (Ganzhou) Co., Ltd.	Li-Shin International Enterprise Corp.	Note 3	-	106,078	-	4.18	-	-	68,662	-
Lite-On Technology (Changzhou) Co., Ltd.	Changzhou Leotek New Energy Trade Limited	Note 4	-	-	185,781	-	-	-	-	-
	Lite-On Singapore Pte. Ltd.	Note 3	-	1,763,168	-	8.55	-	-	19,633	-
	Lite-On Overseas Trading Co., Ltd.	Note 3	-	1,519,871	-	8.96	-	-	139,269	-
Lite-On Technology (Ying Tan) Co., Ltd.	Li-Shin International Enterprise Corp.	Note 3	-	189,119	-	2.94	-	-	38,272	-
Lite-On Technology (Xianging) Co., Ltd.	Li-Shin International Enterprise Corp.	Note 3	-	121,206	-	6.50	-	-	59,414	-
Lite-On Electronics (Dongguan) Co., Ltd.	Lite-On Overseas Trading Co., Ltd.	Note 3	-	1,118,384	-	11.59	-	-	-	-
Silitek Elec. (Dongguan) Co., Ltd.	Lite-On Overseas Trading Co., Ltd.	Note 3	-	1,645,684	4,791	5.83	-	-	835,486	-
Lite-On Power Technology (Dongguan) Ltd.	Lite-On Electronics (Dongguan) Co., Ltd.	Note 4	-	-	143,054	-	-	-	363	-
Lite-On Electronics H.K. Ltd.	LET (HK) Limited	Note 3	-	-	257,600	-	-	-	-	-
	Lite-On Overseas Trading Co., Ltd.	Note 3	-	113,122	-	3.27	-	-	32,139	-
Dong Guan G-Tech Computers Co., Ltd.	Lite-On Overseas Trading Co., Ltd.	Note 3	-	408,406	-	10.20	-	-	377,733	-
Lite-On Electronics (Guangzhou) Co., Ltd.	Lite-On Overseas Trading Co., Ltd.	Note 3	-	7,050,220	919	4.82	-	-	3,105,929	-
Lite-On Opto Technology (Guangzhou) Co., Ltd.	Lite-On Overseas Trading Co., Ltd.	Note 3	-	526,227	-	9.08	-	-	222,856	-

(Continued)

Company Name	Related Party	Nature of Relationship	Ending Balance of Notes Receivable-inter	Ending Balance of Trade Receivables-inter	Ending Balance of Other Receivables-inter	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts	
							Amount	Action Taken			
Lite-On IT Opto Tech (BH) Co., Ltd.	Lite-On Overseas Trading Co., Ltd.	Note 3	\$ -	\$ 3,797,218	\$ -	9.05	\$ -	-	\$ 1,235,394	\$ -	
Lite-On Electronics (Thailand) Co., Ltd.	Lite-On Singapore Pte. Ltd.	Note 3	-	827,541	13,182	4.24	-	-	316,508	-	
Lite-On Singapore Pte. Ltd.	Lite-On Technology (Shanghai) Ltd.	Note 4	-	1,165,899	-	4.24	-	-	409,450	-	
	China Bridge Express (Wuxi) Co., Ltd.	Note 4	-	485,211	-	2.03	-	-	89,855	-	
	Lite-On Electronics H.K. Ltd.	Note 3	-	504,040	-	4.61	-	-	172,822	-	
	Lite-On Japan Ltd.	Note 3	-	455,587	1,178	2.85	-	-	111,103	-	
	Lite-On, Inc.	Note 4	-	187,562	364	4.86	-	-	85,912	-	
	Lite-On Trading USA, Inc.	Note 4	-	1,974,636	-	2.95	1,194	-	838,681	-	
	Leotek Electronics USA LLC	Note 4	-	415,959	3,552	2.67	4,981	-	119,184	-	
	Lite-On Overseas Trading Co., Ltd.	Note 3	-	114,029	-	0.66	-	-	41,926	-	
	Lite-On Mobile Pte. Ltd.	Note 3	-	-	1,288,492	-	-	-	-	-	
	G&W Technology (BVI) Limited	G&W Technology Limited	Note 4	-	-	156,651	-	-	-	-	-
Lite-On Overseas Trading Co., Ltd.	Lite-On Network Communication (Dongguan) Limited	Note 4	-	2,392,483	-	5.48	-	-	1,047,153	-	
	Lite-On Technology (Changzhou) Co., Ltd.	Note 4	-	5,444,235	-	2.57	-	-	7,347	-	
	Lite-On Electronics (Dongguan) Co., Ltd.	Note 4	-	1,781,147	-	7.18	-	-	1,149,086	-	
	Silitek Elec. (Dongguan) Co., Ltd.	Note 4	-	557,088	480	9.88	-	-	557,569	-	
	Dong Guan G-Tech Computers Co., Ltd.	Note 4	-	745,351	-	2.72	47,674	-	174,002	-	
	Huizhou Li Shin Electronic Co., Ltd.	Note 4	-	157,468	-	5.00	-	-	-	-	
	DongGuan G-Pro Computer Co., Ltd.	Note 4	-	1,172,403	945	5.86	-	-	613,925	-	
	Lite-On Electronics (Guangzhou) Co., Ltd.	Note 4	-	10,166,510	-	4.04	-	-	3,786,093	-	
	Lite-On Opto Technology (Guangzhou) Co., Ltd.	Note 4	-	493,579	1,726	5.59	-	-	132,893	-	
	Lite-On IT Opto Tech (BH) Co., Ltd.	Note 4	-	5,345,685	10,485	5.77	-	-	1,471,975	-	
	Lite-On Singapore Pte. Ltd.	Note 3	-	2,318,450	-	4.25	-	-	2,318,450	-	
	Lite-On Automotive (Wuxi) Co., Ltd.	Lite-On Technology (Shanghai) Ltd.	Note 4	-	201,913	7,116	2.29	-	-	39,103	-
	Lite-On Automotive Electronics (Guangzhou) Co., Ltd.	Lite-On Technology (Shanghai) Ltd.	Note 4	-	471,191	7,841	3.41	-	-	100,417	-
Lite-On Singapore Pte. Ltd.		Note 3	-	427,013	64	3.83	-	-	50,319	-	
Guangzhou Lite-On Mobile Engineering Plastics Co., Ltd.	Zhuhai Lite-On Mobile Technology Co., Ltd.	Note 4	-	-	1,724,240	-	-	-	-	-	
Guangzhou Lite-On Mobile Electronic Components Co., Ltd.	Lite-On Mobile Oyj (formerly: Perlos Oyj)	Note 3	-	166,483	-	4.07	-	-	48,621	-	
	Zhuhai Lite-On Mobile Technology Co., Ltd.	Note 4	-	8,745	371,751	0.20	-	-	-	-	
	Lite-On Mobile Pte. Ltd.	Note 3	-	1,004,758	-	3.47	-	-	311,890	-	
Zhuhai Lite-On Mobile Technology Co., Ltd.	Lite-On Mobile Pte. Ltd.	Note 3	-	783,315	-	2.24	-	-	103,718	-	
Silitech Technology Corp.	Silitech (BVI) Holding Ltd.	Note 4	-	-	260,379	-	-	-	-	-	
Silitech (BVI) Holding Ltd.	Silitech (Bermuda) Holding Ltd.	Note 4	-	-	US\$ 5,370	-	-	-	-	-	
Silitech Technology Corp. Ltd.	Silitech Technology Corp.	Note 3	-	US\$ 4,366	-	3.15	-	-	US\$ 1,019	-	
			-	JPY 4,769	-	-	-	JPY 1,386	-		
Xurong Electronic (Shenzhen) Co., Ltd.	Silitech Technology Corp. Ltd.	Note 4	-	US\$ 5,229	-	3.15	-	-	US\$ 1,375	-	
			-	JPY 4,769	-	-	-	JPY 1,385	-		

(Continued)

Note 1: Equity-method investee.

Note 2: Investee of the equity-method investee.

Note 3: The Parent Company's equity-method investee.

Note 4: Investee of the Parent Company's equity-method investee.

(Concluded)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE YEAR ENDED DECEMBER 31, 2016

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2016			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2016	December 31, 2015	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Value			
Lite-On Technology Corporation	Silitech Technology Corp.	New Taipei City, Taiwan	Manufacture and sale of modules and plastic products	\$ 324,685	\$ 324,685	60,757	33.87	\$ 1,334,704	\$ (109,202)	\$ (36,987)	Subsidiary
	Lite-On Integrated Service Inc.	Taipei City, Taiwan	Information outsourcing and system integrate	25,886	25,886	3,400	100.00	47,155	6,406	6,406	Subsidiary
	Dragonjet Corporation	New Taipei City, Taiwan	Manufacture and sale of computer peripherals, printers, digital cameras, modules and plastic products	1,069,080	1,069,080	26,727	29.62	1,025,933	88,044	26,082	Associate
	Logah Technology Corp.	Kaohsiung City, Taiwan	Development, manufacture and sale of LCD TV inverters	402,787	402,787	31,683	28.10	199,468	(122,188)	(34,338)	Associate (Note 6)
	Lite-On Capital Corp.	Taipei City, Taiwan	Investment activities	4,096,367	4,096,367	209,545	100.00	1,442,800	43,569	10,690	Subsidiary
	Lite-On Electronics H.K. Ltd.	Hong Kong	Sale of LED optical products	7,339,481	7,339,481	17,865	100.00	12,293,534	HK\$ 488,442	1,985,446	Subsidiary
	Lite-On Electronics (Thailand) Co., Ltd.	Thailand	Manufacture and sale of LED optical products	529,106	529,106	5,030	100.00	1,411,616	THB 136,745	124,999	Subsidiary
	Lite-On Japan Ltd.	Japan	Sale of LED optical products and power supplies	248,305	248,305	6,162	49.49	353,908	JPY 75,201	11,138	Subsidiary
	Lite-On International Holding Co., Ltd.	British Virgin Islands	Investment activities	US\$ 335,825	US\$ 335,825	335,825	100.00	21,476,229	US\$ (46,493)	(1,555,633)	Subsidiary
	LTC Group Ltd.	British Virgin Islands	Investment activities	\$ 1,098,752	\$ 1,380,308	32,916	100.00	288,603	US\$ (109)	(15,370)	Subsidiary
	Lite-On Technology USA, Inc.	USA	Investment activities	US\$ 55,172	US\$ 55,172	470	100.00	2,312,102	US\$ 3,385	85,576	Subsidiary
	Lite-On Electronics (Europe) Ltd.	United Kingdom	Manufacture and sale of power supplies	\$ 44,559	\$ 44,559	300	100.00	49,011	GBP 149	6,603	Subsidiary
	Lite-On Technology (Europe) B.V.	Netherlands	Market research and after-sales service	2,543,184	2,543,184	331	54.00	273,799	EUR 719	12,384	Subsidiary
	Lite-On Overseas Trading Co., Ltd.	British Virgin Islands	Merchandising business	168,947	168,947	5,143	100.00	329,214	US\$ 2,833	92,516	Subsidiary
	Lite-On Singapore Pte. Ltd.	Singapore	Manufacture and supply computer peripheral products	US\$ 63,788	US\$ 63,788	51,777	100.00	18,442,116	US\$ 111,194	3,585,196	Subsidiary
	Lite-On Semiconductor Corp.	New Taipei City, Taiwan	Manufacture of image sensor and rectifier	\$ 773,618	\$ 773,618	57,204	18.46	1,406,307	\$ 439,969	76,613	Associate (Note 6)
	Lite-On Vietnam Co., Ltd.	Vietnam	Electronic contract manufacturing	US\$ 12,000	US\$ 3,000	-	100.00	362,838	US\$ 120	3,675	Subsidiary
	Li Shin International Enterprise Corp.	British Virgin Islands	Manufacture and sale of computer and appliance components	\$ 56,929	\$ 56,929	1,748	100.00	(66,015)	US\$ 20	623	Subsidiary (Note 5)
	Eagle Rock Investment Ltd.	British Virgin Islands	Import and export business and investment activities	341	341	10	100.00	1,228,407	US\$ (2,494)	(87,204)	Subsidiary
	Canfield Ltd.	Apia, Samoa	Import and export business and investment activities	7,142	7,142	200	33.33	5,092	US\$ (27)	475	Associate
	Lite-On Mobile Pte. Ltd.	Singapore	Manufacture and sale of mobile phone modules and design for assembly line	EUR 250,329	EUR 250,329	162,886	100.00	8,005,173	US\$ (8,887)	(294,441)	Subsidiary
	Leotek Electronics Holding Limited	Hong Kong	Holding company	US\$ -	US\$ 1,010	-	-	-	HK\$ 2	9	Subsidiary (Note 3)
	LET (HK) Ltd.	Hong Kong	Sale of optical disc drives	\$ 251,322	\$ 42	62,060	100.00	27,754	HK\$ 12,191	50,119	Subsidiary
	High Yield Group Co., Ltd.	British Virgin Islands	Holding company	2,271,806	2,271,806	68,138	100.00	5,431,907	US\$ 10,269	670,065	Subsidiary
	Lite-On Information Technology B.V.	Netherlands	Market research and customer service	1,163,591	1,163,591	11,018	100.00	16,579	EUR (14)	(502)	Subsidiary
	Philip & Lite-On Digital Solutions Corp.	Taiwan	Sale of optical disc drives	267,113	267,113	17,150	49.00	291,107	\$ 41,824	20,494	Subsidiary
	Lite-Space Technology Company Limited	Hong Kong	Sale of computer components	149,968	149,968	5,100	39.23	55,551	US\$ 1,127	14,314	Associate
Lite-On Automotive Electronics Mexico, S.A. DE C.V.	Mexico	Production, manufacture, sale, import and export of photovoltaic device, key electronic components, telecommunications equipment, information technology equipment, semiconductor applications, general lighting, automotive electronics, renewable energy products and systems and maintenance of automotive industry	US\$ 4,950	US\$ 4,950	146	99.00	62,596	MXN (11,074)	(19,138)	Subsidiary	
Lite-On Automotive Service USA Inc.	USA	Sale of automotive parts and other electronic products	US\$ -	US\$ 60	-	-	-	US\$ 1	40	Subsidiary (Note 3)	
Lite-On Automotive Electronics (Europe) B.V.	Netherlands	Sale of automotive parts and other electronic products	EUR 1,090	EUR 1,090	24	100.00	38,501	EUR (63)	(2,143)	Subsidiary	
Lite-On Automotive International (Cayman) Co., Ltd.	Cayman	Investment activities	US\$ 100,626	US\$ 100,626	11,967	100.00	1,948,415	US\$ 8,382	218,167	Subsidiary	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2016			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2016	December 31, 2015	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Value			
Lite-On Capital Corp.	Silitech Technology Corp.	New Taipei City, Taiwan	Manufacture and sale of modules and plastic products	\$ 115,572	\$ 115,572	1,153	0.64	\$ 106,783	\$ (109,202)	\$ -	Subsidiary
	Lite-On Green Technologies Inc.	Taipei City, Taiwan	Manufacture and wholesale of electronic components and energy technology services	1,040,000	1,040,000	84,000	100.00	237,491	(8,980)	-	Subsidiary
	Lite-On Green Energy (HK) Limited	Hong Kong	Investment activities	US\$ 3,000	US\$ 3,000	3,000	100.00	3,671	US\$ (3)	-	Subsidiary
	Lite-On Technology (Europe) B.V.	Netherlands	Market research and after-sales service	\$ 2,126,479	\$ 2,126,479	282	46.00	231,386	EUR 719	-	Subsidiary
	Lite-On Semiconductor Corp.	New Taipei City, Taiwan	Manufacture of image sensor and rectifier	-	-	6,486	2.09	187,987	\$ 439,969	-	Associate (Note 6)
	Lite-On Green Energy (Singapore) Pte. Ltd.	Singapore	Investment activities	440,974	440,974	11,150	100.00	299,961	EUR (19)	-	Subsidiary
Logah Technology Corp.	Kaohsiung City, Taiwan		Development, manufacture and sale of LCD TV inverters	74,538	74,538	4,141	3.67	26,070	\$ (122,188)	-	Associate (Note 6)
			Development, manufacture and sale of cell phone and camera lens modules	JPY 172,180	JPY 223,340	9	39.10	20,782	JPY (66,745)	-	Associate
Lite-On Green Technologies Inc.	Lite-On Green Technologies B.V.	Netherlands	Solar energy engineering	EUR 16,020	EUR 16,020	30	100.00	201,954	EUR (43)	-	Subsidiary
	Lite-On Green Technologies (HK) Limited	Hong Kong	Solar energy engineering	US\$ 760	US\$ 760	4,000	100.00	(6,316)	US\$ 1,593	-	Subsidiary
Lite-On Green Energy (Singapore) Pte. Ltd.	Lite-On Green Energy B.V.	Netherlands	Investment activities	EUR 2,500	EUR 11,000	9,140	100.00	EUR 451	EUR 13	-	Subsidiary
Lite-On Green Technologies B.V.	KompaktSolar GmbH	Berlin, Germany	Solar energy engineering	EUR 401	EUR 401	51	51.00	EUR -	EUR -	-	Associate
Lite-On Green Energy B.V.	Lite-On Green Energy S.R.L. Romeo Tetti PVI S.R.L.	Italy Italy	Solar energy engineering	EUR -	EUR 60	-	-	EUR -	EUR 2	-	Subsidiary
			Solar energy engineering	EUR -	EUR 9,847	-	-	EUR -	EUR (6)	-	Subsidiary (Note 1)
China Bridge (China) Co., Ltd.	China Bridge Express (Wuxi) Co., Ltd.	Wuxi, China	Express and sale of power supplies, printers, display devices and scanners	CNY 36,244	CNY 36,244	-	100.00	CNY 95,425	CNY (2,159)	-	Subsidiary
	Lite-On Opto Technology (Changzhou) Co., Ltd.	Changzhou, China	Development, manufacture of new-type electronic components and provide technology consulting services, maintenance equipment and after-sales services	CNY 85,015	CNY 85,015	-	12.59	CNY 72,598	CNY 2,721	-	Subsidiary
Lite-On Electronics (Jiangsu) Co., Ltd.	Lite-On Technology (Changzhou) Co., Ltd.	Changzhou, China	Development, manufacture, sale and installation of power supplies and transformers and provision technology consulting services, maintenance equipment and after-sales services	CNY 332,038	CNY 332,038	-	100.00	CNY 885,560	CNY 59,281	-	Subsidiary
	Lite-On Opto Technology (Changzhou) Co., Ltd.	Changzhou, China	Development, manufacture and sale of new-type electronic components and LED and provision technology consulting services, maintenance equipment and after-sales services	CNY 503,977	CNY 503,977	-	87.41	CNY 504,037	CNY 2,721	-	Subsidiary
	Lite-On Medical Device (Changzhou) Ltd.	Changzhou, China	Manufacture and sale of medical equipment	CNY 30,640	CNY 30,640	-	100.00	CNY 27,665	CNY (779)	-	Subsidiary
	Lite-On Computer (Changzhou) Co., Ltd.	Changzhou, China	Design, development, manufacture and sale of computer laptop keyboards and components and provision technology consulting services and after-sales services	CNY 55,924	CNY -	-	100.00	CNY 53,728	CNY (2,196)	-	Subsidiary (Note 2)
Lite-On Automotive International (Cayman) Co., Ltd.	Lite-On Automotive Holdings (Hong Kong) Co., Ltd.	Hong Kong	Investment activities	HK\$ 41,384	HK\$ 41,384	100,626	100.00	US\$ 61,075	HK\$ 64,234	-	Subsidiary
High Yield Group Co., Ltd.	Lite-On IT International (HK) Ltd.	Hong Kong	Sale of optical disc drives	US\$ 102,400	US\$ 102,400	102,400	100.00	US\$ 190,544	US\$ 10,274	-	Subsidiary
Lite-On Information Technology B.V.	Lite-On Information Technology GmbH	Germany	Sale of optical disc drives	EUR 25	EUR 25	-	100.00	EUR 39	EUR -	-	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2016			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2016	December 31, 2015	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Value			
Philip & Lite-On Digital Solutions Corp.	Philips & Lite-On Digital Solutions USA Inc.	USA	Sale of optical disc drives	\$ 33	\$ 33	1	100.00	\$ 239,218	US\$ 425	\$ -	Subsidiary
	Philips & Lite-On Digital Solutions Netherlands B.V.	Netherlands	Sale and design of optical disc drives	381,221	381,221	15	100.00	45,659	EUR 26	-	Subsidiary
	Philips & Lite-On Digital Solutions Germany GmbH	Germany	Development and sale of modules of automotive recorders	1,326,996	1,326,996	-	100.00	862,497	EUR 1,186	-	Subsidiary
	Philips & Lite-On Digital Solutions Korea Ltd.	South Korea	Sale of optical disc drives	15,376	15,376	18	100.00	32,507	KRW 41,556	-	Subsidiary
Lite-On Technology USA, Inc.	Lite-On, Inc.	USA	Sales data processing business of optoelectronic products and power supplies	US\$ 3,000	US\$ 3,000	3,000	100.00	US\$ 5,227	US\$ 506	-	Subsidiary
	Lite-On Trading USA, Inc.	California, USA	Sale of optical products	US\$ 31,500	US\$ 31,500	315	100.00	US\$ 33,392	US\$ 938	-	Subsidiary
	Leotek Electronics USA LLC.	USA	Sale of LED products	US\$ 5,792	US\$ 5,792	-	100.00	US\$ 9,621	US\$ 1,352	-	Subsidiary
	Power Innovations International, Inc.	USA	Development, design and manufacture of power control and energy management	US\$ 15,756	US\$ 15,756	12,916	95.25	US\$ 17,136	US\$ (625)	-	Subsidiary
	Lite-On Sales & Distribution Inc.	USA	Sale of optical disc drives	US\$ 4,765	US\$ 4,765	1	100.00	US\$ 6,303	US\$ 1,218	-	Subsidiary
Lite-On Technology Service, Inc.	USA	After-sales service of optical products	US\$ 1,500	US\$ 1,500	1	100.00	US\$ 1,622	US\$ 86	-	Subsidiary	
Lite-On International Holding Co., Ltd.	Lite-On China Holding Co., Ltd.	British Virgin Islands	Manufacture and sale of computer cases	US\$ 399,442	US\$ 399,442	399,442	100.00	US\$ 688,676	US\$ (46,490)	-	Subsidiary
Lite-On Singapore Pte. Ltd.	LiteStar JV Holding (BVI) Co., Ltd.	British Virgin Islands	Investment activities	US\$ 27,000	US\$ 27,000	2	19.35	US\$ 22,875	\$ 3,647	-	Associate
	Lite-On Automotive Electronics Mexico, S.A. DE C.V.	Mexico	Production, manufacture, sale, import and export of photovoltaic device, key electronic components, telecommunications equipment, information technology equipment, semiconductor applications, general lighting, automotive electronics, renewable energy products and systems and maintenance of automotive industry	US\$ 50	US\$ 50	1	1.00	US\$ 20	MXN (11,074)	-	Subsidiary
Lite-On Technology (Shanghai) Ltd.	Lite-On Intelligent Technology (Yencheng) Corp.	Yancheng, China	Wholesale, import and export and installation of street lights, signal lights, scenery lights and new-type electronic components	CNY 19,427	CNY 19,427	-	100.00	CNY 30,003	CNY 7,909	-	Subsidiary
LTC Group Ltd.	Titanic Capital Services Ltd.	British Virgin Islands	Investment activities	\$ 529,106	\$ 810,662	8,655	100.00	US\$ 721	US\$ (520)	-	Subsidiary
	LTC International Ltd.	British Virgin Islands	Manufacture and sale of system products	485,514	485,514	15,120	100.00	US\$ 15,021	US\$ 385	-	Subsidiary
Lite-On Technology (Europe) B.V.	Lite-On (Finland) Oy	Finland	Manufacture and sale of mobile phone modules and design for assembly line	EUR 76,674	EUR 76,674	3	100.00	EUR 11,876	EUR 716	-	Subsidiary
Lite-On (Finland) Oy	Lite-On Mobile Oyj (formerly: Perlos Oyj)	Finland	Manufacture and sale of mobile phone modules and design for assembly line	EUR 196,618	EUR 196,618	52,937	100.00	EUR 11,586	EUR 667	-	Subsidiary
Lite-On China Holding Co., Ltd.	Lite-On Electronics Co., Ltd.	Hong Kong	Investment activities	US\$ 360,760	US\$ 360,760	2,966,233	100.00	US\$ 705,480	HK\$ 92,464	-	Subsidiary
	Yet Foundate Ltd.	Hong Kong	Manufacture of plastic and computer peripheral products	CNY 73,220	CNY 73,220	68,430	100.00	US\$ 17,605	CNY 5,080	-	Subsidiary
	I-Solutions Limited	British Virgin Islands	Original equipment manufacturer of electronic products	US\$ 1,500	US\$ 1,500	1,500	100.00	US\$ 1,500	US\$ -	-	Subsidiary
	Fordgood Electronic Ltd.	Hong Kong	Import and export and real estate business	US\$ 13,336	US\$ 13,336	105,450	100.00	US\$ 15,117	HK\$ 21,432	-	Subsidiary
	G&W Technology (BVI) Limited	G&W Technology (BVI) Limited	British Virgin Islands	Real estate management	US\$ 3,900	US\$ 3,900	3,900	50.00	US\$ 4,175	US\$ 383	-
G&W Technology (BVI) Limited	G&W Technology Limited	Hong Kong	Leasing business	US\$ 65	US\$ 65	500	100.00	US\$ 1,263	US\$ 475	-	Subsidiary
Silitech Technology Corp.	Lite-On Japan Ltd.	Japan	Sale of LED optical products and power supplies	JPY 197,040	JPY 197,040	980	7.87	\$ 70,859	JPY 75,201	-	Subsidiary
	Silitech (BVI) Holding Ltd.	British Virgin Islands	Investment activities	US\$ 95,182	US\$ 95,182	95,182	100.00	3,351,002	US\$ 2,366	-	Subsidiary
Silitech (BVI) Holding Ltd.	Silitech (Bermuda) Holding Ltd.	Bermuda	Investment activities	US\$ 95,132	US\$ 95,132	95,132	100.00	US\$ 103,793	US\$ 2,352	-	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2016			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2016	December 31, 2015	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Value			
Silitech (Bermuda) Holding Ltd.	Silitech (Hong Kong) Holding Ltd.	Hong Kong	Investment activities	US\$ 77,200	US\$ 77,200	77,200	100.00	US\$ 54,967	CNY (2,226)	\$ -	Subsidiary
	Silitech Technology Corp. Sdn. Bhd.	Malaysia	Manufacture of computer peripheral products	US\$ 5,632	US\$ 5,632	21,400	100.00	US\$ 12,141	MYR 14,426	-	Subsidiary
	Silitech Technology Corp. Ltd.	Hong Kong	Manufacture of plastic and computer peripheral products	US\$ 8,000	US\$ 8,000	62,400	100.00	US\$ 30,120	CNY (17,153)	-	Subsidiary
	Silitech International (India) Private Limited	India	Development, manufacture and sale of automotive parts	US\$ 3,002	US\$ 3,002	4,173	100.00	US\$ 1,415	INR 3,272	-	Subsidiary
Lite-On Japan Ltd.	L&K Industries Philippines, Inc.	Philippines	Import and export business of electronic components	JPY 261,944	JPY 261,944	1,000	100.00	JPY 261,944	JPY (9,889)	-	Subsidiary (Note 4)
	Lite-On Japan (H.K.) Limited	Hong Kong	Import and export business of electronic components	JPY 70,000	JPY 70,000	50	100.00	JPY 70,000	JPY 5,025	-	Subsidiary (Note 4)
	Lite-On Japan (Korea) Co., Ltd.	South Korea	Import and export business of electronic components	JPY 22,593	JPY 22,593	20	100.00	JPY 22,593	JPY -	-	Subsidiary (Note 4)
	Lite-On Japan (Thailand) Co., Ltd.	Thailand	Import and export business of electronic components	JPY 65,939	JPY 65,939	30	100.00	JPY 65,939	JPY 84,037	-	Subsidiary (Note 4)
Lite-On Japan (H.K.) Limited	NL (Shanghai) Co., Ltd.	China	Import and export business of electronic components	JPY 35,655	JPY 35,655	200	100.00	JPY 35,655	JPY 26,153	-	Subsidiary (Note 4)
Lite-On Mobile Oyj (formerly: Perlos Oyj)	Lite-On Mobile Sweden AB	Sweden	Manufacture and sale of mobile phone modules and design for assembly line	EUR 20,551	EUR 20,551	20	100.00	EUR 359	SEK 728	-	Subsidiary
	Lite-On Mobile Indústria e Comércio de Plásticos Ltda.	Brazil	Manufacture and sale of mobile phone modules and design for assembly line	EUR 2,509	EUR 2,509	6,507	3.08	EUR 335	BRL (204)	-	Subsidiary
	Lite-On Mobile India Private Limited	India	Manufacture and sale of mobile phone modules and design for assembly line	EUR 4,436	EUR -	33,536	11.59	EUR 2,502	INR (128,139)	-	Subsidiary
Lite-On Mobile Pte. Ltd.	Perlos Precision Plastics Moulding Limited Liability Company	Hungary	Manufacture and sale of mobile phone modules and design for assembly line	US\$ 733	US\$ 733	-	100.00	US\$ 903	EUR (522)	-	Subsidiary
	Lite-On Mobile Indústria e Comércio de Plásticos Ltda.	Brazil	Manufacture and sale of mobile phone modules and design for assembly line	US\$ 105,802	US\$ 104,702	204,802	96.92	US\$ 11,150	BRL (204)	-	Subsidiary
	Lite-On Young Fast Pte. Ltd.	Singapore	Investment activities	US\$ 7,864	US\$ 7,864	10	100.00	US\$ 3,506	US\$ (17)	-	Subsidiary
	Yamada-Lom Fabricacao De Artefatos De Material Plastico Ltda.	Brazil	Manufacture and sale of mobile phone modules and design for assembly line	US\$ 540	US\$ 540	-	25.00	US\$ (75)	BRL 233	-	Associate
	Lite-On Mobile India Private Limited	India	Manufacture and sale of mobile phone modules and design for assembly line	US\$ 47,239	US\$ 18,508	255,730	88.41	US\$ 19,995	INR (128,139)	-	Subsidiary
Guangzhou Lite-On Mobile Electronic Components Co., Ltd.	Yantai Lite-On Mobile Electronic Components Co., Ltd.	Yantai, China	Manufacture and sale of mobile phone modules and design for assembly line	CNY 20,000	CNY 20,000	-	100.00	CNY 40,587	CNY 13,542	-	Subsidiary

Note 1: Romeo Tetti PV1 S.R.L. was disposed in January 2016.

Note 2: Lite-On Computer (Changzhou) Co., Ltd. was established in June 2016.

Note 3: Dissolved after liquidation in December 2016.

Note 4: The Parent Company's grandchild company; investment income/losses and adjustment for changes in equities for using equity method recognized by the Parent Company.

Note 5: Credit balance of Long-Term Equity Investments under the equity method has been transferred to the credit balance of Other Liabilities - Investments Using Equity Method.

Note 6: Information on Net Income (Loss) of Investee has not been approved by its board of directors, so it is shown as an estimated amount. For final amount of Net Income (Loss), refer to financial statements published on the Market Observation Post System.

Note 7: Please refer to Table 8 for information on investment in Mainland China.

(Concluded)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2016

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

Investor Company	Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2016	Investment of Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2016	Net Income (Losses) of the Investee Company (Note 2)	Percentage of Ownership	Share of Profits/Losses (Note 2)	Carrying Amount as of December 31, 2016 (Note 2)	Accumulated Inward Remittance of Earnings as of December 31, 2016	Note
						Outflow	Inflow							
Lite-On Technology Corporation	Lite-On Computer Tech (Dongguan) Co., Ltd.	Manufacture and sale of display device	\$ 528,080 (US\$ 16,400)	Note 1	\$ 916,702 (US\$ 28,469)	\$ -	\$ -	\$ 916,702 (US\$ 28,469)	\$ 449 (CNY 92)	100.00	\$ 449 (CNY 92)	\$ 426,877 (HK\$ 102,810)	\$ -	
	DongGuan G-Pro Computer Co., Ltd.	Manufacture and sale of system products	701,572 (HK\$ 168,968)	Note 1	734,192 (US\$ 22,801)	-	-	734,192 (US\$ 22,801)	379,507 (CNY 77,787)	100.00	379,507 (CNY 77,787)	1,185,371 (HK\$ 285,487)	-	
	Lite-On Electronics (Tianjinn) Co., Ltd.	ODM services	2,141,300 (US\$ 66,500)	Note 1	2,141,236 (US\$ 66,498)	-	-	2,141,236 (US\$ 66,498)	273,540 (CNY 56,067)	100.00	273,540 (CNY 56,067)	2,937,387 (HK\$ 707,446)	-	
	Lite-On Electronics (Dongguan) Co., Ltd.	Manufacture of electronic components	1,139,880 (US\$ 35,400)	Note 1	1,139,880 (US\$ 35,400)	-	-	1,139,880 (US\$ 35,400)	419,035 (CNY 85,889)	100.00	419,035 (CNY 85,889)	1,473,489 (HK\$ 354,878)	-	
	Silitek Elec. (Dongguan) Co., Ltd.	Manufacture and sale of keyboards	154,560 (US\$ 4,800)	Note 1	154,560 (US\$ 4,800)	-	-	154,560 (US\$ 4,800)	693,419 (CNY 142,129)	100.00	693,419 (CNY 142,129)	1,919,171 (HK\$ 462,217)	-	
	Lite-On Electronics (Guangzhou) Co., Ltd.	Manufacture and sale of printers and scanners	1,178,520 (US\$ 36,600)	Note 1	1,178,520 (US\$ 36,600)	-	-	1,178,520 (US\$ 36,600)	442,000 (CNY 90,596)	100.00	442,000 (CNY 90,596)	13,017,668 (HK\$ 3,135,201)	-	Note 3
	China Bridge (China) Co., Ltd.	Investment, sales agent	966,000 (US\$ 30,000)	Note 1	957,789 (US\$ 29,745)	-	-	957,789 (US\$ 29,745)	19,862 (CNY 4,071)	100.00	19,862 (CNY 4,071)	1,243,720 (HK\$ 299,540)	-	
	Lite-On Network Communication (Dongguan) Limited	Manufacture and sale of IT products	456,274 (US\$ 14,170)	Note 1	456,274 (US\$ 14,170)	-	-	456,274 (US\$ 14,170)	303,705 (CNY 62,250)	100.00	303,705 (CNY 62,250)	1,399,083 (HK\$ 336,958)	-	
	Lite-On Communications (Guangzhou) Co., Ltd.	Manufacture and sale of mobile terminal equipment	790,832 (US\$ 24,560)	Note 1	790,832 (US\$ 24,560)	-	-	790,832 (US\$ 24,560)	-	100.00	-	-	-	Note 3
	Dong Guan G-Tech Computers Co., Ltd.	Manufacture and sale of computer case	417,278 (HK\$ 100,498)	Note 1	370,300 (US\$ 11,500)	-	-	370,300 (US\$ 11,500)	7,186 (CNY 1,473)	100.00	7,186 (CNY 1,473)	656,559 (HK\$ 158,127)	-	
	Lite-On Tech (Guangzhou) Co., Ltd.	Manufacture and sale of computer case	1,069,040 (US\$ 33,200)	Note 1	1,069,040 (US\$ 33,200)	-	-	1,069,040 (US\$ 33,200)	-	100.00	-	-	-	Note 3
	COMMIT Incorporated	Manufacture and sale of application software and multimedia product design	1,033,169 (US\$ 32,086)	Note 1	19,320 (US\$ 600)	-	-	19,320 (US\$ 600)	-	1.87	-	-	-	
	Lite-On Elec and Wire (Guangzhou) Co., Ltd.	Manufacture and sale of mobile terminal equipment	509,082 (US\$ 15,810)	Note 1	509,082 (US\$ 15,810)	-	-	509,082 (US\$ 15,810)	-	100.00	-	-	-	Note 3
	Lite-On (Guangzhou) Infotech Co., Ltd.	Information outsourcing	40,894 (US\$ 1,270)	Note 1	75,477 (US\$ 2,344)	-	-	75,477 (US\$ 2,344)	8,026 (CNY 1,645)	100.00	8,026 (CNY 1,645)	164,905 (HK\$ 39,716)	-	
	Lite-On (Guangzhou) Precision Tooling Co., Ltd.	Manufacture and sale of modules	586,040 (US\$ 18,200)	Note 1	392,840 (US\$ 12,200)	-	-	392,840 (US\$ 12,200)	-	100.00	-	-	-	Note 3
	Lite-On Digital Electronics (Dongguan) Co., Ltd.	Manufacture and sale of computer peripheral products	96,600 (US\$ 3,000)	Note 1	96,600 (US\$ 3,000)	-	-	96,600 (US\$ 3,000)	6,318 (CNY 1,295)	100.00	6,318 (CNY 1,295)	91,811 (HK\$ 22,112)	-	
	Lite-On Li Shin Technology (Ganzhou) Co., Ltd.	Manufacture and sale of electronic components	386,400 (US\$ 12,000)	Note 1	429,419 (US\$ 13,336)	-	-	429,419 (US\$ 13,336)	101,108 (CNY 20,724)	100.00	101,108 (CNY 20,724)	408,587 (HK\$ 98,405)	-	
	Lite-On Technology (Xianging) Co., Ltd.	Manufacture and sale of electronic components	209,300 (US\$ 6,500)	Note 1	209,300 (US\$ 6,500)	-	-	209,300 (US\$ 6,500)	108,290 (CNY 22,196)	100.00	108,290 (CNY 22,196)	224,595 (US\$ 6,975)	-	
	Lite-On Electronics (Jiangsu) Co., Ltd.	Development, manufacture, sale and installation of power supplies and transformers and provision of technology consulting services, maintenance equipment and precision instruments	4,862,200 (US\$ 151,000)	Note 1	4,862,200 (US\$ 151,000)	-	-	4,862,200 (US\$ 151,000)	299,919 (CNY 61,474)	100.00	299,919 (CNY 61,474)	7,210,969 (HK\$ 1,736,704)	-	
	Lite-On Technology (Guangzhou) Investment Co., Ltd.	Investment activities	2,576,000 (US\$ 80,000)	Note 1	2,576,000 (US\$ 80,000)	-	-	2,576,000 (US\$ 80,000)	(420,065) (CNY -86,100)	100.00	(420,065) (CNY -86,100)	1,795,625 (HK\$ 432,462)	-	
Lite-On Technology (Ying Tan) Co., Ltd.	Manufacture and sale of electronic components	354,200 (US\$ 11,000)	Note 1	354,200 (US\$ 11,000)	-	-	354,200 (US\$ 11,000)	54,472 (CNY 11,165)	100.00	54,472 (CNY 11,165)	435,956 (US\$ 13,539)	-		
Lite-On Power Technology (Dongguan) Co., Ltd.	Development, manufacture and sale of electronic components, power supplies and provision technology consulting services	514,298 (US\$ 15,972)	Note 1	514,298 (US\$ 15,972)	-	-	514,298 (US\$ 15,972)	96,922 (CNY 19,866)	100.00	96,922 (CNY 19,866)	774,757 (HK\$ 186,594)	-		
Changzhou Leotek New Energy Trade Limited	Wholesale, import and export and installation of street lights, signal lights, scenery lights and new-type electronic components	32,200 (US\$ 1,000)	Note 1	32,200 (US\$ 1,000)	-	-	32,200 (US\$ 1,000)	1,830 (CNY 375)	100.00	1,830 (CNY 375)	14,989 (CNY 3,232)	-		
Lite-On Opto Technology (Guangzhou) Co., Ltd.	Manufacture and sale of optical disc drives	1,384,600 (US\$ 43,000)	Note 1	1,384,600 (US\$ 43,000)	-	-	1,384,600 (US\$ 43,000)	(76,261) (CNY -15,631)	100.00	(76,261) (CNY -15,631)	2,190,115 (US\$ 68,016)	-		

(Continued)

Investor Company	Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2016	Investment of Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2016	Net Income (Losses) of the Investee Company (Note 2)	Percentage of Ownership	Share of Profits/Losses (Note 2)	Carrying Amount as of December 31, 2016 (Note 2)	Accumulated Inward Remittance of Earnings as of December 31, 2016	Note	
						Outflow	Inflow								
Lite-On Technology Corporation	Lite-On Auto Electric Technology (Guangzhou) Ltd.	Manufacture and sale of optical disc drives	\$ 64,400 (US\$ 2,000)	Note 1	\$ 64,400 (US\$ 2,000)	\$ -	\$ -	\$ 64,400 (US\$ 2,000)	\$ 17,939 (CNY 3,677)	100.00	\$ 17,939 (CNY 3,677)	\$ 135,948 (US\$ 4,222)	\$ -		
	Lite-On IT Opto Tech (BH) Co., Ltd.	Manufacture and sale of optical disc drives	1,771,000 (US\$ 55,000)	Note 1	1,771,000 (US\$ 55,000)	-	-	1,771,000 (US\$ 55,000)	388,201 (CNY 79,569)	100.00	388,201 (CNY 79,569)	3,755,100 (US\$ 116,618)	-		
	Lite-On Automotive Electronics (Guangzhou) Co., Ltd.	Manufacture, sale and processing of electronic products	199,640 (US\$ 6,200)	Note 1	189,018 (US\$ 5,870)	-	-	189,018 (US\$ 5,870)	201,372 (CNY 41,275)	100.00	201,372 (CNY 41,275)	1,365,738 (HK\$ 328,927)	-		
	Lite-On Automotive (Wuxi) Co., Ltd.	Manufacture, sale and processing of electronic products	161,000 (US\$ 5,000)	Note 1	161,000 (US\$ 5,000)	-	-	161,000 (US\$ 5,000)	66,718 (CNY 13,675)	100.00	66,718 (CNY 13,675)	600,913 (HK\$ 144,725)	-		
	Huizhou Li Shin Electronic Co., Ltd.	Manufacture of computer peripheral products	203,102 (US\$ 6,308)	Note 1	131,035 (US\$ 4,069)	-	-	131,035 (US\$ 4,069)	132,035 (CNY 27,063)	100.00	132,035 (CNY 27,063)	660,647 (US\$ 20,517)	-		
	Huizhou Fu Tai Electronic Co., Ltd.	Manufacture of computer peripheral products	31,191 (US\$ 969)	Note 1	2,093 (US\$ 65)	-	-	2,093 (US\$ 65)	4,454 (CNY 913)	100.00	4,454 (CNY 913)	61,631 (US\$ 1,914)	-		
	Lite-On Technology (Shanghai) Ltd.	Manufacture and sale of energy saving equipment	2,286,200 (US\$ 71,000)	Note 1	2,093,650 (US\$ 65,000)	193,200 (US\$ 6,000)	-	2,286,200 (US\$ 71,000)	201,465 (CNY 41,294)	100.00	201,465 (CNY 41,294)	2,371,981 (US\$ 73,664)	-		
	Li Shin Technology (Huizhou) Ltd.	Manufacture and sale of new-type electronic components and peripheral materials	193,200 (US\$ 6,000)	Note 1	-	-	-	-	7,874 (CNY 1,614)	100.00	7,874 (CNY 1,614)	388,557 (US\$ 12,067)	-		
	Beijing Lite-On Mobile Electronic and Telecommunication Components Co., Ltd.	Manufacture and sale of mobile phone modules and design for assembly line	515,200 (US\$ 16,000)	Note 1	1,686,121 (US\$ 52,364)	-	-	1,686,121 (US\$ 52,364)	(289,152) (CNY -59,267)	100.00	(289,152) (CNY -59,267)	859,193 (US\$ 26,683)	-		
	Guangzhou Lite-On Mobile Engineering Plastics Co., Ltd.	Manufacture and sale of mobile phone modules and design for assembly line	630,154 (US\$ 19,570)	Note 1	2,918,189 (US\$ 90,627)	-	-	2,918,189 (US\$ 90,627)	58,565 (CNY 12,004)	100.00	58,565 (CNY 12,004)	1,810,477 (US\$ 56,226)	-		
	Guangzhou Lite-On Mobile Electronic Components Co., Ltd.	Manufacture and sale of mobile phone modules and design for assembly line	1,291,220 (US\$ 40,100)	Note 1	3,714,332 (US\$ 115,352)	-	-	3,714,332 (US\$ 115,352)	496,906 (CNY 101,850)	100.00	496,906 (CNY 101,850)	4,485,557 (US\$ 139,303)	-		
	Shenzhen Lite-On Mobile Precision Molds Co., Ltd.	Manufacture and sale of mobile phone modules and design for assembly line	265,734 (HK\$ 64,000)	Note 1	420,256 (US\$ 13,051)	-	-	420,256 (US\$ 13,051)	(104,221) (CNY -21,362)	100.00	(104,221) (CNY -21,362)	347,116 (US\$ 10,780)	-		
	Zhuhai Lite-On Mobile Technology Company Ltd.	Manufacture and sale of mobile phone modules and design for assembly line	2,688,043 (CNY 579,595)	Note 1	500,034 (US\$ 15,529)	-	-	500,034 (US\$ 15,529)	(441,312) (CNY -90,455)	100.00	(441,312) (CNY -90,455)	1,159,710 (CNY 250,056)	-		
	Lite-On Young Fast (Huizhou) Co., Ltd.	Modules of touch panels	322,000 (US\$ 10,000)	Note 1	209,300 (US\$ 6,500)	-	-	209,300 (US\$ 6,500)	781 (CNY 160)	100.00	781 (CNY 160)	(16,615) (US\$ -516)	-		
	Lite-on Green Technologies (Nanjing) Corporation	Solar energy engineering	24,150 (US\$ 750)	Note 1	24,150 (US\$ 750)	-	-	24,150 (US\$ 750)	50,700 (CNY 10,392)	100.00	50,700 (CNY 10,392)	(5,796) (US\$ -180)	-		
	Changzhou Binhu Thin Film Solar Greenhouse Co., Ltd.	Manufacture and sale of solar energy engineering	278,036 (CNY 59,950)	Note 1	96,494 (US\$ 2,997)	-	-	96,494 (US\$ 2,997)	-	19.90	-	4,508 (US\$ 140)	-		
	Epricrystal (Changzhou) Co., Ltd.	Manufacture, design and sale of light-emitting diode products	4,669,000 (US\$ 145,000)	Note 1	869,400 (US\$ 27,000)	-	-	869,400 (US\$ 27,000)	4,284 (CNY 878)	21.55	483 (CNY 99)	881,238 (CNY 190,012)	-		
	Dongguan Lite-On Computer Co., Ltd.	Manufacture and sale of computer hosts and components	64,400 (US\$ 2,000)	Note 1	64,400 (US\$ 2,000)	-	-	64,400 (US\$ 2,000)	(707) (CNY -145)	100.00	(707) (CNY -145)	98,901 (CNY 21,325)	-		
	Philip & Lite-On Digital Solutions Corp.	Philip & Lite-On Digital Solutions (Shanghai) Co., Ltd.	Sale of optical disc drives	32,200 (US\$ 1,000)	Note 1	32,200 (US\$ 1,000)	-	-	32,200 (US\$ 1,000)	19,559 (CNY 4,009)	100.00	19,559 (CNY 4,009)	489,117	-	
	Silitech Technology Corp.	Xurong Electronic (Shenzhen) Co., Ltd.	Manufacture of automotive parts, touch panels and plastic & rubber assembly	90,342 (US\$ 2,800)	Note 1	203,354	-	-	203,354	(74,397) (CNY -15,268)	100.00	(74,397) (CNY -15,268)	913,452 (CNY 196,059)	131,622 (CNY 27,012)	
Silitech Technology (SuZhou) Co., Ltd.		Manufacture and sale of automotive parts	2,516,670 (US\$ 78,000)	Note 1	2,516,670 (US\$ 78,000)	-	-	2,516,670 (US\$ 78,000)	(13,970) (CNY -2,867)	100.00	(13,970) (CNY -2,867)	1,675,181 (CNY 359,553)	190,605 (CNY 39,117)		
SuZhou Xulong Mold Producing Co., Ltd.		Development, manufacture and sale of precision modules and new-type electronic components (chip components, testing elements, hybrid integrated circuits)	145,193 (US\$ 4,500)	Note 1	-	-	-	-	(19,179) (CNY -3,936)	60.00	(11,505) (CNY -2,361)	1,864 (CNY 400)	-		

Accumulated Investment in Mainland China as of December 31, 2016	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$36,472,283 (US\$1,132,679)	\$38,316,390 (US\$1,189,950)	Note 4

Note 1: Indirect investment in Mainland China through holding companies.

Note 2: Amount was recognized based on the audited financial statements.

Note 3: Lite-On Electronics (Guangzhou) Co., Ltd. merged with Lite-On Tech (Guangzhou) Co., Ltd., Lite-On (Guangzhou) Precision Tooling Co., Ltd., Lite-On Communications (Guangzhou) Co., Ltd. and Lite-On Elec and Wire (Guangzhou) Co., Ltd., with the Lite-On Electronics (Guangzhou) Co., Ltd. as the survivor entity. Because the merging process was still under way as of December 31, 2016, the change in the amount of investment in Mainland China has not yet been registered with the Ministry of Economic Affairs.

Note 4: Under Order No. 09704604680 and Order No. 10420404350 issued by the Ministry of Economic Affairs, R.O.C. on August 29, 2008 and February 16, 2015, respectively, the Parent Company acquired a certification approved by the Industrial Development Bureau and valid from February 9, 2015 to February 8, 2018 - of its status as operation headquarters in the ROC. Thus, the Parent Company has no limitation on the amount of investing in Mainland China.

(Concluded)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Amounts in Thousands of New Taiwan Dollars)**

No. (Note 1)	Company Name	Counter Party	Nature of Relationship (Note 2)	Intercompany Transaction			% of Consolidated Net Revenue or Total Assets (Note 3)
				Financial Statements Item	Amount	Terms	
0	Lite-On Technology Corporation	Philip & Lite-On Digital Solutions Corp. Philip & Lite-On Digital Solutions Corp. Lite-On Technology (Changzhou) Co., Ltd. Lite-On Singapore Pte. Ltd. Lite-On Singapore Pte. Ltd. Lite-On Singapore Pte. Ltd. Lite-On Singapore Pte. Ltd. Lite-On Trading USA, Inc. Lite-On Trading USA, Inc. Lite-On Sales & Distribution Inc. Li Shin International Enterprise Corp. Lite-On Overseas Trading Co., Ltd. Lite-On Overseas Trading Co., Ltd. Lite-On Overseas Trading Co., Ltd.	a. a. a. a. a. a. a. a. a. a. a. a. a. a. a. a. a. a. a.	Sales Trade receivables Purchases Sales Trade receivables Purchases Trade payables Sales Trade receivables Sales Purchases Trade receivables Purchases Trade payables	\$ 23,627,190 5,996,229 1,176,235 3,497,556 1,159,868 21,907,646 7,918,051 4,399,638 1,462,746 1,943,838 3,264,919 4,098,762 85,211,776 23,414,894	Cost-plus pricing Cost-plus pricing	10 3 1 2 1 10 4 2 1 1 1 1 2 37 11
1	Philip & Lite-On Digital Solutions Corp.	Philip & Lite-On Digital Solutions USA Inc. Philip & Lite-On Digital Solutions USA Inc. Philip & Lite-On Digital Solutions Germany GmbH	c. c. c.	Sales Trade receivables Sales	9,760,384 1,728,693 1,429,026	Cost-plus pricing Cost-plus pricing Cost-plus pricing	4 1 1
2	Lite-On Electronics (Tianjinn) Co., Ltd.	Lite-On Overseas Trading Co., Ltd.	c.	Sales	1,562,343	Cost-plus pricing	1
3	Lite-On Network Communication (Dongguan) Limited	Lite-On Overseas Trading Co., Ltd. Lite-On Overseas Trading Co., Ltd.	c. c.	Sales Trade receivables	12,714,862 1,089,382	Cost-plus pricing Cost-plus pricing	6 1
4	Lite-On Opto Technology (Changzhou) Co., Ltd.	Lite-On Singapore Pte. Ltd.	c.	Sales	3,286,850	Cost-plus pricing	1
5	Lite-On Technology (Changzhou) Co., Ltd.	Lite-On Singapore Pte. Ltd. Lite-On Singapore Pte. Ltd. Lite-On Overseas Trading Co., Ltd. Lite-On Overseas Trading Co., Ltd.	c. c. c. c.	Sales Trade receivables Sales Trade receivables	12,329,615 1,763,168 9,771,381 1,519,871	Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing	5 1 4 1
6	Lite-On Electronics (Dongguan) Co., Ltd.	Lite-On Overseas Trading Co., Ltd. Lite-On Overseas Trading Co., Ltd.	c. c.	Sales Trade receivables	12,901,886 1,118,384	Cost-plus pricing Cost-plus pricing	6 1
7	Silitek Elec. (Dongguan) Co., Ltd.	Lite-On Overseas Trading Co., Ltd. Lite-On Overseas Trading Co., Ltd.	c. c.	Sales Trade receivables	8,288,288 1,645,684	Cost-plus pricing Cost-plus pricing	4 1

(Continued)

No. (Note 1)	Company Name	Counter Party	Nature of Relationship (Note 2)	Intercompany Transaction			
				Financial Statements Item	Amount	Terms	% of Consolidated Net Revenue or Total Assets (Note 3)
8	Lite-On Power Technology (Dongguan) Co., Ltd.	Lite-On Electronics Co., Ltd.	c.	Sales	\$ 1,200,457	Cost-plus pricing	1
9	Lite-On Electronics Co., Ltd.	Lite-On Singapore Pte. Ltd.	c.	Sales	1,200,462	Cost-plus pricing	1
10	Dong Guan G-Tech Computers Co., Ltd.	Lite-On Overseas Trading Co., Ltd.	c.	Sales	3,670,350	Cost-plus pricing	2
11	Huizhou Li Shin Electronic Co., Ltd.	Li Shin International Enterprise Corp.	c.	Sales	1,204,998	Cost-plus pricing	1
12	DongGuan G-Pro Computer Co., Ltd.	Lite-On Overseas Trading Co., Ltd.	c.	Sales	8,853,694	Cost-plus pricing	4
13	Lite-On Electronics (Guangzhou) Co., Ltd.	Lite-On Overseas Trading Co., Ltd. Lite-On Overseas Trading Co., Ltd.	c. c.	Sales Trade receivables	32,972,454 7,050,220	Cost-plus pricing Cost-plus pricing	14 3
14	Lite-On Opto Technology (Guangzhou) Co., Ltd.	Lite-On Overseas Trading Co., Ltd.	c.	Sales	2,389,937	Cost-plus pricing	1
15	Lite-On IT Opto Tech (BH) Co., Ltd.	Lite-On Overseas Trading Co., Ltd. Lite-On Overseas Trading Co., Ltd.	c. c.	Sales Trade receivables	17,190,388 3,797,218	Cost-plus pricing Cost-plus pricing	7 2
16	Lite-On Electronics (Thailand) Co., Ltd.	Lite-On Singapore Pte. Ltd.	c.	Sales	3,317,936	Cost-plus pricing	1
17	Lite-On Singapore Pte. Ltd.	Lite-On Technology (Shanghai) Ltd. Lite-On Technology (Shanghai) Ltd. Lite-On Electronics H.K. Ltd. Lite-On Trading USA, Inc. Lite-On Trading USA, Inc. Leotek Electronics USA LLC. Lite-On Mobile Pte. Ltd.	c. c. c. c. c. c. c.	Sales Trade receivables Sales Sales Trade receivables Sales Other receivables	2,475,382 1,165,899 2,063,351 5,281,012 1,974,636 1,266,916 1,288,492	Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing No significant difference	1 1 1 2 1 1 1
18	Lite-On Overseas Trading Co., Ltd.	Lite-On Network Communication (Dongguan) Limited Lite-On Network Communication (Dongguan) Limited Lite-On Technology (Changzhou) Co., Ltd. Lite-On Technology (Changzhou) Co., Ltd. Lite-On Electronics (Dongguan) Co., Ltd. Lite-On Electronics (Dongguan) Co., Ltd. Silitek Elec. (Dongguan) Co., Ltd. Dong Guan G-Tech Computers Co., Ltd. DongGuan G-Pro Computer Co., Ltd. DongGuan G-Pro Computer Co., Ltd. Lite-On Electronics (Guangzhou) Ltd. Lite-On Electronics (Guangzhou) Ltd. Lite-On Opto Technology (Guangzhou) Co., Ltd. Lite-On IT Opto Tech (BH) Co., Ltd. Lite-On IT Opto Tech (BH) Co., Ltd. Lite-On Singapore Pte. Ltd. Lite-On Singapore Pte. Ltd.	c. c. c. c. c. c. c. c. c. c. c. c. c. c. c. c. c.	Sales Trade receivables Sales Trade receivables Sales Trade receivables Sales Sales Sales Sales Trade receivables Sales Trade receivables Sales Sales Trade receivables Sales Trade receivables	11,405,108 2,392,483 13,853,750 5,444,235 10,741,568 1,781,147 5,996,218 1,891,585 7,233,999 1,172,403 39,302,589 10,166,510 1,379,803 15,412,908 5,345,685 23,205,038 2,318,450	Cost-plus pricing Cost-plus pricing	5 1 6 3 5 1 3 1 3 1 17 5 1 7 3 10 1

(Continued)

No. (Note 1)	Company Name	Counter Party	Nature of Relationship (Note 2)	Intercompany Transaction			
				Financial Statements Item	Amount	Terms	% of Consolidated Net Revenue or Total Assets (Note 3)
19	Lite-On Automotive Electronics (Guangzhou) Co., Ltd.	Lite-On Singapore Pte. Ltd.	c.	Sales	\$ 1,506,175	Cost-plus pricing	1
20	Guangzhou Lite-On Mobile Engineering Plastics Co., Ltd.	Zhuhai Lite-On Mobile Telecommunication Co., Ltd.	c.	Other receivables	1,724,240	No significant difference	1
21	Guangzhou Lite-On Mobile Electronic Components Co., Ltd.	Lite-On Mobile Pte. Ltd.	c.	Sales	2,184,744	Cost-plus pricing	1
22	Zhuhai Lite-On Mobile Telecommunication Co., Ltd.	Lite-On Mobile Pte. Ltd.	c.	Sales	1,686,339	Cost-plus pricing	1

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

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

Note 2: Nature of relationship is as follows:

- a. From the Parent Company to its subsidiary.
- b. From a subsidiary to its Parent Company.
- c. Between subsidiaries.

Note 3: The percentage calculation is based on the consolidated total operating revenues or total assets. For balance sheet items, each item's period-end balance is shown as a percentage to consolidated total assets as of December 31, 2016. For profit or loss items, cumulative amounts are shown as a percentage to consolidated total operating revenues for the year ended December 31, 2016.

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

Note 5: The above table only discloses the related-party transactions each amounting to at least 1% of total revenue or total asset, relative transactions below 1% of total revenue or total asset are not disclosed additionally.

(Concluded)