

**LITE-ON TECHNOLOGY CORPORATION
and Subsidiaries**

**Consolidated Financial Statements for the
Years Ended December 31, 2021 and 2020 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, 2021 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standards No. 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

LITE-ON TECHNOLOGY CORPORATION

By

TOM SOONG
Chairman

February 24, 2022

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
LITE-ON TECHNOLOGY CORPORATION

Opinion

We have audited the accompanying consolidated financial statements of LITE-ON TECHNOLOGY CORPORATION (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in the audit of the Group's consolidated financial statements for the year ended December 31, 2021 are as follows:

Allowance for Impairment Loss of Trade Receivables

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

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

Allowance for Loss on Inventory Valuation

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

Refer to Note 4 to the consolidated financial statements for the summary of significant accounting policies. Refer to Note 12 to the consolidated financial statements for the carrying amount of inventory. In response to management's estimates mentioned above, we assessed the classification of inventory aging reports by each business segment, the reasonableness of allowance for loss on inventory valuation, as well as the accuracy of inventory aging classification and the allowance calculation via audit sampling. Additionally, we observed the year-end physical inventory count for evaluating whether the inventory was outdated or obsolete.

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, 2021 and 2020 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Meng-Chieh, Chiu Cheng-Tsai, Tsai

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 24, 2022

Notice to Readers

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

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

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 68,275,835	37	\$ 71,508,036	41
Financial assets at fair value through profit or loss (Note 7)	775,988	-	1,357,154	1
Financial assets at amortized cost (Note 9)	3,209	-	27,186	-
Contract assets	654,423	-	2,097,360	1
Notes receivable, net (Note 11)	458,316	-	422,524	-
Trade receivables, net (Note 11)	41,245,921	23	35,990,430	21
Trade receivables from related parties (Note 33)	12,139	-	38,360	-
Other receivables (Note 11)	817,564	1	2,306,213	1
Other receivables from related parties (Note 33)	3,265	-	7,360	-
Inventories, net (Note 12)	32,299,343	18	24,668,663	14
Other current assets (Note 20)	2,564,888	1	2,160,519	1
Total current assets	147,110,891	80	140,583,805	80
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss (Note 7)	2,090,852	1	139,334	-
Financial assets at fair value through other comprehensive income (Note 8)	2,013,586	1	1,622,561	1
Financial assets at amortized cost (Note 9)	289,411	-	383,801	-
Investments accounted for using the equity method (Note 15)	1,847,579	1	2,582,904	1
Property, plant and equipment, net (Note 16)	18,889,587	10	18,389,054	10
Right-of-use assets, net (Note 17)	1,717,650	1	1,389,516	1
Investment properties, net (Note 18)	1,246,465	1	1,250,045	1
Intangible assets, net (Note 19)	3,675,676	2	4,840,696	3
Deferred tax assets (Note 27)	4,244,276	3	4,456,927	3
Refundable deposits	278,995	-	291,481	-
Net defined benefit assets (Note 23)	37,932	-	6,319	-
Other non-current assets (Note 20)	100,519	-	130,794	-
Total non-current assets	36,432,528	20	35,483,432	20
TOTAL	\$ 183,543,419	100	\$ 176,067,237	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 21)	\$ 28,385,043	16	\$ 24,892,419	14
Financial liabilities at fair value through profit or loss (Note 7)	373,960	-	1,612,405	1
Contract liabilities	98	-	13,059	-
Notes payable	44	-	12,890	-
Trade payables	46,659,415	25	42,621,653	24
Trade payables to related parties (Note 33)	38,342	-	295,001	-
Other payables	20,683,867	11	19,963,281	11
Other payables to related parties (Note 33)	1,705	-	922	-
Current tax liabilities	7,263,027	4	6,115,170	4
Provisions (Note 22)	1,152,812	1	1,179,147	1
Lease liabilities (Note 17)	400,877	-	225,095	-
Advances received	2,955,935	2	2,668,294	2
Total current liabilities	107,915,125	59	99,599,336	57
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Note 27)	1,878,663	1	1,682,563	1
Lease liabilities (Note 17)	743,516	-	551,233	-
Guarantee deposits	132,588	-	92,591	-
Total non-current liabilities	2,754,767	1	2,326,387	1
Total liabilities	110,669,892	60	101,925,723	58
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital				
Ordinary shares	23,508,670	13	23,508,670	14
Capital surplus	21,836,342	12	21,613,574	12
Retained earnings				
Legal reserve	15,613,679	9	13,789,553	8
Special reserve	5,940,218	3	4,732,075	3
Unappropriated earnings	15,199,955	8	17,026,026	9
Total retained earnings	36,753,852	20	35,547,654	20
Other equity				
Exchange differences on translating foreign operations	(5,820,080)	(3)	(5,563,051)	(3)
Unrealized loss of financial assets at fair value through other comprehensive income	(236,908)	-	(245,858)	-
Total other equity	(6,056,988)	(3)	(5,808,909)	(3)
Treasury shares	(3,700,808)	(2)	(1,271,314)	(1)
Total equity attributable to owners of the Company	72,341,068	40	73,589,675	42
NON-CONTROLLING INTERESTS	532,459	-	551,839	-
Total equity	72,873,527	40	74,141,514	42
TOTAL	\$ 183,543,419	100	\$ 176,067,237	100

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

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales (Notes 25 and 33)	\$ 168,643,418	102	\$ 160,492,872	102
Less: Sales allowance	3,111,747	2	2,785,198	2
Sales returns	<u>703,724</u>	-	<u>574,051</u>	-
Total operating revenue	<u>164,827,947</u>	<u>100</u>	<u>157,133,623</u>	<u>100</u>
COST OF GOODS SOLD (Notes 12, 26 and 33)	<u>(134,330,418)</u>	<u>(81)</u>	<u>(129,749,924)</u>	<u>(83)</u>
GROSS PROFIT	<u>30,497,529</u>	<u>19</u>	<u>27,383,699</u>	<u>17</u>
OPERATING EXPENSES (Notes 17, 26 and 33)				
Selling and marketing expenses	(5,001,775)	(3)	(5,470,913)	(3)
General and administrative expenses	(4,484,541)	(3)	(5,695,018)	(4)
Research and development expenses	(6,113,185)	(4)	(5,048,883)	(3)
Expected credit loss (Notes 11, 25 and 32)	<u>(1,855,889)</u>	<u>(1)</u>	<u>(962,691)</u>	<u>(1)</u>
Total operating expenses	<u>(17,455,390)</u>	<u>(11)</u>	<u>(17,177,505)</u>	<u>(11)</u>
OPERATING INCOME	<u>13,042,139</u>	<u>8</u>	<u>10,206,194</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit of associates accounted for using the equity method	74,382	-	385,513	-
Interest income	729,485	-	1,404,436	1
Dividend income	5,153	-	13,391	-
Other income (Note 33)	831,432	1	1,323,270	1
Net gain on disposal of investments (Notes 15 and 30)	58,191	-	745,573	1
Net gain on foreign currency exchange	377,483	-	635,338	-
Net gain on financial assets at fair value through profit or loss	4,034,938	2	741,409	-
Net gain on financial assets at fair value through profit or loss - structured products	310,306	-	28,059	-
Finance costs (Notes 26 and 33)	(222,260)	-	(351,374)	-
Other expenses	(293,524)	-	(352,667)	-
Net gain (loss) on disposal of property, plant and equipment	(126,480)	-	5,238	-
Net loss on disposal of intangible assets	-	-	(996)	-
Impairment loss (Notes 15, 16, 17 and 19)	<u>(1,188,998)</u>	<u>(1)</u>	<u>(2,181,463)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>4,590,108</u>	<u>2</u>	<u>2,395,727</u>	<u>2</u>

(Continued)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
PROFIT BEFORE INCOME TAX	\$ 17,632,247	10	\$ 12,601,921	8
INCOME TAX EXPENSE (Note 27)	<u>(3,702,761)</u>	<u>(2)</u>	<u>(2,772,717)</u>	<u>(2)</u>
NET PROFIT FOR THE YEAR	<u>13,929,486</u>	<u>8</u>	<u>9,829,204</u>	<u>6</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 23 and 27)				
Items not reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	19,738	-	(11,085)	-
Unrealized gain on investments in equity instruments designated as at fair value through other comprehensive income	8,467	-	56,067	-
Share of other comprehensive gain of associates accounted for using the equity method	952	-	440	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(3,015)</u>	<u>-</u>	<u>2,939</u>	<u>-</u>
	<u>26,142</u>	<u>-</u>	<u>48,361</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(421,397)	-	(1,764,488)	(1)
Share of other comprehensive loss of associates accounted for using the equity method	(19,948)	-	(22,694)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>38,760</u>	<u>-</u>	<u>352,220</u>	<u>-</u>
	<u>(402,585)</u>	<u>-</u>	<u>(1,434,962)</u>	<u>(1)</u>
Other comprehensive loss for the year, net of income tax	<u>(376,443)</u>	<u>-</u>	<u>(1,386,601)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 13,553,043</u>	<u>8</u>	<u>\$ 8,442,603</u>	<u>5</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 13,886,552	8	\$ 10,016,038	6
Non-controlling interests	<u>42,934</u>	<u>-</u>	<u>(186,834)</u>	<u>-</u>
	<u>\$ 13,929,486</u>	<u>8</u>	<u>\$ 9,829,204</u>	<u>6</u>

(Continued)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
TOTAL COMPREHENSIVE INCOME (LOSS)				
ATTRIBUTABLE TO:				
Owners of the Company	\$ 13,558,786	8	\$ 8,668,264	5
Non-controlling interests	<u>(5,743)</u>	<u>-</u>	<u>(225,661)</u>	<u>-</u>
	<u>\$ 13,553,043</u>	<u>8</u>	<u>\$ 8,442,603</u>	<u>5</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 28)				
From continuing operations				
Basic	<u>\$6.01</u>		<u>\$4.31</u>	
Diluted	<u>\$5.92</u>		<u>\$4.25</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, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company							Other Equity (Note 24)							
	Issue of Share Capital (Note 24)		Capital Surplus (Note 24)	Retained Earnings (Notes 24 and 30)			Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets Designated as Fair Value Through Other Comprehensive Income	Gain (Loss) on Hedging Instruments	Equity Directly Associated with Disposal Groups Held-for-sale	Total	Treasury Shares	Non-controlling Interests	Total Equity	
	Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings									Total
BALANCE AT JANUARY 1, 2020	2,350,867	\$ 23,508,670	\$ 21,819,350	\$ 12,845,584	\$ 3,388,768	\$ 16,885,813	\$ 33,120,165	\$ (4,390,226)	\$ (312,940)	\$ 288	\$ (14,218)	\$ (4,717,096)	\$ (1,271,314)	\$ 2,181,615	\$ 74,641,390
Appropriation of 2019 earnings															
Legal reserve	-	-	-	943,969	-	(943,969)	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	1,343,307	(1,343,307)	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(7,521,296)	(7,521,296)	-	-	-	-	-	-	-	(7,521,296)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(16,595)	(16,595)
Disposal of investments accounted for using the equity method	-	-	(288,234)	-	-	7,712	7,712	168,121	(7,712)	1,201	-	161,610	-	-	(118,912)
Difference between subsidiaries' disposal of consideration and carrying amount (Notes 14 and 30)	-	-	(18,362)	-	-	(76,967)	(76,967)	51,616	49,434	-	16,305	117,355	-	(1,387,520)	(1,365,494)
Changes in percentage of ownership interests in subsidiaries	-	-	36,218	-	-	(20,966)	(20,966)	-	-	-	-	-	-	-	15,252
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	(13,411)	-	-	(36)	(36)	-	-	-	-	-	-	-	(13,447)
Changes in capital surplus from cash dividends of the parent company paid to subsidiaries	-	-	78,013	-	-	-	-	-	-	-	-	-	-	-	78,013
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	30,707	30,707	-	(30,707)	-	-	(30,707)	-	-	-
Net profit (loss) for the year ended December 31, 2020	-	-	-	-	-	10,016,038	10,016,038	-	-	-	-	-	-	(186,834)	9,829,204
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	(7,703)	(7,703)	(1,392,562)	56,067	(1,489)	(2,087)	(1,340,071)	-	(38,827)	(1,386,601)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	10,008,335	10,008,335	(1,392,562)	56,067	(1,489)	(2,087)	(1,340,071)	-	(225,661)	8,442,603
BALANCE AT DECEMBER 31, 2020	2,350,867	23,508,670	21,613,574	13,789,553	4,732,075	17,026,026	35,547,654	(5,563,051)	(245,858)	-	-	(5,808,909)	(1,271,314)	551,839	74,141,514
Appropriation of 2020 earnings															
Legal reserve	-	-	-	1,824,126	-	(1,824,126)	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	1,208,143	(1,208,143)	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(12,692,187)	(12,692,187)	-	-	-	-	-	-	-	(12,692,187)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(13,637)	(13,637)
Disposal of investments accounted for using the equity method	-	-	-	-	-	-	-	69,958	-	-	-	69,958	-	-	69,958
Difference between subsidiaries' disposal of consideration and carrying amount	-	-	-	-	-	-	-	25,850	-	-	-	25,850	-	-	25,850
Changes in percentage of ownership interests in subsidiaries	-	-	(829)	-	-	(1,393)	(1,393)	-	-	-	-	-	-	-	(2,222)
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	91,950	-	-	(2,895)	(2,895)	-	-	-	-	-	-	-	89,055
Changes in capital surplus from cash dividends of the Company paid to subsidiaries	-	-	131,647	-	-	-	-	-	-	-	-	-	-	-	131,647
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(400)	(400)	-	400	-	-	400	-	-	-
Buy-back of ordinary shares	-	-	-	-	-	-	-	-	-	-	-	-	(2,429,494)	-	(2,429,494)
Net profit for the year ended December 31, 2021	-	-	-	-	-	13,886,552	13,886,552	-	-	-	-	-	-	42,934	13,929,486
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	16,521	16,521	(352,837)	8,550	-	-	(344,287)	-	(48,677)	(376,443)
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	-	13,903,073	13,903,073	(352,837)	8,550	-	-	(344,287)	-	(5,743)	13,553,043
BALANCE AT DECEMBER 31, 2021	2,350,867	\$ 23,508,670	\$ 21,836,342	\$ 15,613,679	\$ 5,940,218	\$ 15,199,955	\$ 36,753,852	\$ (5,820,080)	\$ (236,908)	\$ -	\$ -	\$ (6,056,988)	\$ (3,700,808)	\$ 532,459	\$ 72,873,527

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, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 17,632,247	\$ 12,601,921
Adjustments for:		
Depreciation expenses	3,953,907	3,841,642
Amortization expenses	183,647	196,648
Expected credit loss	1,855,889	962,691
Net gain on fair value changes of financial assets as at fair value through profit or loss	(4,345,244)	(769,468)
Finance costs	222,260	351,374
Interest income	(729,485)	(1,404,436)
Dividend income	(5,153)	(13,391)
Share of profit of associates accounted for using the equity method	(74,382)	(385,513)
Net loss (gain) on disposal of property, plant and equipment	126,480	(5,238)
Net loss on disposal of intangible assets	-	996
Net gain on disposal of non-current assets held for sale	-	(304,830)
Net gain on disposal of investments	(58,191)	(745,573)
Impairment loss recognized on non-financial assets	1,538,924	1,984,537
Unrealized net loss on foreign currency exchange	178,436	314,774
Net loss on disposal of subsidiaries	26,375	51,146
Recognition of provisions	177,927	380,078
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	1,631,425	712,823
Contract assets	450,533	400,809
Notes receivable	(35,171)	(178,274)
Trade receivables	(5,794,611)	1,261,909
Trade receivables from related parties	26,221	35,182
Other receivables	867,964	2,742,926
Other receivables from related parties	4,095	14,383
Inventories	(8,166,988)	(2,013,648)
Other current assets	(386,128)	(209,458)
Notes payable	(12,836)	(372)
Trade payables	4,486,824	(86,466)
Trade payables to related parties	(256,659)	(435,543)
Other payables	190,018	(694,792)
Other payables to related parties	783	(11,572)
Provisions	(203,794)	(240,845)
Advance receipts	296,305	248,247
Net defined benefit liabilities	(31,613)	(74,461)
Cash generated from operations	13,750,005	18,528,206
Interest received	756,838	1,417,894
Dividends received	5,153	13,391
Interest paid	(223,406)	(391,481)
Income tax paid	(2,128,950)	(2,004,677)
Net cash generated from operating activities	<u>12,159,640</u>	<u>17,563,333</u>

(Continued)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of financial assets at fair value through other comprehensive income	\$ (417,475)	\$ (267,562)
Proceeds from disposal of financial assets at fair value through other comprehensive income	26,211	140,318
Purchases of financial assets at amortized cost	(65,620)	(181,298)
Proceeds from disposal of financial assets at amortized costs	197,492	330,950
Proceeds from disposal of investments accounted for using the equity method	1,020,042	2,698,700
Net cash outflow on acquisition of subsidiaries	(134)	(273,957)
Net cash outflow on disposal of subsidiaries (Note 30)	-	(1,706,324)
Proceeds from disposal of non-current assets held for sale	-	3,266,204
Purchases of property, plant and equipment	(3,738,147)	(3,378,395)
Proceeds from disposal of property, plant and equipment	20,473	40,933
Decrease in refundable deposits	5,251	42,135
Purchases of intangible assets	(179,053)	(124,566)
Proceeds from disposal of intangible assets	55	10,963
Decrease (increase) in other non-current assets	<u>27,574</u>	<u>(14,771)</u>
Net cash generated from (used in) investing activities	<u>(3,103,331)</u>	<u>583,330</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	3,552,823	-
Repayments of short-term borrowings	-	(5,209,351)
Proceeds from guarantee deposits received	39,965	5,724
Repayments of the principal portion of lease liabilities	(351,906)	(313,182)
Cash dividends paid	(12,560,540)	(7,443,283)
Payments for buy-back of ordinary shares	(2,429,494)	-
Disposal of subsidiaries (Note 30)	-	295,686
Changes in non-controlling interests	<u>(29,613)</u>	<u>(25,316)</u>
Net cash used in financing activities	<u>(11,778,765)</u>	<u>(12,689,722)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>(509,745)</u>	<u>(1,587,961)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,232,201)	3,868,980
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>71,508,036</u>	<u>67,639,056</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 68,275,835</u>	<u>\$ 71,508,036</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, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on February 24, 2022.

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

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

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

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

New IFRSs	Effective Date Announced by IASB
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group’s financial position and financial performance.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

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

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except that deferred taxes will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

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 and issued into effect by the FSC.

b. Basis of preparation

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

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

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

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

Current assets include:

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

Current liabilities include:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the reporting period, and

- Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Basis of consolidation

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

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

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

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

See Note 14 and Table 8 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

e. Business combinations

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

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

When a business combination is achieved in stages, the Group's previously held equity interest in an acquiree is remeasured to fair value at the acquisition date, and the resulting gain or loss is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are recognized on the same basis as would be required had those interests been directly disposed of by the Group.

Business combinations involving entities under common control are not accounted for using the acquisition method but are accounted for at the carrying amounts of the entities. Comparative information of the prior period in the consolidated financial statements is restated as if a business combination involving entities under common control had already occurred in that period.

f. Acquisition of a subsidiary that does not constitute a business

When the Group acquires a subsidiary that does not constitute a business, the Group will identify and recognize the individual identifiable assets acquired (including intangible assets) and liabilities assumed, and then allocate the transaction price to the individual identifiable assets and liabilities. When allocating the transaction price, first, any identifiable assets or liabilities initially measured at an amount other than cost are initially measured at the amount specified in the applicable IFRS standards. Then the amounts of the assets and liabilities determined according to the applicable IFRS standards are deducted from the transaction price; the residual transaction price is then allocated to the remaining identifiable assets and liabilities (i.e., assets and liabilities initially measured at cost) based on their relative fair values at the date of the acquisition.

g. Foreign currencies

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

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting consolidated financial statements, the financial statements of the Company's foreign operations that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

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

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

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

h. Inventories

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

i. Investments in associates

An associate is an entity over which the Group has significant influence and which is not a subsidiary.

The Group uses the equity method to account for its investments in associates.

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

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

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

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

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

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

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

j. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

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

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

k. Investment properties

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

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

Depreciation is recognized using the straight-line method.

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

l. Goodwill

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

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

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

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

m. Intangible assets

1) Intangible assets acquired separately

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

2) Intangible assets acquired in a business combination

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

3) Derecognition of intangible assets

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

n. Impairment of property, plant and equipment, right-of-use asset, investment property, intangible assets other than goodwill

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

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

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

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

o. Non-current assets held for sale

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

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

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Such assets classified as held for sale are not depreciated.

p. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in debt instruments and equity instruments at FVTOCI.

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 32.

ii. Financial assets at amortized cost

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

- i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

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

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits held for the purpose of meeting short-term cash commitments, highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets and contract assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including cash and cash equivalents, trade receivable and notes receivable (including related party) at amortized cost, contract assets and other trade receivables (including related party).

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

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

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

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. Financial asset is more than 90 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

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

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

Except financial liabilities classified at FVTPL, all financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities held for trading are stated at fair value, and any remeasurement gains or losses on such financial liabilities are recognized in other gains or losses.

Fair value is determined in the manner described in Note 32.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Derivative financial instruments

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

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

q. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Company of the expenditures required to settle the Group's obligations.

r. Revenue recognition

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

Revenue from the sale of goods

Revenue from the sale of goods comes from sales of goods. Sales of goods are recognized as revenue when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables and contract assets are recognized concurrently. Any amounts previously recognized as contract assets are reclassified to trade receivables when the remaining obligations are performed.

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

s. Leases

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

1) The Group as lessor

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

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms. Lease modification that resulted from a negotiation with a lessee is accounted for as a new lease from the effective date of modification.

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

2) The Group as lessee

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

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

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

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

The Group negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2022, that results in the revised consideration for the lease. There is no substantive change to other terms and conditions. The Group elects to apply the practical expedient to all of these rent concessions and, therefore, does not assess whether the rent concessions are lease modifications. Instead, the Group recognizes the reduction in lease payment in profit or loss as a deduction of expenses of variable lease payments, in the period in which the events or conditions that trigger the concession occur, and makes a corresponding adjustment to the lease liability.

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

t. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

u. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

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

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

3) Termination benefits

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

v. Taxation

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

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

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

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

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

3) Current and deferred taxes

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical Accounting Judgements

Business model assessment for financial assets

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

Key Sources of Estimation Uncertainty

a. Estimated impairment of financial assets and contract assets

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

b. Write-down of inventories

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

c. Impairment of property, plant and equipment, right-of-use assets, investment property and intangible assets other than goodwill

In the process of evaluating the potential impairment of tangible assets, right-of-use assets and intangible assets other than goodwill, the Company determines the independent cash flows, useful lives, expected future revenue and expenses related to the specific asset groups with the consideration of the nature of industry. Any change in these estimates based on changed economic conditions or business may result in a significant impairment.

d. Impairment of goodwill

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	2020
Cash on hand	\$ 2,099	\$ 2,522
Checking accounts	890,550	793,254
Demand deposits	40,950,572	36,249,012
Time deposits	<u>26,432,614</u>	<u>34,463,248</u>
	<u>\$ 68,275,835</u>	<u>\$ 71,508,036</u>

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

	<u>December 31</u>	
	2021	2020
Demand deposits	0%-3.3%	0%-3.8%
Time deposits	0.25%-2.95%	0.28%-2.10%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	2021	2020
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Forward exchange contracts	\$ 481,114	\$ 391,537
Currency swaps	<u>294,874</u>	<u>965,617</u>
	<u>\$ 775,988</u>	<u>\$ 1,357,154</u>
<u>Financial assets at FVTPL - non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Foreign listed shares	\$ 1,842,491	\$ -
Mutual funds	231,143	120,747
Domestic listed shares	<u>17,218</u>	<u>18,587</u>
	<u>\$ 2,090,852</u>	<u>\$ 139,334</u>
<u>Financial liabilities at FVTPL - current</u>		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Forward exchange contracts	\$ 367,130	\$ 1,599,443
Currency swaps	<u>6,830</u>	<u>12,962</u>
	<u>\$ 373,960</u>	<u>\$ 1,612,405</u>

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

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2021</u>			
The Company			
Forward exchange contracts	USD/NTD	2022.01.07- 2022.12.27	USD1,756,000/NTD47,668,097
Currency swaps	USD/NTD	2022.01.18- 2022.07.11	USD940,000/NTD26,202,240
Lite-On Overseas Trading Co., Ltd.			
Forward exchange contracts	USD/CNY	2022.01.18- 2022.09.06	USD253,500/CNY1,651,921
Forward exchange contracts	USD/INR	2022.01.07- 2022.05.12	USD28,000/INR2,123,604
Forward exchange contracts	USD/MXN	2022.01.06	USD6,000/MXN128,040
Forward exchange contracts	USD/THB	2022.01.10	USD5,000/THB169,400
Forward exchange contracts	USD/BRL	2022.01.27	USD3,000/BRL17,193
Forward exchange contracts	EUR/USD	2022.01.06	EUR2,500/USD2,835
Forward exchange contracts	USD/JPY	2022.01.24	USD2,449/JPY281,000
Forward exchange contracts	USD/CAD	2022.01.05	USD1,953/CAD2,500
Currency swaps	USD/CNY	2022.01.28- 2022.07.21	USD103,000/CNY671,381
LITE-ON SINGAPORE PTE. LTD.			
Forward exchange contracts	USD/INR	2022.03.07	USD2,000/INR149,000
Philip & Lite-On Digital Solutions Corporation			
Currency swaps	USD/NTD	2022.01.12	USD20,000/NTD559,320
<u>December 31, 2020</u>			
The Company			
Forward exchange contracts	USD/NTD	2021.01.28- 2021.12.20	USD1,490,000/NTD41,770,771
Currency swaps	USD/NTD	2021.01.07- 2021.05.06	USD1,090,000/NTD31,298,920
Lite-On Overseas Trading Co., Ltd.			
Forward exchange contracts	USD/CNY	2021.01.13- 2021.11.04	USD240,500/CNY1,676,973
Currency swaps	USD/CNY	2021.01.13- 2021.09.30	USD143,000/CNY993,984
LITE-ON SINGAPORE PTE. LTD.			
Forward exchange contracts	USD/NTD	2021.02.26- 2021.07.15	USD180,000/NTD5,184,099
Forward exchange contracts	USD/INR	2021.01.19- 2021.06.08	USD30,000/INR2,246,558
Forward exchange contracts	EUR/USD	2021.01.07	EUR9,000/USD10,880
Forward exchange contracts	USD/CAD	2021.01.06	USD2,318/CAD3,000
Forward exchange contracts	USD/BRL	2021.01.26	USD3,000/BRL16,793
Forward exchange contracts	USD/MXN	2021.01.07	USD3,000/MXN60,345
Philip & Lite-On Digital Solutions Corporation			
Forward exchange contracts	EUR/USD	2021.01.07	EUR1,500/USD1,813
Currency swaps	USD/NTD	2021.01.29	USD20,000/NTD573,800

The Group entered into derivative contracts in 2021 and 2020 to manage exposures due to fluctuations of foreign exchange rates. The derivative contracts entered into by the Group did not meet the criteria for hedge accounting. Thus, the derivative contracts are classified as financial assets or financial liabilities at FVTPL. The financial risk management objectives of the Group were to minimize risks due to changes in fair value or cash flows.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Non-current</u>		
Domestic investments		
Listed shares	\$ 186,601	\$ 174,294
Unlisted shares	<u>14,809</u>	<u>45,190</u>
	<u>201,410</u>	<u>219,484</u>
Foreign investments		
Unlisted shares	<u>1,812,176</u>	<u>1,403,077</u>
	<u>\$ 2,013,586</u>	<u>\$ 1,622,561</u>

The above domestic and foreign investments in equity instruments are held for medium to long-term strategic purposes and are expected to generate return in the long run. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as it believes that recognizing the short-term fluctuations of fair value in profit or loss would not be consistent with the Group's investment strategy.

9. FINANCIAL ASSETS AT AMORTIZED COSTS

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Pledged deposits	<u>\$ 292,620</u>	<u>\$ 410,987</u>
Current	\$ 3,209	\$ 27,186
Non-current	<u>289,411</u>	<u>383,801</u>
	<u>\$ 292,620</u>	<u>\$ 410,987</u>

- a. Refer to Note 10 for information related to credit risk management and impairment evaluation of financial assets at amortized cost.
- b. Refer to Note 34 for information related to investments in financial assets at amortized cost pledged as security.

10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments were classified at amortized cost.

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>At amortized cost</u>		
Gross carrying amount	\$ 292,620	\$ 410,987
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
Net carrying amount	<u>\$ 292,620</u>	<u>\$ 410,987</u>

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

11. NOTES RECEIVABLE, TRADE RECEIVABLES, NET AND OTHER RECEIVABLES

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Notes receivable</u>		
Notes receivable - operating	<u>\$ 458,316</u>	<u>\$ 422,524</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 41,695,723	\$ 36,180,583
Allowance for impairment loss	<u>(449,802)</u>	<u>(190,153)</u>
	<u>\$ 41,245,921</u>	<u>\$ 35,990,430</u>

a. Notes receivable

The aging of notes receivable was as follows:

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Not past due	<u>\$ 458,316</u>	<u>\$ 422,524</u>

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

b. Trade receivables

The average credit period of sales of goods was approximately 90 days, and no interest was charged on trade receivables. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group estimates expected credit losses according to the prescribed approach, which permits the recognition of lifetime expected losses for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix, which takes into consideration the historical credit loss experience with the respective debtor, the current financial position of the debtor, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlooks. The Group uses different provision matrixes based on customer segments by default risks and determines the expected credit loss by reference to the expected credit loss rate of each customer segment.

The Group writes off a trade receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables which are due. Where recoveries are made, these are recognized in profit or loss.

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

December 31, 2021

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

December 31, 2020

	Not Past Due	Past Due Within 60 Days	Past Due 61 to 210 Days	Past Due 211 to 240 Days	Past Due Over 241 Days	Total
Expected credit loss rate	0%	0.1%-5%	40%-70%	50%-100%	100%	
Gross carrying amount	\$ 35,625,768	\$ 313,624	\$ 123,604	\$ 629	\$ 116,958	\$ 36,180,583
Loss allowance	<u>-</u>	<u>(8,730)</u>	<u>(63,836)</u>	<u>(629)</u>	<u>(116,958)</u>	<u>(190,153)</u>
Amortized cost	<u>\$ 35,625,768</u>	<u>\$ 304,894</u>	<u>\$ 59,768</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,990,430</u>

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 190,153	\$ 142,271
Amounts written off	(31,007)	(8,054)
Expected credit loss	294,552	57,630
Disposal of subsidiaries	-	(24)
Foreign exchange translation	<u>(3,896)</u>	<u>(1,670)</u>
Balance at December 31	<u>\$ 449,802</u>	<u>\$ 190,153</u>

c. Other receivables

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

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

The Group considered the credit risk of partial other receivables in 2021 and 2020 had increased significantly since the initial recognition and, therefore, recognized the lifetime expected credit impairment loss of \$583,701 thousand and \$905,061 thousand, respectively.

12. INVENTORIES, NET

	December 31	
	2021	2020
Finished goods	\$ 17,062,798	\$ 16,322,508
Raw materials	12,623,878	6,087,710
Work in progress	2,399,679	1,952,410
Inventory in transit	212,988	165,461
Merchandise	<u>-</u>	<u>140,574</u>
	<u>\$ 32,299,343</u>	<u>\$ 24,668,663</u>

The costs of inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020 were \$134,330,418 thousand and \$129,749,924 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the year ended December 31, 2021 included an increase in cost of goods sold amounting to \$349,926 thousand due to inventory write-downs to the net realizable value. The cost of inventories recognized as cost of goods sold for the year ended December 31, 2020 included a reduction of cost of goods sold amounting to \$196,926 thousand due to the reversal of write-down in inventory's net realizable value. This increase was mainly due to the Group's write-off of part of its inventories that had been impaired.

13. NON-CURRENT ASSETS HELD FOR SALE

The shareholders' meeting of the Company approved to spin off its SSD business unit related operation to its 100%-owned subsidiary, SOLID STATE STORAGE TECHNOLOGY CORPORATION, in October 2019. The board of directors of the Company resolved to dispose of the outstanding shares of directly and indirectly owned subsidiaries, SOLID STATE STORAGE TECHNOLOGY CORPORATION and SOLID STATE STORAGE TECHNOLOGY USA CORPORATION, and the marketable securities of CNEX LABS Inc., held by LITE-ON TECHNOLOGY USA, INC. to KIOXIA Holdings Corporation. The disposal was completed in July 2020.

14. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Main Business	% of Ownership		Remark
			2021	2020	
The Company	Lite-On Integrated Service Inc.	Information outsourcing and system integration	100.00	100.00	-
	Lite-On Capital Corporation	Investment activities	100.00	100.00	-
	SKYLA CORPORATION	Manufacture and sale of medical equipment	62.60	63.73	-
	LITE-ON ELECTRONICS H.K. LIMITED	Sale of LED optical products	100.00	100.00	-
	Lite-On Electronics (Thailand) Co., Ltd.	Manufacture and sale of LED optical products	100.00	100.00	-
	Lite-On Japan Ltd.	Sale of LED optical products and power supplies	100.00	100.00	-
	Lite-On International Holding Co., Ltd.	Investment activities	100.00	100.00	-
	LTC GROUP LTD.	Investment activities	100.00	100.00	-
	LITE-ON TECHNOLOGY USA, INC.	Investment activities	100.00	100.00	-
	LITE-ON ELECTRONICS (EUROPE) LIMITED	Manufacture and sale of power supplies	100.00	100.00	-
	Lite-On Technology (Europe) B.V.	Market research and after-sales service	54.00	54.00	-
	Lite-On Overseas Trading Co., Ltd.	Investment activities	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	-
	EAGLE ROCK INVESTMENT LTD.	Import and export and investment activities	100.00	100.00	-
	LITE-ON MOBILE PTE. LTD.	Manufacture and sale of mobile phone modules and design of assembly 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	1)
	Philips & Lite-On Digital Solutions Corporation	Sale of optical disc drives	49.00	49.00	-
	LET (HK) LIMITED	Sale of optical disc drives	100.00	100.00	-
	Lite-On Automotive International (Cayman) Co., Ltd.	Investment activities	100.00	100.00	-
	LITE-ON AUTOMOTIVE ELECTRONICS MEXICO, S.A. DE C.V.	Production, manufacture, sale, import and export of photovoltaic device, key electronic components, telecommunications equipment, information technology equipment, semiconductor applications, general lighting, automotive electronics, renewable energy products and systems and maintenance within the automotive industry	99.00	99.00	-
	LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED	Manufacture and sale of phone chargers and power supplies	99.00	99.00	-
KBW-LITEON Jordan Private Shareholding Limited	Production and manufacture of energy-saving lights and project construction and maintenance	99.86	99.86	-	
KBW-LEOTEK Jordan Private Shareholding Limited	Investment activities	49.00	49.00	-	
LITE-ON INC.	Investment activities	-	83.28	7)	
DYNA INVESTMENT CO., LTD	Investment activities	-	87.55	7)	
LEOTEK CORPORATION (formerly: LEOTEK ROADWAY AND TRAFFIC)	Wholesale, import, export and installation of street lights, signal lights, scenery lights and new-type electronic components	100.00	-	2)	
Lite-On Capital Corporation	Lite-On Green Technologies Inc.	Manufacture and wholesale of electronic components and energy technology services	100.00	100.00	-
	Lite-On Green Energy (HK) Limited	Investment activities	100.00	100.00	-
	Lite-On Technology (Europe) B.V.	Market research and after-sales services	46.00	46.00	-
	LITE-ON GREEN ENERGY (SINGAPORE) PTE. LTD.	Investment activities	100.00	100.00	-
Lite-On Green Technologies Inc.	Lite-On Green Technologies B.V.	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 ELECTRONICS H.K. LIMITED	LITE-ON ELECTRONICS (TIANJIN) CO., LTD.	ODM services	100.00	100.00	-
	LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	Manufacture and sale of IT products	100.00	100.00	-

(Continued)

Investor	Investee	Main Business	% of Ownership		Remark
			2021	2020	
CHINA BRIDGE (CHINA) CO., LTD.	CHINA BRIDGE (CHINA) CO., LTD.	Investment activities and acting as a sales agent	100.00	100.00	-
	LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	Manufacture of electronic components	100.00	100.00	-
	SILITEK ELEC. (DONGGUAN) CO., LTD.	Manufacture and sale of keyboards	100.00	100.00	-
	LITE-ON COMPUTER TECHNOLOGY (DONGGUAN) CO., LTD.	Manufacture and sale of display devices	100.00	100.00	-
	LITE-ON OPTO TECHNOLOGY	Development, manufacture of new-type electronic components and provision of technology consulting services, maintenance equipment and after-sales services	12.59	12.59	-
LITE-ON ELECTRONICS COMPANY LIMITED	WUXI CHINA BRIDGE EXPRESS TRADING CO., LTD.	Express and sale of power supplies, printers, display devices and scanners	100.00	100.00	-
	LITEON COMMUNICATION (GUANGZHOU) COMPANY LIMITED	Manufacture and sale of mobile terminal equipment	100.00	100.00	3)
	LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	Manufacture and sale of printers and scanners	100.00	100.00	-
	LITE-ON (GUANGZHOU) INFORTECH CO., LTD.	Information outsourcing	100.00	100.00	-
	LITEON ELECTRONICS AND WIRELESS (GUANGZHOU) LIMITED	Manufacture and sale of mobile terminal equipment	100.00	100.00	3)
	LITE-ON (GUANGZHOU) PRECISION TOOLING LTD.	Manufacture and sale of modules	67.03	67.03	3)
	LITE-ON TECHNOLOGY (GUANGZHOU) LIMITED	Manufacture and sale of computer cases	100.00	100.00	3)
	LITE-ON TECHNOLOGY (JIANGSU) CO., LTD.	Investment activities and acting as a sales agent	100.00	100.00	-
	LITE-ON TECHNOLOGY (GZ) INVESTMENT COMPANY LIMITED	Investment activities	100.00	100.00	-
	LITE-ON POWER TECHNOLOGY (DONGGUAN) CO., LTD.	Development, manufacture and sale of electronic components, power supplies and provision of technology consulting services	100.00	100.00	-
LITE-ON TECHNOLOGY (GZ) INVESTMENT COMPANY LIMITED	LITE-ON (GUANGZHOU) PRECISION TOOLING LTD.	Manufacture and sale of modules	32.97	32.97	3)
LITE-ON TECHNOLOGY (JIANGSU) CO., LTD.	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Development, manufacture, sale and installation of power supplies and transformers and provision of technology consulting services, maintenance equipment and after-sales services	100.00	100.00	-
LITE-ON TECHNOLOGY (JIANGSU) CO., LTD.	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	Development, manufacture and sale of new-type electronic components and LEDs and provision of technology consulting services, maintenance equipment and after-sales services	87.41	87.41	-
	LITE-ON MEDICAL DEVICE (CHANGZHOU) LTD.	Manufacture and sale of medical equipment	100.00	100.00	-
	CHANGZHOU LEOTEK NEW ENERGY TRADE LIMITED	Wholesale, import, export and installation of street lights, signal lights, scenery lights and new-type electronic components	100.00	100.00	-
	LITE-ON COMPUTER (CHANGZHOU) CO., LTD.	Design, development, manufacture and sale of computer laptop keyboard modules and components and provision of technology consulting services and after-sales services	-	100.00	4)
	LITE-ON AUTOMOTIVE ELECTRONICS (CHANGZHOU) CO., LTD.	Manufacture, sale and processing of electronic products	100.00	100.00	-
	LITE-ON GREEN TECHNOLOGIES (NANJING) CORPORATION	Solar energy engineering	100.00	100.00	-
	DONGGUAN LITE-ON COMPUTER CO., LTD.	Manufacture and sale of computer hosts and components	100.00	100.00	-
	LITEON LI SHIN TECHNOLOGY (GANZHOU) LTD.	Manufacture and sale of electronic components	100.00	100.00	-
	LITE-ON, INC.	Sales data processing of optoelectronic products and power supplies	100.00	100.00	-
	LITE-ON TRADING USA, INC.	Sale of optical products	100.00	100.00	-
LITE-ON TECHNOLOGY USA, INC.	LEOTEK ELECTRONICS USA LLC	Sale of LED products	100.00	100.00	-
	POWER INNOVATIONS INTERNATIONAL, INC.	Development, design and manufacture of power controls and energy management	95.25	95.25	-
	LITE-ON TECHNOLOGY SERVICE, INC.	After-sales service of optical products	100.00	100.00	-
	LITE-ON CHINA HOLDING CO., LTD.	Investment activities	100.00	100.00	-
	LITE-ON TECHNOLOGY (XIANNING) CO., LTD.	Manufacture and sale of electronic components	100.00	100.00	-
	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Manufacture and sale of energy saving equipment	100.00	100.00	-
	LITE-ON AUTOMOTIVE ELECTRONICS MEXICO, S.A. DE C.V.	Production, manufacture, sale, import and export of photovoltaic devices, key electronic components, telecommunications equipment, information technology equipment, semiconductor applications, general lighting, automotive electronics, renewable energy products and systems and maintenance within the automotive industry	1.00	1.00	-
	LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED	Manufacture and sale of phone chargers and power supplies	1.00	1.00	-
	LITE-ON INTELLIGENT TECHNOLOGY (YENCHENG) CORP.	Wholesale, import, export and installation of street lights, signal lights, scenery lights and new-type electronic components	100.00	100.00	-

(Continued)

Investor	Investee	Main Business	% of Ownership		Remark
			December 31 2021	December 31 2020	
LTC GROUP LTD.	TITANIC CAPITAL SERVICES LTD. LTC INTERNATIONAL LTD.	Investment activities	100.00	100.00	-
Lite-On Technology (Europe) B.V.	Lite-On (Finland) Oy	Manufacture and sale of system products	-	100.00	5)
Lite-On (Finland) Oy	Lite-On Mobile Oyj	Manufacture and sale of mobile phone modules and design of assembly lines	100.00	100.00	-
LITE-ON CHINA HOLDING CO., LTD.	LITE-ON ELECTRONICS COMPANY LIMITED YET FOUNDATE LIMITED	Investment activities	100.00	100.00	-
	FORDGOOD ELECTRONIC LIMITED	Manufacture of plastic and computer peripheral products	100.00	100.00	-
G&W TECHNOLOGY (BVI) LIMITED	G&W TECHNOLOGY (BVI) LIMITED	Import and export and real estate	100.00	100.00	-
EAGLE ROCK INVESTMENT LTD.	G&W TECHNOLOGY LIMITED	Real estate management	50.00	50.00	-
		Leasing	100.00	100.00	-
HUIZHOU LI SHIN ELECTRONIC CO., LTD.	HUIZHOU LI SHIN ELECTRONIC CO., LTD.	Manufacture of computer peripheral products	100.00	100.00	-
HIGH YIELD GROUP CO., LTD.	LITE-ON IT INTERNATIONAL (HK) LIMITED	Sale of optical disc drives	100.00	100.00	-
LITE-ON IT INTERNATIONAL (HK) LIMITED	LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD. (formerly: LITEON OPTO TECHNOLOGY (GUANGZHOU) LTD.)	Manufacture of automotive parts and components	100.00	100.00	-
	LiteON Auto Electric Technology (Guangzhou) Ltd.	Manufacture and sale of optical disc drives	100.00	100.00	-
Philips & Lite-On Digital Solutions Corporation	LITEON-IT OPTO TECH (BH) CO., LTD. PLDS Germany GmbH	Manufacture and sale of optical disc drives	100.00	100.00	-
		Development and sale of modules of automotive recorders	100.00	100.00	-
	Philips & Lite-On Digital Solutions USA, Inc.	Sale of optical disc drives	100.00	100.00	-
	Philips & Lite-On Digital Solutions Korea Ltd.	Sale of optical disc drives	100.00	100.00	-
	Philips & Lite-On Digital Solutions (Shanghai) Co., Ltd.	Sale of optical disc drives	100.00	100.00	-
Lite-On Automotive International (Cayman) Co., Ltd	LITE-ON AUTOMOTIVE HOLDINGS (HONG KONG) CO., LIMITED	Investment activities	100.00	100.00	-
LITE-ON AUTOMOTIVE HOLDINGS (HONG KONG) CO., LIMITED	LITE-ON AUTOMOTIVE (WUXI) CO., LTD	Manufacture, sale and processing of electronic products	100.00	100.00	-
	Lite-On (Guangzhou) Automotive Electronics Limited	Manufacture, sale and processing of electronic products	100.00	100.00	-
Lite-On Japan Ltd.	Lite-On Japan (H.K.) Limited	Import and export of electronic components	100.00	100.00	-
	Lite-On Japan (Korea) Co., Ltd.	Import and export of electronic components	100.00	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	LITE-ON MOBILE INDÚSTRIA E COMÉRCIO DE PLÁSTICOS LTDA.	Manufacture and sale of mobile phone modules and design for assembly line	2.97	2.97	-
LITE-ON MOBILE PTE. LTD.	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.	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.	Manufacture and sale of mobile phone modules and design for assembly line	97.03	97.03	-
KBW-LEOTEK Jordan Private Shareholding Limited	LITE-ON YOUNG FAST PTE. LTD.	Investment activities	-	100.00	6)
LITE-ON INC.	LEOTEK, PSC	Production and manufacture of energy-saving lights	60.00	60.00	-
DYNA INVESTMENT CO., LTD	DYNA INVESTMENT CO., LTD	Investment activities	-	12.40	7)
	LITE-ON INC.	Investment activities	-	16.70	7)

(Concluded)

Remark:

- 1) Liquidated in December 2021.
- 2) Established in March 2021 and the Company obtained the documents for the change of registration on April 8, 2021.
- 3) Merged with LITE-ON ELECTRONICS (GUANGZHOU) LIMITED in 2013 and was under the procedures of statutory merger.
- 4) Dissolved upon merging with LITE-ON TECHNOLOGY (JIANSU) CO., LTD. in April 2021.
- 5) Dissolved upon merging with TITANIC CAPITAL SERVICES LTD. in July 2021.
- 6) Liquidated in March 2021.
- 7) Merged with the Company in June 2021. And the dissolution registration was approved in July 2021.

- b. Subsidiaries excluded from consolidated financial statements: None.
- c. Details of subsidiaries that have material non-controlling interests

For the disclosure of the Group's disposal of Silitech Technology Corporation, refer to Note 30.

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests		Accumulated Non-controlling Interests	
	For the Year Ended December 31		December 31	
	2021	2020	2021	2020
Silitech Technology Corporation	\$ -	\$ (230,534)	\$ -	\$ -
Others	<u>42,934</u>	<u>43,700</u>	<u>532,459</u>	<u>551,839</u>
	<u>\$ 42,934</u>	<u>\$ (186,834)</u>	<u>\$ 532,459</u>	<u>\$ 551,839</u>

The summarized financial information below represents amounts before intragroup eliminations.

Silitech Technology Corporation and its subsidiaries:

	For the Year Ended December 31, 2020
Revenue	<u>\$ 1,734,002</u>
Net loss for the year	\$ 366,258
Other comprehensive loss for the year	<u>62,717</u>
Total comprehensive loss for the year	<u>\$ 428,975</u>
Net loss attributable to:	
The Company	\$ 135,724
Non-controlling interests of Silitech Technology Corporation	<u>230,534</u>
	<u>\$ 366,258</u>
Total comprehensive loss attributable to:	
The Company	\$ 83,704
Non-controlling interests of Silitech Technology Corporation	<u>345,271</u>
	<u>\$ 428,975</u>
Net cash flow from:	
Operating activities	\$ (125,587)
Investing activities	92,310
Financing activities	(41,288)
Foreign exchange translation	<u>(69,136)</u>
Net cash outflow	<u>\$ (143,701)</u>

15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Associates that are not individually material	<u>\$ 1,847,579</u>	<u>\$ 2,582,904</u>

Aggregate Information of Associates That Are Not Individually Material

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
The Group's share of:		
Profit for the year	\$ 74,382	\$ 385,513
Other comprehensive loss for the year	<u>(33,304)</u>	<u>(20,436)</u>
 Total comprehensive income for the year	 <u>\$ 41,078</u>	 <u>\$ 365,077</u>

The board of directors of the Company resolved to sell all of the shares of Lite-On Semiconductor Corp. to Diodes Incorporated in August 2019. In September 2020, the board of directors of Lite-On Semiconductor Corp. approved November 30, 2020 to be the record date of the share swap. Therefore, the Group received the full cash consideration in December 2020 and completed the sale procedure. This transaction resulted in the recognition of a gain in profit or loss, calculated as follows:

	Amount
Proceeds of disposal	\$ 2,698,700
Less: Carrying amount of disposed of investment	(2,028,196)
Add: Share of equity items other comprehensive income of the associate accounted for using the equity method	<u>118,912</u>
 Gain recognized (included in non-operating income and expenses, net gain on disposal of investment)	 <u>\$ 789,416</u>

Due to the indications of impairment, the Group performed an impairment test on the abovementioned investment in 2020 and compared whether the carrying amount of the investment was lower than the recoverable amount. The assessment of the recoverable amount is conducted under the asset-based method and the income method, considering the reduction of liquidity and other factors. Among them, the income method is used to evaluate the value in use by using the cash flow estimated by the Group generated by the affiliated company due to the operation, and the present value is calculated at the annual discount rate of 7.9%. The Group recognized the impairment loss of \$862,435 thousand in the consolidated statements of comprehensive income as the Group assessed that the carrying amount of the investment in the associate is higher than its recoverable amount.

16. PROPERTY, PLANT AND EQUIPMENT, NET

	Freehold Land	Buildings	Machinery Equipment	Tooling Equipment	Transportation Equipment	Office Equipment	Other Equipment	Total
Cost								
January 1, 2021	\$ 2,721,273	\$ 19,287,345	\$ 24,006,797	\$ 1,688,265	\$ 29,810	\$ 2,056,018	\$ 5,391,106	\$ 55,180,614
Additions	95,815	194,289	2,274,774	77,723	6,229	173,985	1,488,151	4,310,966
Disposals	(3,713)	(591,279)	(732,295)	(383,996)	(1,621)	(162,385)	(1,051,398)	(2,926,687)
Reclassification	-	616,258	375,657	9,157	791	5,786	(1,055,997)	(48,348)
Effect of foreign currency exchange differences	(3,457)	40,338	(61,070)	1,133	(407)	(3,750)	(5,892)	(33,105)
December 31, 2021	<u>\$ 2,809,918</u>	<u>\$ 19,546,951</u>	<u>\$ 25,863,863</u>	<u>\$ 1,392,282</u>	<u>\$ 34,802</u>	<u>\$ 2,069,654</u>	<u>\$ 4,765,970</u>	<u>\$ 56,483,440</u>
Accumulated depreciation								
January 1, 2021	\$ -	\$ 9,832,573	\$ 19,368,209	\$ 1,568,892	\$ 26,472	\$ 1,733,206	\$ 3,684,081	\$ 36,213,433
Additions	-	790,722	2,306,003	81,766	2,264	176,327	225,038	3,582,120
Disposals	-	(431,615)	(714,498)	(383,498)	(1,240)	(168,071)	(1,048,854)	(2,747,776)
Reclassification	-	19,049	(21,261)	-	791	114	3,426	2,119
Effect of foreign currency exchange differences	-	19,983	(44,376)	824	(368)	(1,740)	13,750	(11,927)
December 31, 2021	<u>\$ -</u>	<u>\$ 10,230,712</u>	<u>\$ 20,894,077</u>	<u>\$ 1,267,984</u>	<u>\$ 27,919</u>	<u>\$ 1,739,836</u>	<u>\$ 2,877,441</u>	<u>\$ 37,037,969</u>
Accumulated impairment								
January 1, 2021	\$ -	\$ 14,837	\$ 462,392	\$ 6,139	\$ 44	\$ 2,582	\$ 92,133	\$ 578,127
Additions	-	3,392	4,863	-	-	-	-	8,255
Disposals	-	(5,449)	(25,929)	(498)	-	(77)	(5)	(31,958)
Effect of foreign currency exchange differences	-	176	4,021	49	-	23	(2,809)	1,460
December 31, 2021	<u>\$ -</u>	<u>\$ 12,956</u>	<u>\$ 445,347</u>	<u>\$ 5,690</u>	<u>\$ 44</u>	<u>\$ 2,528</u>	<u>\$ 89,319</u>	<u>\$ 555,884</u>
December 31, 2021, net	<u>\$ 2,809,918</u>	<u>\$ 9,303,283</u>	<u>\$ 4,524,439</u>	<u>\$ 118,608</u>	<u>\$ 6,839</u>	<u>\$ 327,290</u>	<u>\$ 1,799,210</u>	<u>\$ 18,889,587</u>
Cost								
January 1, 2020	\$ 2,322,935	\$ 19,203,997	\$ 25,579,970	\$ 2,057,199	\$ 48,191	\$ 2,051,727	\$ 5,768,202	\$ 57,032,221
Additions	216,257	253,697	1,588,278	56,415	1,279	212,894	831,453	3,160,273
Disposals	(2,150)	(46,796)	(2,381,212)	(423,235)	(8,631)	(130,301)	(439,214)	(3,431,539)
Effect of business combination	195,938	(214,903)	(769,353)	-	(9,367)	(107,909)	(151,779)	(1,057,373)
Reclassification	(5,732)	198,824	241,148	5,885	(401)	55,233	(538,141)	(43,184)
Effect of foreign currency exchange differences	(5,975)	(107,474)	(252,034)	(7,999)	(1,261)	(25,626)	(79,415)	(479,784)
December 31, 2020	<u>\$ 2,721,273</u>	<u>\$ 19,287,345</u>	<u>\$ 24,006,797</u>	<u>\$ 1,688,265</u>	<u>\$ 29,810</u>	<u>\$ 2,056,018</u>	<u>\$ 5,391,106</u>	<u>\$ 55,180,614</u>
Accumulated depreciation								
January 1, 2020	\$ -	\$ 9,327,522	\$ 20,188,463	\$ 1,885,187	\$ 41,273	\$ 1,781,730	\$ 3,930,410	\$ 37,154,585
Additions	-	728,286	2,251,969	97,735	2,232	177,476	232,082	3,489,780
Disposals	-	(39,494)	(2,291,705)	(406,767)	(6,647)	(126,600)	(389,833)	(3,261,046)
Effect of business combination	-	(198,373)	(518,242)	-	(9,367)	(86,246)	(89,366)	(901,594)
Reclassification	-	81,081	(80,087)	-	(6)	4,851	16,034	21,873
Effect of foreign currency exchange differences	-	(66,449)	(182,189)	(7,263)	(1,013)	(18,005)	(15,246)	(290,165)
December 31, 2020	<u>\$ -</u>	<u>\$ 9,832,573</u>	<u>\$ 19,368,209</u>	<u>\$ 1,568,892</u>	<u>\$ 26,472</u>	<u>\$ 1,733,206</u>	<u>\$ 3,684,081</u>	<u>\$ 36,213,433</u>
Accumulated impairment								
January 1, 2020	\$ -	\$ 35,006	\$ 529,830	\$ 19,024	\$ 404	\$ 2,637	\$ 119,361	\$ 706,262
Additions	-	543	163,253	3,368	44	12,672	85,663	265,543
Disposals	-	(409)	(72,618)	(16,192)	(394)	(2,263)	(42,922)	(134,798)
Effect of business combination	-	(64)	(142,247)	-	-	(7,848)	(61,394)	(211,553)
Reclassification	-	(10,633)	(22,709)	-	-	(2,474)	5,354	(30,462)
Effect of foreign currency exchange differences	-	(9,606)	6,883	(61)	(10)	(142)	(13,929)	(16,865)
December 31, 2020	<u>\$ -</u>	<u>\$ 14,837</u>	<u>\$ 462,392</u>	<u>\$ 6,139</u>	<u>\$ 44</u>	<u>\$ 2,582</u>	<u>\$ 92,133</u>	<u>\$ 578,127</u>
December 31, 2020, net	<u>\$ 2,721,273</u>	<u>\$ 9,439,935</u>	<u>\$ 4,176,196</u>	<u>\$ 112,234</u>	<u>\$ 3,294</u>	<u>\$ 320,230</u>	<u>\$ 1,614,892</u>	<u>\$ 18,389,054</u>

Due to the decline in the Group's partial product sales in the markets, the estimated future cash flows generated by some machinery and other equipment used in the production decreased. The Group carried out a review of the recoverable amount and determined that the recoverable amount was lower than the carrying amount. Consequently, the Group recognized impairment loss of \$8,255 thousand and \$265,543 thousand for the years ended December 31, 2021 and 2020, respectively. The impairment losses was recognized in impairment loss of the consolidated statements of comprehensive income. The Group determined the recoverable amount on the basis of their fair value less costs of disposal. The fair value of the recoverable amount was categorized as a Level 1 measurement.

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

Buildings	3-60 years
Machinery equipment	2-10 years
Tooling equipment	2-20 years
Transportation equipment	3-10 years
Office equipment	2-20 years
Other equipment	2-20 years

17. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Carrying amount</u>		
Land (including right-to-use land)	\$ 763,968	\$ 769,989
Buildings	846,723	545,365
Machinery	83,298	43,400
Transportation equipment	18,918	26,403
Other equipment	<u>4,743</u>	<u>4,359</u>
	<u>\$ 1,717,650</u>	<u>\$ 1,389,516</u>
	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Additions to right-of-use assets	<u>\$ 696,744</u>	<u>\$ 438,405</u>
Depreciation charge for right-of-use assets		
Land (including right-to-use land)	\$ 28,962	\$ 28,707
Buildings	267,880	244,540
Machinery	26,916	28,503
Transportation equipment	10,887	14,148
Other equipment	<u>2,395</u>	<u>1,980</u>
	<u>\$ 337,040</u>	<u>\$ 317,878</u>

The right-of-use assets of Silitech Technology Corporation (this former subsidiary has become an associate since December 30, 2020) and its subsidiaries became idle as a result of the insufficient order expected in the future. Therefore, the recoverable amount was lower than the carrying amount. Consequently, the Company recognized an impairment loss of \$23,623 thousand for the year ended December 31, 2020. The impairment loss was recognized in impairment loss of the consolidated statement of comprehensive income. The Group determined the recoverable amount of the right-of-use assets based on their fair value less costs of disposal. The fair values of the recoverable amounts were categorized as a Level 1 measurement. No impairment assessment was performed for the year ended December 31, 2021 as there was no indication of impairment.

b. Lease liabilities

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Carrying amounts</u>		
Current	<u>\$ 400,877</u>	<u>\$ 225,095</u>
Non-current	<u>\$ 743,516</u>	<u>\$ 551,233</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2021	2020
Land (including right-to-use land)	1.79%-4.30%	1.79%
Buildings	0.70%-9.20%	0.70%-9.20%
Machinery	1.10%-3.54%	3.30%-3.54%
Transportation equipment	0.70%-4.08%	0.70%-3.35%
Other equipment	2.65%-3.35%	3.25%-3.35%

c. Material lease-in activities and terms

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

Because of the market conditions severely affected by COVID-19 in 2020, the Group negotiated with the lessor for rent concessions for land and building leases. The lessor agreed to provide unconditional rent reduction, therefore, the Group recognized the impact of rent concessions in profit of \$6,443 thousand (presented as a deduction of operating expense) for the year ended December 31, 2020.

d. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	<u>\$ 279,403</u>	<u>\$ 310,908</u>
Expenses relating to low-value asset leases	<u>\$ 210,162</u>	<u>\$ 221,162</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 149,160</u>	<u>\$ 110,314</u>
Total cash outflow for leases	<u>\$ 1,018,276</u>	<u>\$ 985,943</u>

18. INVESTMENT PROPERTIES, NET

	Completed Investment Properties
<u>Cost</u>	
Balance at January 1, 2021	\$ 1,397,288
Additions	-
Transfers from property, plant and equipment	20,646
Effects of foreign currency exchange differences	<u>12,172</u>
Balance at December 31, 2021	<u>\$ 1,430,106</u>

(Continued)

	Completed Investment Properties
<u>Accumulated depreciation</u>	
Balance at January 1, 2021	\$ 147,243
Depreciation expenses	34,747
Transfers from property, plant and equipment	1,541
Effects of foreign currency exchange differences	<u>110</u>
Balance at December 31, 2021	<u>\$ 183,641</u>
Carrying amounts at December 31, 2021	<u>\$ 1,246,465</u>
<u>Cost</u>	
Balance at January 1, 2020	\$ 1,383,397
Additions	117
Transfers from property, plant and equipment	14,696
Effects of foreign currency exchange differences	<u>(922)</u>
Balance at December 31, 2020	<u>\$ 1,397,288</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2020	\$ 101,130
Depreciation expenses	33,984
Transfers from property, plant and equipment	12,031
Effects of foreign currency exchange differences	<u>98</u>
Balance at December 31, 2020	<u>\$ 147,243</u>
Carrying amounts at December 31, 2020	<u>\$ 1,250,045</u>
	(Concluded)

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

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

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

	December 31, 2021
Fair value	<u>\$ 1,434,949</u>

Management was unable to reliably measure the fair value of investment property at December 31, 2020 because the market for comparable properties is inactive and alternative reliable measurements of fair value are not available; therefore, the Group determined that the fair value of the investment property is not reliably measurable.

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

19. INTANGIBLE ASSETS, NET

	Goodwill	Patents	Patents Use Rights	Client Relationships	Software	Other Intangible Assets	Total
<u>Cost</u>							
January 1, 2021	\$ 15,040,431	\$ 51,393	\$ 2,695,878	\$ 163,819	\$ 1,444,839	\$ 1,349,428	\$ 20,745,788
Additions	-	19,010	-	-	148,982	11,061	179,053
Disposals	-	-	-	-	(38,625)	(46,819)	(85,444)
Reclassification	-	-	-	-	21,312	(593)	20,719
Effect of foreign currency exchange differences	-	(4)	-	-	(599)	355	(248)
December 31, 2021	<u>\$ 15,040,431</u>	<u>\$ 70,399</u>	<u>\$ 2,695,878</u>	<u>\$ 163,819</u>	<u>\$ 1,575,909</u>	<u>\$ 1,313,432</u>	<u>\$ 20,859,868</u>
<u>Accumulated amortization</u>							
January 1, 2021	\$ 77,234	\$ 51,103	\$ 2,695,878	\$ 163,819	\$ 1,210,959	\$ 1,337,707	\$ 5,536,700
Additions	-	2,122	-	-	176,020	5,505	183,647
Disposals	-	-	-	-	(38,562)	(46,819)	(85,381)
Reclassification	-	-	-	-	1,268	(1,268)	-
Effect of foreign currency exchange differences	-	-	-	-	(401)	488	87
December 31, 2021	<u>\$ 77,234</u>	<u>\$ 53,225</u>	<u>\$ 2,695,878</u>	<u>\$ 163,819</u>	<u>\$ 1,349,284</u>	<u>\$ 1,295,613</u>	<u>\$ 5,635,053</u>
<u>Accumulated impairment</u>							
January 1, 2021	\$ 10,357,321	\$ -	\$ -	\$ -	\$ 11,071	\$ -	\$ 10,368,392
Additions	1,180,743	-	-	-	-	-	1,180,743
Disposals	-	-	-	-	(8)	-	(8)
Effect of foreign currency exchange differences	-	-	-	-	12	-	12
December 31, 2021	<u>\$ 11,538,064</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,075</u>	<u>\$ -</u>	<u>\$ 11,549,139</u>
December 31, 2021, net	<u>\$ 3,425,133</u>	<u>\$ 17,174</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 215,550</u>	<u>\$ 17,819</u>	<u>\$ 3,675,676</u>
<u>Cost</u>							
January 1, 2020	\$ 15,061,512	\$ 51,412	\$ 2,695,878	\$ 163,819	\$ 1,334,118	\$ 1,445,109	\$ 20,751,848
Additions	-	-	10,000	-	100,332	11,817	122,149
Disposals	-	-	(10,000)	-	(14,181)	(104,680)	(128,861)
Effect of business combination	-	-	-	-	(1,131)	(635)	(1,766)
Reclassification	-	-	-	-	27,479	-	27,479
Effect of foreign currency exchange differences	(21,081)	(19)	-	-	(1,778)	(2,183)	(25,061)
December 31, 2020	<u>\$ 15,040,431</u>	<u>\$ 51,393</u>	<u>\$ 2,695,878</u>	<u>\$ 163,819</u>	<u>\$ 1,444,839</u>	<u>\$ 1,349,428</u>	<u>\$ 20,745,788</u>
<u>Accumulated amortization</u>							
January 1, 2020	\$ 77,234	\$ 50,846	\$ 2,695,878	\$ 163,819	\$ 1,029,847	\$ 1,440,095	\$ 5,457,719
Additions	-	257	500	-	193,385	2,506	196,648
Disposals	-	-	(500)	-	(11,669)	(103,348)	(115,517)
Effect of foreign currency exchange differences	-	-	-	-	(604)	(1,546)	(2,150)
December 31, 2020	<u>\$ 77,234</u>	<u>\$ 51,103</u>	<u>\$ 2,695,878</u>	<u>\$ 163,819</u>	<u>\$ 1,210,959</u>	<u>\$ 1,337,707</u>	<u>\$ 5,536,700</u>
<u>Accumulated impairment</u>							
January 1, 2020	\$ 9,345,268	\$ -	\$ -	\$ -	\$ 1,042	\$ -	\$ 9,346,310
Additions	1,017,813	-	-	-	11,414	635	1,029,862
Disposals	-	-	-	-	(1,385)	-	(1,385)
Effect of business combination	-	-	-	-	-	(635)	(635)
Effect of foreign currency exchange differences	(5,760)	-	-	-	-	-	(5,760)
December 31, 2020	<u>\$ 10,357,321</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,071</u>	<u>\$ -</u>	<u>\$ 10,368,392</u>
December 31, 2020, net	<u>\$ 4,605,876</u>	<u>\$ 290</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 222,809</u>	<u>\$ 11,721</u>	<u>\$ 4,840,696</u>

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

Patents	3-6 years
Patents use rights	10-12 years
Client relationships	4 years
Software	1-14 years
Other intangible assets	1-10 years

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

	December 31	
	2021	2020
The Company	\$ 3,369,590	\$ 4,550,333
Others	<u>55,543</u>	<u>55,543</u>
	<u>\$ 3,425,133</u>	<u>\$ 4,605,876</u>

- 1) Goodwill is allocated to the Group's recoverable amount of cash-generating units based on value in use calculations. These calculations used pre-tax cash flow projections based on financial budgets approved by the management covering a 5-year period. Other key assumptions included budgeted revenue and gross margin. Such assumptions were based on the past performance of the cash-generating unit and management's expectations of market development.
- 2) The Group observed the current status and future development direction of the global information street light and lighting electronics industry in the first quarter 2021 and assessed that there was an impairment indication. Therefore, the Group conducted a goodwill impairment assessment. According to the assessment, the Group recognized the impairment loss of \$220,170 thousand, and the discount rate used to assess the value in use was 12.57%. The Group observed the current status and future development direction of global optical disc drive industry in the fourth quarter of 2021 and the third quarter of 2020, and assessed that there was an indication of impairment. Therefore, the Group conducted an impairment test for goodwill. According to the assessment, the Group recognized an impairment loss of \$960,573 thousand and \$698,413 thousand, and the discount rate used to assess the value in use was 12.57% and 13.31%, respectively.
- 3) The Group conducted the impairment assessment on the goodwill of the cash-generating unit POWER INNOVATIONS INTERNATIONAL, INC. It is assessed that the recoverable amount of the cash-generating unit had been lower than its carrying amount, which resulted in the Group's recognition of an impairment loss of \$319,400 thousand in the fourth quarter of 2020. The discount rate used to evaluate the value in use is 13.4%, and the impairment loss has been included in the consolidated statement of comprehensive income. POWER INNOVATIONS INTERNATIONAL, INC. is classified into the Information and Communication Technologies segment of the Group.
- 4) Some computer software and other intangible assets cannot meet the Group current needs, and their estimated future cash flows decreased accordingly. Therefore, the recoverable amount was lower than the carrying amount. Consequently, the Group recognized impairment loss of \$12,049 thousand for the years ended December 31, 2020.
- 5) The Group determined gross margin based on past performance, expected profits under normal operations and management's expectations of market development. The growth rate used was consistent with the forecasts included in industry reports. The discount rate used was 12.50% and 12.57% as of December 31, 2021 and 2020, respectively and reflected specific risks relating to the relevant cash-generating units.

20. OTHER ASSETS

	<u>December 31</u>	
	2021	2020
Prepayments	\$ 1,847,603	\$ 1,512,733
Offsets against business tax payable	495,343	452,848
Prepayments for leases	92,173	92,198
Others	<u>230,288</u>	<u>233,534</u>
	<u>\$ 2,665,407</u>	<u>\$ 2,291,313</u>
Current	\$ 2,564,888	\$ 2,160,519
Non-current	<u>100,519</u>	<u>130,794</u>
	<u>\$ 2,665,407</u>	<u>\$ 2,291,313</u>

21. SHORT-TERM BORROWINGS

	<u>December 31</u>	
	2021	2020
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>\$ 28,385,043</u>	<u>\$ 24,892,419</u>

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

	<u>December 31</u>	
	2021	2020
Short-term borrowings	0.27%-0.82%	0.52%-6.25%

22. PROVISIONS

	<u>December 31</u>	
	2021	2020
<u>Current</u>		
Warranties	<u>\$ 1,152,812</u>	<u>\$ 1,179,147</u>
Balance at January 1	\$ 1,179,147	\$ 1,043,689
Recognition of provisions	177,927	380,078
Usage	(203,794)	(240,845)
Effect of foreign currency exchange differences	<u>(468)</u>	<u>(3,775)</u>
Balance at December 31	<u>\$ 1,152,812</u>	<u>\$ 1,179,147</u>

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

23. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company and its subsidiaries - Philips & Lite-On Digital Solutions Corporation, Silitech Technology Corporation (became an associate since December 30, 2020), Lite-On Integrated Services Inc., and SKYLA CORPORATION adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees’ individual pension accounts at 6% of monthly salaries and wages starting from July 1, 2005. Some holding companies have either very few or no staff; thus, these companies have no pension plans, do not contribute to pension funds and recognize pension expense. Except for holding companies, the remaining subsidiaries all contribute to pension funds and recognize pension expense in accordance with local regulations.

b. Defined benefit plans

The Company and its subsidiaries - Philips & Lite-On Digital Solutions Corporation, Silitech Technology Corporation (became an associate since December 30, 2020) and SKYLA CORPORATION 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 Group contributes amounts equal to 2% to 6% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee’s name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the “Bureau”); the Group has no right to influence the investment policy and strategy.

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

	December 31	
	2021	2020
Present value of defined benefit obligation	\$ 918,000	\$ 990,785
Fair value of plan assets	<u>(955,932)</u>	<u>(997,104)</u>
Net defined benefit assets	<u>\$ (37,932)</u>	<u>\$ (6,319)</u>

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2020	\$ 1,167,947	\$ (1,099,824)	\$ 68,123
Service cost	5,694	-	5,694
Past service cost and gain on settlements	(9,157)	-	(9,157)
Net interest expense (income)	<u>8,641</u>	<u>(7,555)</u>	<u>1,086</u>
Recognized in loss (profit)	<u>5,178</u>	<u>(7,555)</u>	<u>(2,377)</u>
Remeasurement			
Return on plan assets	-	(35,883)	(35,883)
Actuarial loss - changes in financial assumptions	34,671	-	34,671
Actuarial loss - experience adjustments	<u>12,297</u>	<u>-</u>	<u>12,297</u>
Recognized in other comprehensive loss (gain)	<u>46,968</u>	<u>(35,883)</u>	<u>11,085</u>
Contributions from the employer	-	(18,624)	(18,624)
Benefits paid	(149,739)	149,739	-
Disposal of subsidiaries	(76,331)	15,043	(61,288)
Exchange differences on foreign plans	<u>(3,238)</u>	<u>-</u>	<u>(3,238)</u>
Balance at December 31, 2020	<u>\$ 990,785</u>	<u>\$ (997,104)</u>	<u>\$ (6,319)</u>
Balance at January 1, 2021	\$ 990,785	\$ (997,104)	\$ (6,319)
Service cost	1,739	-	1,739
Net interest expense (income)	<u>2,432</u>	<u>(2,460)</u>	<u>(28)</u>
Recognized in loss (profit)	<u>4,171</u>	<u>(2,460)</u>	<u>1,711</u>
Remeasurement			
Return on plan assets	-	(15,966)	(15,966)
Actuarial loss - changes in demographic assumptions	16,783	-	16,783
Actuarial loss - changes in financial assumptions	(17,728)	-	(17,728)
Actuarial loss - experience adjustments	<u>(2,827)</u>	<u>-</u>	<u>(2,827)</u>
Recognized in other comprehensive loss (gain)	<u>(3,772)</u>	<u>(15,966)</u>	<u>(19,738)</u>
Contributions from the employer	-	(13,586)	(13,586)
Benefits paid	<u>(73,184)</u>	<u>73,184</u>	<u>-</u>
Balance at December 31, 2021	<u>\$ 918,000</u>	<u>\$ (955,932)</u>	<u>\$ (37,932)</u>

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	
	2021	2020
Discount rate(s)	0.5%-0.63%	0.25%-0.50%
Expected rate(s) of salary increase	3.00%-3.25%	3.00%-3.25%

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

	December 31	
	2021	2020
Discount rate(s)		
0.25% increase	<u>\$ (17,297)</u>	<u>\$ (19,583)</u>
0.25% decrease	<u>\$ 17,820</u>	<u>\$ 20,205</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 16,857</u>	<u>\$ 19,114</u>
0.25% decrease	<u>\$ (16,461)</u>	<u>\$ (18,640)</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	
	2021	2020
The expected contributions to the plan for the next year	<u>\$ 13,230</u>	<u>\$ 13,864</u>
The average duration of the defined benefit obligation	7.63-14.5 years	8-16.04 years

24. EQUITY

a. Share capital

1) Ordinary shares

	December 31	
	2021	2020
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>2,350,867</u>
Amount of shares issued	<u>\$ 23,508,670</u>	<u>\$ 23,508,670</u>

Fully paid ordinary shares, which have a par value of \$10, carry the rights to vote and to dividends.

Of the total number of shares aforementioned, one hundred million shares are reserved to be issued as stock options, preferred shares with stock options or corporate bonds with stock options ready for exercise of options.

2) Issued global depositary receipts

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

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

On December 25, 2020, the Company had completed the procedures for terminating the GDRs issued on the London Stock Exchange in accordance with the requirements of the depository deed and custody deed; the Company's 756 thousand ordinary shares had also been redeemed or delivered in accordance with relevant regulations.

b. Capital surplus

	December 31	
	2021	2020
From business combinations	\$ 10,015,194	\$ 10,015,194
Conversion of bonds	7,462,138	7,462,138
Issuance of ordinary shares	3,471,812	3,471,812
Treasury share transactions	758,544	626,897
Changes in equity of associates	91,950	-
Changes in ownership interests in subsidiaries	<u>36,704</u>	<u>37,533</u>
	<u>\$ 21,836,342</u>	<u>\$ 21,613,574</u>

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

The capital surplus arising from change in ownership interests of subsidiaries, changes in equities of associates and joint ventures accounted for by the equity method may only be used to offset a deficit.

c. Retained earnings and dividend policy

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

If there is net profit after tax upon the final settlement of account of each fiscal year, the Company shall first offset any previous accumulated losses (including unappropriated earnings adjustment if any) and set aside a legal reserve at 10% of the net profits, unless the accumulated legal reserve is equal to the total capital of the Company; then set aside special reserve in accordance with relevant laws or regulations or as requested by the authorities in charge. The remaining net profit, plus the beginning unappropriated earnings (including adjustment of unappropriated earnings if any), shall be distributed into dividends to shareholders according to the distribution plan proposed by the board of directors and submitted to the shareholders' meeting for approval. Where the Company distributes preceding surplus earning, legal reserve and capital reserve in the form of cash, such distribution is authorized by a special resolution of the board of directors; and in addition to a report of such distribution shall be submitted to the shareholders' meeting; if such distribution is in the form of new shares to be issued, it shall be approved by shareholders meetings according to the regulations. For the policies on distribution of compensation of employees and remuneration of directors before and after amendment, refer to Note 26(d) on compensation of employees and remuneration of directors.

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

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

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

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

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

The appropriations of earnings for 2020 and 2019 were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2020	2019
Legal reserve	\$ 994,879	\$ 943,969
Special reserve	1,090,618	1,343,307
Cash dividends	7,991,377	7,521,296
Cash dividends per share (NT\$)	3.40	3.20

The above appropriations for cash dividends had been resolved by the Company's board of directors on February 25, 2021 and February 26, 2020, respectively; the other proposed appropriations had been resolved by the shareholders in their meetings on August 26, 2021 and June 15, 2020, respectively.

The appropriations of earnings for 2021 were proposed by the Company's board of directors as follows:

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

The above appropriation for cash dividends had been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on May 20, 2022.

d. Other equity items

Movements in other equity items were as follows:

	For the Year Ended December 31, 2021		
	Foreign Currency Translation Reserve	Unrealized Gain (Loss) from Financial Assets at FVTOCI	Total
Balance at January 1	\$ (5,563,051)	\$ (245,858)	\$ (5,808,909)
Exchange differences on translation of the financial statements of foreign operations	(371,649)	-	(371,649)
Unrealized gain on equity instruments designated as at FVTOCI	-	8,467	8,467
Share of associates accounted for using the equity method	(19,948)	83	(19,865)
Disposal of subsidiaries	25,850	-	25,850
Disposal of share of associates accounted for using the equity method	69,958	-	69,958
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	-	400	400
Income tax benefit	<u>38,760</u>	<u>-</u>	<u>38,760</u>
Balance at December 31	<u>\$ (5,820,080)</u>	<u>\$ (236,908)</u>	<u>\$ (6,056,988)</u>

	For the Year Ended December 31, 2020				
	Foreign Currency Translation Reserve	Unrealized Gain (Loss) from Financial Assets at FVTOCI	Gain (Loss) on Hedging Instruments	Equity Directly Associated with Disposal Groups Held for Sale	Total
Balance at January 1	\$ (4,390,226)	\$ (312,940)	\$ 288	\$ (14,218)	\$ (4,717,096)
Exchange differences on translating foreign operations	(1,717,016)	-	-	-	(1,717,016)
Unrealized gain on equity instruments designated as at FVTOCI	-	56,067	-	-	56,067
Share of associates accounted for using the equity method	(21,205)	-	(1,489)	-	(22,694)
Disposal of equity instruments at FVTOCI	-	(30,707)	-	-	(30,707)
Disposal of investments accounted for using the equity method	168,121	(7,712)	1,201	-	161,610
Disposal of subsidiaries	51,616	49,434	-	16,305	117,355
Income tax benefit	343,572	-	-	-	343,572
Reclassified to equity associated with disposal groups held for sale	<u>2,087</u>	<u>-</u>	<u>-</u>	<u>(2,087)</u>	<u>-</u>
Balance at December 31	<u>\$ (5,563,051)</u>	<u>\$ (245,858)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,808,909)</u>

e. Non-controlling interests

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 551,839	\$ 2,181,615
Attributable to non-controlling interests:		
Share of profit (loss) for the year	42,934	(186,834)
Exchange difference on translation foreign entities	(49,748)	(47,472)
Remeasurement on defined benefit plans	744	(3)
Income tax relating to other comprehensive income	327	8,648
Disposal of interests in subsidiaries (Note 30)	-	(1,387,520)
Decrease in non-controlling interests	<u>(13,637)</u>	<u>(16,595)</u>
Balance at December 31	<u>\$ 532,459</u>	<u>\$ 551,839</u>

f. Treasury shares

Unit: In Thousands of Shares

Purpose of Buyback	Number of Shares at January 1	Increase During the Year	Decrease During the Year	Number of Shares at December 31
<u>For the year ended December 31, 2021</u>				
Shares held by its subsidiaries	26,841	-	-	26,841
Buyback of dissenting shareholders' shares in accordance with the Business Mergers and Acquisitions Act	462	-	-	462
Shares transferred to employees	-	40,000	-	40,000
	<u>27,303</u>	<u>40,000</u>	<u>-</u>	<u>67,303</u>
<u>For the year ended December 31, 2020</u>				
Shares held by its subsidiaries	26,841	-	-	26,841
Buyback of dissenting shareholders' shares in accordance with the Business Mergers and Acquisitions Act	462	-	-	462
	<u>27,303</u>	<u>-</u>	<u>-</u>	<u>27,303</u>

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

Name of Subsidiary	Number of Shares Held (In Thousands)	Carrying Amount	Market Price
<u>December 31, 2021</u>			
Lite-On Capital Corporation	15,116	\$ 718,857	\$ 964,392
TITANIC CAPITAL SERVICES LTD.	7,004	297,469	446,869
YET FOUNDATE LIMITED	2,271	126,881	144,892
LITE-ON ELECTRONICS COMPANY LIMITED	2,450	<u>105,515</u>	<u>156,334</u>
		<u>\$ 1,248,722</u>	<u>\$ 1,712,487</u>
<u>December 31, 2020</u>			
Lite-On Capital Corporation	15,116	\$ 718,857	\$ 752,770
LTC INTERNATIONAL LTD.	7,004	297,469	348,810
YET FOUNDATE LIMITED	2,271	126,881	113,098
LITE-ON ELECTRONICS COMPANY LIMITED	2,450	<u>105,515</u>	<u>122,028</u>
		<u>\$ 1,248,722</u>	<u>\$ 1,336,706</u>

On July 29, 2021, in order to transfer the shares to employees, the Company's board of directors passed the resolution to buy back up to 40,000 thousand shares listed on the Taiwan Stock Exchange between July 30, 2021 and September 29, 2021, with the buyback price ranging from \$41.23 to \$89.55. If the share price is less than the lower limit of the buyback price range, the Company would continue buying back the shares. By the end of the repurchase period, the Company had bought back 40,000 thousand shares at a total amount of \$2,429,494 thousand. The shares to be bought back shall be transferred to employees at one time or in instalments within five years from the date of buying back the shares.

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

25. REVENUE

	<u>For the Year Ended December 31</u>	
	2021	2020
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 164,703,380	\$ 157,020,819
Rental income from property	<u>124,567</u>	<u>112,804</u>
	<u>\$ 164,827,947</u>	<u>\$ 157,133,623</u>

a. Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Trade receivables (Note 11)	<u>\$ 41,245,921</u>	<u>\$ 35,990,430</u>	<u>\$ 38,078,654</u>
Contract assets			
Sale of goods	<u>\$ 654,423</u>	<u>\$ 2,097,360</u>	<u>\$ 2,487,281</u>
Contract liabilities			
Sale of goods	<u>\$ 98</u>	<u>\$ 13,059</u>	<u>\$ -</u>

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

	<u>December 31</u>	
	2021	2020
Gross carrying amount	\$ 1,639,296	\$ 2,108,884
Allowance for impairment loss (lifetime ECLs)	<u>(984,873)</u>	<u>(11,524)</u>
	<u>\$ 654,423</u>	<u>\$ 2,097,360</u>

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

	<u>For the Year Ended December 31</u>	
	2021	2020
Balance at January 1	\$ 11,524	\$ 11,530
Add: Net remeasurement of loss allowance	977,636	-
Foreign exchanges gain and losses	<u>(4,287)</u>	<u>(6)</u>
Balance at December 31	<u>\$ 984,873</u>	<u>\$ 11,524</u>

b. Disaggregation of revenue

Refer to Note 38 for segment revenue information.

26. ADDITIONAL INFORMATION ON EXPENSES

	<u>For the Year Ended December 31</u>	
	2021	2020
a. Finance costs		
Interest on borrowings	\$ 194,615	\$ 320,997
Interest on lease liabilities	<u>27,645</u>	<u>30,377</u>
	<u>\$ 222,260</u>	<u>\$ 351,374</u>
b. Depreciation and amortization		
Property, plant and equipment	\$ 3,582,120	\$ 3,489,780
Right-of-use assets	337,040	317,878
Intangible assets	183,647	196,648
Investment properties	<u>34,747</u>	<u>33,984</u>
	<u>\$ 4,137,554</u>	<u>\$ 4,038,290</u>
An analysis of depreciation by function		
Recognized in operating costs	\$ 3,071,484	\$ 3,039,059
Recognized in operating expenses	<u>882,423</u>	<u>802,583</u>
	<u>\$ 3,953,907</u>	<u>\$ 3,841,642</u>
An analysis of amortization by function		
Recognized in operating costs	\$ 12,589	\$ 12,744
Recognized in operating expenses	<u>171,058</u>	<u>183,904</u>
	<u>\$ 183,647</u>	<u>\$ 196,648</u>

(Continued)

	For the Year Ended December 31	
	2021	2020
c. Employee benefit expenses		
Post-employment benefits		
Defined contribution plans	\$ 514,506	\$ 402,324
Defined benefit plans (Note 23)	<u>1,711</u>	<u>(2,377)</u>
	516,217	399,947
Termination benefits	194,988	174,745
Other employee benefits	<u>21,117,437</u>	<u>20,047,434</u>
	<u>\$ 21,828,642</u>	<u>\$ 20,622,126</u>
Employee benefits expense summarized by function		
Recognized in operating costs	\$ 12,788,890	\$ 11,519,478
Recognized in operating expenses	<u>9,039,752</u>	<u>9,102,648</u>
	<u>\$ 21,828,642</u>	<u>\$ 20,622,126</u>
		(Concluded)
d. Compensation of employees and remuneration of directors		

In compliance with the Articles, the Company accrues compensation of employees and remuneration of directors at rates of no less than 1% and no higher than 1.5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The appropriations of compensation of employees and remuneration of directors for 2021 and 2020, which were approved by the Company's board of directors on February 24, 2022 and February 25, 2021, respectively, are as follows:

	For the Year Ended December 31			
	2021		2020	
	Cash	Shares	Cash	Shares
Compensation of employees	\$ 1,909,002	\$ -	\$ 1,363,183	\$ -
Remuneration of directors	173,980	-	139,223	-

If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in accounting estimate and will be adjusted in the next year.

There was no difference between the actual amounts of the compensation of employees and the remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2020 and 2019.

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

27. INCOME TAX

a. Income tax recognized in profit or loss

Major components of tax expense recognized in profit or loss are as follows:

	For the Year Ended December 31	
	2021	2020
Current income tax expense		
In respect of the current year	\$ 3,421,673	\$ 2,435,590
Adjustments for prior year	<u>(159,855)</u>	<u>(28,646)</u>
	<u>3,261,818</u>	<u>2,406,944</u>
Deferred income tax expense (benefit)		
The recognition and reversal of temporary differences	<u>440,943</u>	<u>365,773</u>
Income tax expense recognized in profit or loss	<u>\$ 3,702,761</u>	<u>\$ 2,772,717</u>

A reconciliation of accounting profit and income tax expense recognized in profit or loss is as follows:

	For the Year Ended December 31	
	2021	2020
Income before Income tax	<u>\$ 17,632,247</u>	<u>\$ 12,601,921</u>
Income tax expense calculated at the statutory rate	\$ 3,702,772	\$ 2,772,423
Deductible (nondeductible) items in determining taxable income	(281,099)	(336,833)
The recognition and reversal of temporary differences	440,943	365,773
Adjustments for prior year	<u>(159,855)</u>	<u>(28,646)</u>
Income tax expense recognized in profit or loss	<u>\$ 3,702,761</u>	<u>\$ 2,772,717</u>

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

	For the Year Ended December 31	
	2021	2020
<u>Deferred tax</u>		
Income tax recognized in other comprehensive income		
Translation of foreign operations	\$ (53,068)	\$ (350,402)
Remeasurement on defined benefit plans	3,015	(2,939)
Share of other comprehensive gain (loss) of associates accounted for using the equity method	<u>14,308</u>	<u>(1,818)</u>
	<u>\$ (35,745)</u>	<u>\$ (355,159)</u>

c. Deferred income tax

The movements of deferred tax assets were as follows:

	Opening Balance	Recognized in Profit (Loss)	Recognized in Other Comprehensive Income (Loss)	Exchange Differences	Closing Balance
For the year ended <u>December 31, 2021</u>					
Temporary differences					
Investment accounted for using the equity method	\$ 2,277,101	\$ (334,705)	\$ 38,760	\$ -	\$ 1,981,156
Impairment loss on assets	1,104,654	81,419	-	5	1,186,078
Operating loss carryforward	245,832	(70,231)	-	(420)	175,181
Accrued warranty expense	199,656	8,632	-	(134)	208,154
Unrealized loss on inventories	178,684	175,339	-	(1,139)	352,884
Unrealized loss and expense	66,582	(61,943)	-	(267)	4,372
Net defined benefit liability	84,926	(620)	(3,015)	-	81,291
Others	299,492	(41,286)	-	(3,046)	255,160
	<u>\$ 4,456,927</u>	<u>\$ (243,395)</u>	<u>\$ 35,745</u>	<u>\$ (5,001)</u>	<u>\$ 4,244,276</u>
For the year ended <u>December 31, 2020</u>					
Temporary differences					
Investment accounted for using the equity method	\$ 2,454,203	\$ (528,523)	\$ 352,220	\$ (799)	\$ 2,277,101
Impairment loss on assets	1,139,453	(34,799)	-	-	1,104,654
Operating loss carryforward	335,150	(89,277)	-	(41)	245,832
Accrued warranty expense	173,008	26,667	-	(19)	199,656
Unrealized loss on inventories	110,459	69,671	-	(1,446)	178,684
Unrealized loss and expense	67,526	(512)	-	(432)	66,582
Net defined benefit liability	91,743	(9,756)	2,939	-	84,926
Unrealized sales profit	32	(32)	-	-	-
Others	206,183	96,030	-	(2,721)	299,492
	<u>\$ 4,577,757</u>	<u>\$ (470,531)</u>	<u>\$ 355,159</u>	<u>\$ (5,458)</u>	<u>\$ 4,456,927</u>

The movements of deferred tax liabilities were as follows:

	Opening Balance	Recognized in Loss (Profit)	Recognized in Other Comprehensive Loss (Income)	Exchange Differences	Closing Balance
For the year ended <u>December 31, 2021</u>					
Temporary differences					
Investment accounted for using the equity method	\$ 732,547	\$ (41,438)	\$ -	\$ -	\$ 691,109
Unrealized amortization of goodwill	416,245	257,673	-	-	673,918
Land value increment tax	270,843	-	-	-	270,843
Unrealized net exchange gains	206,898	(74,504)	-	(161)	132,233
Others	56,030	55,817	-	(1,287)	110,560
	<u>\$ 1,682,563</u>	<u>\$ (197,548)</u>	<u>\$ -</u>	<u>\$ (1,448)</u>	<u>\$ 1,878,663</u>
For the year ended <u>December 31, 2020</u>					
Temporary differences					
Investment accounted for using the equity method	\$ 755,417	\$ (22,870)	\$ -	\$ -	\$ 732,547
Unrealized amortization of goodwill	416,245	-	-	-	416,245
Land value increment tax	280,320	(9,477)	-	-	270,843
Unrealized net exchange gains	255,197	(48,342)	-	43	206,898
Others	81,938	(24,069)	-	(1,839)	56,030
	<u>\$ 1,789,117</u>	<u>\$ (104,758)</u>	<u>\$ -</u>	<u>\$ (1,796)</u>	<u>\$ 1,682,563</u>

d. Income tax assessments

The tax returns of the Company through 2019 have been assessed by the tax authorities.

28. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2021	2020
Basic earnings per share	<u>\$ 6.01</u>	<u>\$ 4.31</u>
Diluted earnings per share	<u>\$ 5.92</u>	<u>\$ 4.25</u>

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

Net Profit for the Year

	For the Year Ended December 31	
	2021	2020
Earnings used in the computation of basic earnings per share	\$ 13,886,552	\$ 10,016,038
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u> -</u>	<u> -</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 13,886,552</u>	<u>\$ 10,016,038</u>

Weighted Average Number of Ordinary Shares Outstanding

Unit: In Thousands of Shares

	For the Year Ended December 31	
	2021	2020
Weighted average number of ordinary shares outstanding in computation of basic earnings per share	2,310,790	2,323,564
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u> 33,708</u>	<u> 32,462</u>
Weighted average number of ordinary shares outstanding in computation of dilutive earnings per share	<u>2,344,498</u>	<u>2,356,026</u>

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

29. ACQUISITION OF A SUBSIDIARY THAT DOES NOT CONSTITUTE A BUSINESS

The Company acquired 83.28% of the shares of LITE-ON INC. and 87.55% of the shares of DYNA INVESTMENT CO., LTD at the consideration of \$150,879 thousand and \$170,582 thousand in cash, respectively, from November to December 2020. After considering the number of shares held, the Group's comprehensive shareholding ratios in LITE-ON INC. and DYNA INVESTMENT CO., LTD are 99.98% and 99.95%, respectively. In accordance with IFRS 3 "Business Combination", the Company evaluated and concluded that the acquired shares of subsidiaries do not constitute a business; therefore, the share purchase transaction is accounted for as acquisition of a group of assets.

The information relating to the assets acquired and liabilities assumed and the relevant net cash outflow at the date of acquisition:

a. Assets acquired and liabilities assumed

	LITE-ON INC.	DYNA INVESTMENT CO., LTD.
Current assets		
Cash and cash equivalents	\$ 19,380	\$ 28,124
Trade and other receivables	479	479
Non-current assets		
Investments accounted for using the equity method	24,155	30,254
Property, plant and equipment	148,827	148,921
Other non-current assets	80	80
Current liabilities		
Trade and other payables	<u>(11,751)</u>	<u>(13,020)</u>
	<u>\$ 181,170</u>	<u>\$ 194,838</u>

b. Net cash outflow on the acquisition of subsidiaries

	LITE-ON INC.	DYNA INVESTMENT CO., LTD.
Consideration paid in cash	\$ 150,879	\$ 170,582
Less: Cash and cash equivalents acquired	<u>(19,380)</u>	<u>(28,124)</u>
	<u>\$ 131,499</u>	<u>\$ 142,458</u>

30. DISPOSAL OF SUBSIDIARIES

In June 2020, the Group disposed of 15% of its interest in Silitech Technology Corporation, thereby reducing its continuing interest from 34.51% to 19.51%.

The above transaction was accounted for as equity transaction, since the Group did not cease to have control over the subsidiary.

a. Consideration received from disposals

	Silitech Technology Corporation
Consideration received	\$ 295,686
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	(312,192)
Reattribution of other equity from non-controlling interests	
Exchange differences on translating the financial statements of foreign operations	(19,595)
Unrealized loss on financial assets at FVTOCI	(21,485)
Capital surplus - changes in percentage of ownership interests in subsidiaries	<u>8,568</u>
Differences recognized from equity transactions	<u>\$ (49,018)</u>
<u>Line items adjusted for equity transactions</u>	
Retained earnings	<u>\$ (49,018)</u>

Since December 30, 2020, the Group can no longer direct the financial and operating policies of its subsidiary, Silitech Technology Corporation, therefore, the Group lost its control over Silitech Technology Corporation and the related assets and liabilities were excluded from the consolidation.

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

	Silitech Technology Corporation and Subsidiaries
Current assets	
Cash and cash equivalents	\$ 1,706,324
Trade receivables (including related parties)	422,681
Inventories	198,169
Other current assets	88,839
Non-current assets	
Property, plant and equipment	241,912
Right-of-use assets	69,685
Deferred tax assets	107,575
Other non-current assets	44,464
Current liabilities	
Payables	(309,251)
Other-payables (including related parties)	(261,799)
Other current liabilities	(68,583)
Non-current liabilities	<u>(128,242)</u>
Net assets disposed of	<u>\$ 2,111,774</u>

c. Loss on disposal of subsidiaries

	Silitech Technology Corporation and Subsidiaries
Fair value	\$ 390,447
Net assets disposed of	(2,111,774)
Non-controlling interests	1,699,712
Reclassification of other comprehensive income in respect of subsidiaries	<u>(22,228)</u>
Loss on disposals (under non-operating income and expenses, net gain on disposal of investments)	<u>\$ (43,843)</u>

d. Net cash outflow on disposals of subsidiaries

	Silitech Technology Corporation and Subsidiaries
Consideration received in cash and cash equivalents	\$ -
Less: Cash and cash equivalent balances disposed of	<u>(1,706,324)</u>
	<u>\$ (1,706,324)</u>

31. CAPITAL MANAGEMENT

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

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

32. FINANCIAL INSTRUMENTS

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

For certain financial instruments that are not measured at fair value but measured at amortized cost, including notes receivable, trade receivables including related parties, other receivables including related parties, refundable deposits, financial assets at amortized costs, short-term borrowings, notes payable, trade payables including related parties, other payables including related parties and guarantee deposits, the Group's management considers the carrying amounts of these financial instruments recognized in the consolidated financial statements as approximating their fair values.

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

1) Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Foreign listed shares	\$ 1,842,491	\$ -	\$ -	\$ 1,842,491
Derivative instruments	-	775,988	-	775,988
Mutual funds	-	231,143	-	231,143
Domestic listed shares	<u>17,218</u>	<u>-</u>	<u>-</u>	<u>17,218</u>
	<u>\$ 1,859,709</u>	<u>\$ 1,007,131</u>	<u>\$ -</u>	<u>\$ 2,866,840</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Foreign unlisted shares	\$ -	\$ -	\$ 1,812,176	\$ 1,812,176
Domestic listed shares	186,601	-	-	186,601
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>14,809</u>	<u>14,809</u>
	<u>\$ 186,601</u>	<u>\$ -</u>	<u>\$ 1,826,985</u>	<u>\$ 2,013,586</u>
Financial liabilities at FVTPL				
Derivative instruments	<u>\$ -</u>	<u>\$ 373,960</u>	<u>\$ -</u>	<u>\$ 373,960</u>

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	\$ -	\$ 1,357,154	\$ -	\$ 1,357,154
Mutual funds	-	120,747	-	120,747
Domestic listed shares	<u>18,587</u>	<u>-</u>	<u>-</u>	<u>18,587</u>
	<u>\$ 18,587</u>	<u>\$ 1,477,901</u>	<u>\$ -</u>	<u>\$ 1,496,488</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Foreign unlisted shares	\$ -	\$ -	\$ 1,403,077	\$ 1,403,077
Domestic listed shares	174,294	-	-	174,294
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>45,190</u>	<u>45,190</u>
	<u>\$ 174,294</u>	<u>\$ -</u>	<u>\$ 1,448,267</u>	<u>\$ 1,622,561</u>
Financial liabilities at FVTPL				
Derivative instruments	<u>\$ -</u>	<u>\$ 1,612,405</u>	<u>\$ -</u>	<u>\$ 1,612,405</u>

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

There were transfers between Levels 3 and 1 for the year ended 2021. The investment in an equity instrument held by the Group was originally an investment in foreign unlisted shares, classified as financial assets at fair value through profit or loss and evaluated by the income approach. This investee has become a foreign listed company since March 2021 and there has been a quoted price in an active market. As a result, the Group adopted the market price as its fair value.

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

	Investments in Equity Instruments <u>Unlisted Quotes</u>
<u>For the year ended December 31, 2021</u>	
Balance at January 1, 2021	\$ 1,448,267
Total gains or losses	
In other comprehensive loss	(27,257)
Additions	417,475
Disposals	<u>(11,500)</u>
Balance at December 31, 2021	<u>\$ 1,826,985</u>
<u>For the year ended December 31, 2020</u>	
Balance at January 1, 2020	\$ 1,262,583
Total gains or losses	
In other comprehensive loss	(74,979)
Additions	267,562
Effects of business combination	<u>(6,899)</u>
Balance at December 31, 2020	<u>\$ 1,448,267</u>

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>
Derivative instruments - forward exchange contracts	Estimation of future cash flows using observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Derivative instruments - currency swaps	Estimation of fair value of a currency swap 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	Obtain the financial information of underlying assets, evaluate its market value, analyze the amount to be adjusted, and consider minority interest and liquidity reduction.

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

Level 3 fair value is measured by using asset-based approach and market approach. The asset-based approach assesses the fair value by calculating the value of each asset and liability. The comparable company method of market approach is based on the profitability at the end of the year to select the market multiplier of comparable companies. The valuation method is chosen by the Group after careful evaluation. Therefore, the fair value measurement is reasonable. However, the use of different evaluation models or fair value may lead to different evaluation results.

c. Categories of financial instruments

	December 31	
	2021	2020
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 2,866,840	\$ 1,496,488
Financial assets at amortized costs (1)	111,384,655	110,975,391
Investment in equity instruments at FVTOCI	2,013,586	1,622,561
<u>Financial liabilities</u>		
FVTPL		
Held for trading	373,960	1,612,405
Amortized cost		
Short-term borrowings	28,385,043	24,892,419
Payables (2)	67,515,961	62,986,338

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

d. Financial risk management objectives and policies

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

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

1) Market risk

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

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

a) Foreign currency risk

The Group's had foreign currency sales and purchases, which exposed the Group to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing forward exchange contracts and currency swaps. It is within the Group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximize hedge effectiveness.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 36.

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

Sensitivity analysis

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

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

	USD Impact	
	For the Year Ended December 31	
	2021	2020
Profit or loss	<u>\$ 944,432</u>	<u>\$ 663,493</u>

b) Interest rate risk

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

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

	December 31	
	2021	2020
Fair value interest rate risk		
Financial assets (i)	\$ 26,495,504	\$ 34,644,520
Financial liabilities (ii)	29,529,436	25,668,747
Cash flow interest rate risk		
Financial assets (iii)	41,180,302	36,478,727

- i. The balances included time deposits, financial assets at amortized cost with fixed interest rates.
- ii. The balances included financial liabilities exposed to fair value risk from interest rate fluctuation.
- iii. The balances included demand deposits, financial assets at amortized cost with floating interest rates.

Sensitivity analysis

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

If interest rates had been 25 basis points higher and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2021 and 2020 would have increased by \$102,951 thousand and \$91,197 thousand, respectively.

c) Other price risk

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

Sensitivity analysis

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

If equity prices had been 10% higher, the profit before income tax for the years ended December 31, 2021 and 2020 would have increased by \$185,971 thousand and \$1,859 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL. The pre-tax other comprehensive income for the years ended December 31, 2021 and 2020 would have increased by \$18,660 thousand and \$17,429 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

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

a) Business related credit risk

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

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

b) Financial related credit risk

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

3) Liquidity risk

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

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

December 31, 2021

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Year	1-3 Years	Over 3 Years to 5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing		\$ 67,383,373	\$ 132,588	\$ -	\$ -
Lease liabilities	0.70-9.20	424,990	545,786	144,420	139,248
Fixed interest rate liabilities	0.27-0.82	<u>28,426,647</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>\$ 96,235,010</u>	<u>\$ 678,374</u>	<u>\$ 144,420</u>	<u>\$ 139,248</u>

December 31, 2020

	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		\$ 62,893,747	\$ 92,591	\$ -	\$ -
Lease liabilities	0.70-9.20	253,638	343,397	107,839	173,801
Fixed interest rate liabilities	0.52-6.25	<u>24,948,113</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>\$ 88,095,498</u>	<u>\$ 435,988</u>	<u>\$ 107,839</u>	<u>\$ 173,801</u>

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

December 31, 2021

	On Demand or Less than 1 Year	1-3 Years	Over 3 Years to 5 Years	5+ Years
<u>Forward exchange contracts</u>				
Inflows	\$ 57,112,065	\$ -	\$ -	\$ -
Outflows	<u>(56,084,899)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,027,166</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Currency swaps</u>				
Inflows	29,672,495	-	-	-
Outflows	<u>(29,630,125)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>42,370</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,069,536</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2020

	On Demand or Less than 1 Year	1-3 Years	Over 3 Years to 5 Years	5+ Years
Forward exchange contracts				
Inflows	\$ 55,483,271	\$ -	\$ -	\$ -
Outflows	<u>(55,147,830)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>335,441</u>	<u>-</u>	<u>-</u>	<u>-</u>
Currency swaps				
Inflows	36,136,533	-	-	-
Outflows	<u>(35,904,135)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>232,398</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 567,839</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

33. TRANSACTIONS WITH RELATED PARTIES

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

a. Related parties and relationships

<u>Related Parties</u>	<u>Relationships with the Group</u>
Lite-On Semiconductor Corp.	Associate (non-related party since December 2020)
Lite-Space Technology Company Limited	Associate
Yamada-Lom Fabricacao De Artefatos De Material Plastico Ltda. ("Yamada-Lom Ltda")	Associate (non-related party since August 2021)
L&K Industries Philippines, Inc.	Associate
Silitech Technology Corporation	Associate (became an associate since December 30, 2020)
Silport Travel Corp.	Related party in substance (dissolved since May 2021)
Chi Mei Mold Co.	Related party in substance (non-related party since June 29, 2020)
Silport Technology Corp.	Related party in substance
Diodes Incorporated	Related party in substance (non-related party since July 2020)
Lite-On Cultural Foundation	Related party in substance
Yuan-Bao Investment Co., Ltd.	Related party in substance
Soong Juan, Feng-Ing	Related party in substance
Raymond Soong	Related party in substance

b. Sales of goods

Related Party Category	For the Year Ended December 31	
	2021	2020
Associate		
L&K Industries Philippines, Inc.	\$ 37,872	\$ 37,323
Lite-On Semiconductor Corp.	-	122,859
Others	<u>245</u>	<u>-</u>
	<u>38,117</u>	<u>160,182</u>
Related party in substance		
Others	<u>455</u>	<u>716</u>
	<u>\$ 38,572</u>	<u>\$ 160,898</u>

For the year ended December 31, 2020, the Group's selling price for Lite-On Semiconductor Corp. was at cost plus an agreed-upon profit. Except for the sales arrangement with Lite-On Semiconductor Corp., the sales terms between the Group and its related parties did not have material difference as those between the Group and non-related parties.

Lease contracts with related parties were based on market prices and made under mutual agreements and normal terms. The market prices and contract terms between the Group and its related parties did not have material difference as those between the Group and non-related parties.

c. Purchases of goods

Related Party Category	For the Year Ended December 31	
	2021	2020
Associate		
Lite-Space Technology Company Limited	\$ 1,066,838	\$ 1,391,364
Lite-On Semiconductor Corp.	-	873,684
Others	<u>23,637</u>	<u>-</u>
	<u>1,090,475</u>	<u>2,265,048</u>
Related party in substance		
Others	<u>-</u>	<u>236,218</u>
	<u>\$ 1,090,475</u>	<u>\$ 2,501,266</u>

The cost of the Group's purchases from Lite-On Semiconductor Corp. for the year ended December 31, 2020 was based on cost plus an agreed-upon profit. Except for these purchases, the purchase terms between the Group and its related parties did not have material difference as those between the Group and non-related parties.

d. Receivables from related parties

Related Party Category	December 31	
	2021	2020
Trade receivables		
Associate		
L&K Industries Philippines, Inc.	\$ 12,139	\$ 21,273
Lite-On Semiconductor Corp.	-	17,043
Others	<u>-</u>	<u>44</u>
	<u>\$ 12,139</u>	<u>\$ 38,360</u>
Other receivables		
Others	<u>\$ 3,265</u>	<u>\$ 7,360</u>

The outstanding trade receivables from related parties are unsecured. No allowance for doubtful accounts was recognized for trade receivables from related parties for the years ended December 31, 2021 and 2020.

e. Payables to related parties

Related Party Category	December 31	
	2021	2020
Trade payables		
Associate		
Lite-Space Technology Company Limited	\$ 34,661	\$ 90,979
Lite-On Semiconductor Corp.	-	189,315
Others	<u>3,681</u>	<u>14,707</u>
	<u>\$ 38,342</u>	<u>\$ 295,001</u>
Other payables		
Associate		
Silitech Technology Corporation	\$ 1,625	\$ 785
Others	<u>-</u>	<u>29</u>
	<u>1,625</u>	<u>814</u>
Related party in substance		
Silport Technology Corp.	<u>80</u>	<u>108</u>
	<u>\$ 1,705</u>	<u>\$ 922</u>

The outstanding trade payables to related parties are unsecured.

f. Lease arrangements

Related Party Category/Name	For the Year Ended December 31	
	2021	2020
Interest expense		
Associate		
Lite-On Semiconductor Corp.	\$ <u> -</u>	\$ <u> 361</u>

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

g. Operating expenses

Related Party Category	For the Year Ended December 31	
	2021	2020
Associate		
Others	\$ <u> 637</u>	\$ <u> 29</u>
Related party in substance		
Lite-On Cultural Foundation	10,000	10,000
Silport Travel Corp.	-	8,598
Chi Mei Mold Co.	-	3,992
Others	<u> 261</u>	<u> 503</u>
	<u>10,261</u>	<u>23,093</u>
	\$ <u>10,898</u>	\$ <u>23,122</u>

The Group donated and recognized associated expenses of \$10,000 thousand for both years ended December 31, 2021 and 2020, to help Lite-On Cultural Foundation, a related party in substance, facilitate communal, cultural and educational projects.

h. Other revenue

Related Party Category	For the Year Ended December 31	
	2021	2020
Associates		
Yamada-Lom Ltda.	\$ 5,404	\$ 10,375
Lite-On Semiconductor Corp.	-	4,422
Others	<u> -</u>	<u> 438</u>
	<u>5,404</u>	<u>15,235</u>
Related party in substance		
Others	<u> 36</u>	<u> 806</u>
	\$ <u>5,440</u>	\$ <u>16,041</u>

i. Acquisition of financial assets

For the year ended December 31, 2020

Related Party Category/Name	Line Item	Number of Shares	Underlying Assets	Purchase Price
Related party in substance				
Yuan-Bao Investment Co., Ltd.	Investments accounted for using the equity method	57,903	Equity interests of LITE-ON INC. (a subsidiary)	\$ 21,192
Soong Juan, Feng-Ing	Investments accounted for using the equity method	48,476	Equity interests of LITE-ON INC. (a subsidiary)	17,742
Others	Investments accounted for using the equity method	53,448	Equity interests of LITE-ON INC. (a subsidiary)	<u>19,563</u>
				<u>58,497</u>
Raymond Soong	Investments accounted for using the equity method	75,980	Equity interests of DYNA INVESTMENT CO., LTD. (a subsidiary)	31,836
Others	Investments accounted for using the equity method	69,404	Equity interests of DYNA INVESTMENT CO., LTD. (a subsidiary)	<u>29,080</u>
				<u>60,916</u>
				<u>\$ 119,413</u>

j. Acquisition of property, plant and equipment

Related Party Category	Purchase Price	
	For the Year Ended December 31	
	2021	2020
Related party in substance		
Others	\$ <u>270</u>	\$ <u>327</u>

k. Disposal of property, plant and equipment

Related Party Category	Proceeds of Disposal		Gain on Disposal	
	For the Year Ended December 31		For the Year Ended December 31	
	2021	2020	2021	2020
Related party in substance				
Others	\$ <u>-</u>	\$ <u>5</u>	\$ <u>-</u>	\$ <u>5</u>

1. Compensation of key management personnel

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	\$ 327,473	\$ 571,532
Post-employment benefits	<u>2,312</u>	<u>2,594</u>
	<u>\$ 329,785</u>	<u>\$ 574,126</u>

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

34. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

	December 31	
	2021	2020
Pledged time deposits (classified as financial assets at amortized costs)	<u>\$ 292,620</u>	<u>\$ 410,987</u>

Above assets included the guarantee deposits provided for government projects and the custom duties regarding shipment clearance in advance of duty payments and tax refunds.

35. SIGNIFICANT CONTINGENT LIABILITIES

- a. Nitride Semiconductors Co., Ltd sued the Company and its subsidiaries, LITE-ON TECHNOLOGY USA, INC., LITE-ON, INC., and LITE-ON TRADING USA, INC. The petitioner claimed that certain products supplied by the subsidiaries infringed the original patents and demanded royalty payments. The Company has retained its attorney to appropriately handle the litigation. There was no material impact on the operation and financial performance of the Group at the time of evaluation.
- b. Sensor Electronic Technology, Inc. sued the Company and its subsidiaries, LITE-ON TECHNOLOGY USA, INC., LITE-ON, INC., and LITE-ON TRADING USA, INC. The petitioner claimed that certain products supplied by the subsidiaries infringed the original patents and demanded royalty payments. The electronic chips claimed to infringe the original patent were provided by another company outside the Group; thus, the company which provided the electronic chips has retained an external lawyer to appropriately handle the litigation. There was no material impact on the operation and financial performance of the Group at the time of evaluation.

The Company and Genesis Photonics Inc. also hired external lawyers on September 17, 2021 to submit a counterclaim against Sensor Electronic Technology, Inc., to protect the Group's intellectual property rights.

- c. Nitek, Inc. sued the Company, LITE-ON TECHNOLOGY USA, INC., LITE-ON, INC., and LITE-ON TRADING USA, INC. The petitioner claimed that certain products supplied by the subsidiaries infringed the original patents and demanded royalty payments. The electronic chips claimed to infringe the original patent were provided by another company outside the Group; thus, the company which provided the electronic chips has retained an external lawyer to appropriately handle the litigation. There was no material impact on the operation and financial performance of the Group at the time of evaluation.

36. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2021

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 1,257,222	27.6250 (USD:NTD)	\$ 34,730,752
USD	1,470,019	6.3565 (USD:CNY)	40,609,284
USD	61,786	7.7983 (USD:HKD)	1,706,832
USD	43,858	33.3400 (USD:THB)	1,211,584
USD	45,968	0.8839 (USD:EUR)	1,269,871
CNY	1,177,501	0.1573 (CNY:USD)	<u>5,117,302</u>
			<u>\$ 84,645,625</u>

Non-monetary items

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

USD	3,612	27.6250 (USD:NTD)	<u>\$ 99,790</u>
-----	-------	-------------------	------------------

Financial liabilities

Monetary items

USD	1,940,973	27.6250 (USD:NTD)	\$ 53,619,384
USD	940,435	6.3565 (USD:CNY)	25,979,506
USD	53,106	33.3400 (USD:THB)	<u>1,467,059</u>

\$ 81,065,949

December 31, 2020

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 1,390,083	28.0450 (USD:NTD)	\$ 38,984,891
USD	1,379,233	6.5182 (USD:CNY)	38,680,577
USD	65,224	7.7521 (USD:HKD)	1,829,205
USD	32,233	29.9500 (USD:THB)	903,981
USD	1,317	0.8137 (USD:EUR)	36,943
EUR	10,422	1.2290 (EUR:USD)	<u>359,201</u>
			<u>\$ 80,794,798</u>

(Continued)

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
Non-monetary items			
Investments in associates and joint ventures accounted for using the equity method			
USD	\$ 3,576	28.0450 (USD:NTD)	<u>\$ 100,301</u>
<u>Financial liabilities</u>			
Monetary items			
USD	1,863,247	28.0450 (USD:NTD)	\$ 52,254,758
USD	935,342	6.5182 (USD:CNY)	26,231,675
USD	24,229	7.7521 (USD:HKD)	679,490
USD	34,122	29.9500 (USD:THB)	956,945
USD	1,472	0.8137 (USD:EUR)	<u>41,293</u>
			<u>\$ 80,164,161</u> (Concluded)

For the years ended December 31, 2021 and 2020, net foreign exchange gains were \$377,483 thousand and \$635,338 thousand, respectively. It is impractical to disclose net foreign exchange gains or losses by each significant foreign currency due to the variety of the foreign currency transactions of the entities in the Group.

37. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

- 1) Financing provided: See Table 1 below.
- 2) Endorsement/guarantee provided: See Table 2 below.
- 3) Marketable securities held (excluding investment in subsidiaries, associates and jointly controlled entities): See Table 3 below.
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: See Table 4 below.
- 5) Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital: Table 5.
- 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 amounting to at least NT\$100 million or 20% of the paid-in capital: See Table 6 below.
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: See Table 7 below.

- 9) Trading in derivative instruments: See Notes 7 and 32 to the consolidated financial statements.
- 10) Others: Intercompany relationships and significant intercompany transactions: See Table 10 below.
- b. Information on investees: See Table 8 below.
- c. Information on investments in mainland China:
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: See Table 9 below.
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: See Tables 6 and 7 below.
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: None.

38. SEGMENT INFORMATION

a. General information

The Group identified the reportable segments based on the information provided to the chief operating decision maker, and the segments by the types of products included Opto-electronics, Information Technology & Consumer Electronics, and Cloud & AIoT. The types of products are described as follows:

- 1) Opto-electronics: Optoelectronics product solutions, outdoor lighting solutions and automotive electronics.
- 2) Information Technology & Consumer Electronics: Products used in NB, tablets, DT, gaming, consumer electronics and multifunction peripherals applications.
- 3) Cloud and AIoT: Products used in datacenter, server, networking, AIoT, smart devices and video intelligence solutions.

The composition of reportable segments has been changed due to changes in the classification of some products, and the information for the year ended December 31, 2020 is restated for comparison.

b. Measurement of segment information

The Group uses the income before income tax from operations as the measurement for segment profit and the basis of performance assessment. There was no material 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:

	For the Year Ended December 31, 2021				
	Opto-electronics	Information Technology and Consumer Electronics	Cloud and AIoT	Elimination	Total
Sales from external customers	\$ 33,297,339	\$ 86,685,488	\$ 44,845,120	\$ -	\$ 164,827,947
Sales among segments	477,481	1,505,462	415,470	(2,398,413)	-
Operating profit (loss)	2,913,689	8,153,507	2,934,856	-	14,002,052

	For the Year Ended December 31, 2020				
	Opto-electronics	Information Technology and Consumer Electronics	Cloud and AIoT	Elimination	Total
Sales from external customers	\$ 28,708,527	\$ 87,964,510	\$ 40,460,586	\$ -	\$ 157,133,623
Sales among segments	1,341,362	1,174,929	672,523	(3,188,814)	-
Operating profit (loss)	3,412,274	5,871,929	2,490,287	-	11,774,490

d. Geographic information

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2021	2020	2021	2020
Asia	\$ 115,433,771	\$ 111,585,246	\$ 25,136,055	\$ 25,553,566
America	31,503,933	27,944,345	492,582	444,421
Europe	17,511,394	17,328,093	1,260	2,118
Others	<u>378,849</u>	<u>275,939</u>	<u>-</u>	<u>-</u>
	<u>\$ 164,827,947</u>	<u>\$ 157,133,623</u>	<u>\$ 25,629,897</u>	<u>\$ 26,000,105</u>

The geographic information is presented by billing regions. Noncurrent assets include property, plant and equipment, right-of-use assets, investment properties, intangible assets and others.

e. Information on major customers

Single customers contributing 10% or more to the Group's revenue were as follows:

	For the Year Ended December 31			
	2021		2020	
	Sales Revenue	Portion (%)	Sales Revenue	Portion (%)
Customer A	\$ 16,546,900	10.04	\$ 16,596,257	10.56

f. Reconciliation information for segment profit

- 1) The revenue from external parties reported to the chief operating decision maker is used the same accounting policies in consistent with in the statement of comprehensive income.

- 2) The reconciliation of reportable segments profit and income before income tax is provided as follows:

	For the Year Ended December 31	
	2021	2020
Reportable segments' profit	\$ 14,002,052	\$ 11,774,490
Unclassified loss	(959,913)	(1,568,296)
Non-operating income and expenses	<u>4,590,108</u>	<u>2,395,727</u>
Profit before income tax	<u>\$ 17,632,247</u>	<u>\$ 12,601,921</u>

- 3) Segment profit represented the profit before tax earned by each segment without unclassified headquarter administration costs, share of profit of associates accounted for using the equity method, interest income, other income, dividend income, net gain on disposal of investments, net gain on foreign currency exchange, valuation gain on financial instruments at FVTPL, net gain (loss) on disposal of property, plant and equipment, net loss on disposal of intangible assets, finance costs, other expenses, impairment loss, and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

39. OTHER ITEMS

In order to effectively utilize assets and to improve the safety of the plant structure and the efficiency of building bulk, the Company's board of directors passed an urban renewal resolution on October 28, 2021 to rebuild the original Zhonghe factory base into Zhonghe Digital Building. The construction period will be from March 2022 to February 2025 and the budget for construction is \$2,823,446 thousand. The chairman acts at his own discretion to authorize any relevant unsettled matters.

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars)

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate	Nature for Financing (Note 1)	Transaction Amount	Reasons for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 2)	Financing Company's Total Financing Amount Limits (Note 2)	Note
													Item	Value			
1	LITE-ON SINGAPORE PTE. LTD.	LITE-ON MOBILE PTE. LTD.	Receivables from related parties	Yes	\$ 1,498,770	\$ 745,875	\$ 745,875	0.83938%-0.84975%	b	\$ -	Operating capital	\$ -	None	\$ -	\$ 21,313,045	\$ 21,313,045	
2	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	CHANGZHOU LEOTEK NEW ENERGY TRADE LIMITED	Receivables from related parties	Yes	100,354	99,956	99,956	2.65%	b	-	Operating capital	-	None	-	5,056,076	5,056,076	
3	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	LITE-ON GREEN TECHNOLOGIES (NANJING) CORPORATION	Receivables from related parties	Yes	13,090	13,038	13,038	2.65%	b	-	Operating capital	-	None	-	3,038,516	3,038,516	
3	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	LITE-ON INTELLIGENT TECHNOLOGY (YENCHENG) CORP.	Receivables from related parties	Yes	107,913	65,189	65,189	2.65%	b	-	Operating capital	-	None	-	3,038,516	3,038,516	
4	GUANGZHOU LITE-ON MOBILE ENGINEERING PLASTICS CO., LTD.	BEIJING LITE-ON MOBILE ELECTRONIC AND TELECOMMUNICATION COMPONENTS CO., LTD.	Receivables from related parties	Yes	94,807	60,843	60,843	2.65%	b	-	Operating capital	-	None	-	1,894,640	1,894,640	

Note 1: Reasons for financing are as follows:

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

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

Note 3: The net worth is based on the latest audited financial statements.

Note 4: All intercompany financing transactions have been eliminated upon consolidation.

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 2)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity Per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable (Note 2)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship (Note 1)											
1	Lite-On Capital Corporation	Lite-On Green Energy B.V.	c	\$ 2,042,258	\$ 317,986	\$ 293,775	\$ 293,775	\$ -	0.41	\$ 2,042,258	No	No	No	

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

- a. Business relationship.
- b. A subsidiary in which the Company holds directly and indirectly over 50% of an equity interest.
- c. An investee in which the Company and its subsidiaries hold directly and indirectly over 50% of an equity interest.

Note 2: a. The endorsement/guarantee limit for each entity and the total endorsement/guarantee limit are calculated on the basis of Lite-On Capital Corporation's endorsement/guarantee procedures.

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

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2021

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

Holding Company	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Shares/Units (In Thousands)	Carrying Value	Percentage of Ownership (%)	Fair Value	
Lite-On Technology Corporation	<u>Ordinary shares</u>							
	ENNOSTAR Inc.	-	Financial assets at FVTPL	224	\$ 17,218	0.03	\$ 17,218	
	Wistron Corporation	-	Financial assets at FVTOCI	1,487	43,348	0.05	43,348	
	Logah Technology Corp.	-	Financial assets at FVTOCI	7,578	117,462	8.14	117,462	
	Com2B Corp.	-	Financial assets at FVTOCI	5,000	-	11.11	-	
	Avamax Corp.	-	Financial assets at FVTPL	559	-	6.99	-	
	Aetas Technology, Inc.	-	Financial assets at FVTPL	4,026	-	8.07	-	
	Auria Solar Co., LTD.	-	Financial assets at FVTPL	41,400	-	19.71	-	
	Z-Com, Inc.	-	Financial assets at FVTOCI	63	583	0.09	583	
	Fong Han Electronics Co., LTD.	-	Financial assets at FVTPL	1,167	-	6.67	-	
	Xepex Electronics Co., LTD.	-	Financial assets at FVTPL	-	-	-	-	
	North America Micro-Electronic & Software, Incorporated	-	Financial assets at FVTOCI	5	-	2.67	-	
	ACTION MEDIA TECHNOLOGIES, INC.	-	Financial assets at FVTPL	38	-	-	-	
	Oplink Communications, Inc.	-	Financial assets at FVTOCI	1	-	0.01	-	
	Taiwan Changxing Technology Co., LTD.	-	Financial assets at FVTOCI	462	-	15.40	-	
	InSynerger Technology Co., LTD.	Member of the board of directors	Financial assets at FVTOCI	1,710	14,809	19.29	14,809	
	PlayNitride Inc.	Member of the board of directors	Financial assets at FVTOCI	3,979	424,922	3.94	424,922	
	VISION DISPLAY SYSTEM CO., LTD	-	Financial assets at FVTPL	322	-	2.68	-	
	Innolabs Corporation	-	Financial assets at FVTPL	320	-	0.89	-	
	<u>Preference shares</u>							
	Arkologic Holdings Limited	-	Financial assets at FVTPL	11,111	-	7.66	-	
	PI-CORAL, INC.	-	Financial assets at FVTPL	1,139	-	10.65	-	
	Kneron Holding Corporation	-	Financial assets at FVTOCI	1,500	278,400	1.90	278,400	
	@NETWORK, Inc.	-	Financial assets at FVTPL	200	-	-	-	
	Advanced Reticle Technology, Inc.	-	Financial assets at FVTPL	1,200	-	-	-	
	COMBRIO NETWORKS, INC.	-	Financial assets at FVTPL	600	-	1.00	-	
	InterEMS.com, Inc.	-	Financial assets at FVTPL	100	-	0.75	-	
	Lynuxworks, Incorporated	-	Financial assets at FVTPL	80	-	1.04	-	
	Newera Communications, Inc.	-	Financial assets at FVTPL	1,538	-	33.92	-	
	Nobex Corporation	-	Financial assets at FVTPL	300	-	0.66	-	
	Single Chip Systems Corporation	-	Financial assets at FVTPL	294	-	0.56	-	
	Stemcyte, Inc.	-	Financial assets at FVTPL	94	-	0.91	-	
	Hotvoice Communications Technologies	-	Financial assets at FVTPL	125	-	30.49	-	

(Continued)

Holding Company	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Shares/Units (In Thousands)	Carrying Value	Percentage of Ownership (%)	Fair Value	
Lite-On Technology Corporation	<u>Fund</u>							
	Arm IoT Fund, L.P.	-	Financial assets at FVTPL	-	\$ 52,901	10.33	\$ 52,901	
	Esquarre IoT Landing Fund	-	Financial assets at FVTPL	-	84,566	14.18	84,566	
	PacRim Venture Partners	-	Financial assets at FVTPL	-	-	3.00	-	
	<u>Convertible bond</u>							
	Xepex Electronics Co., LTD.	-	Financial assets at FVTPL	150	-	-	-	
Lite-On Capital Corporation	<u>Ordinary shares</u>							
	Lite-On Technology Corporation	The parent company	Financial assets at FVTOCI	15,116	964,392	0.65	964,392	
	Lead Data, Inc.	-	Financial assets at FVTOCI	865	2,949	0.59	2,949	
	Compound Solar Technology Co., LTD.	-	Financial assets at FVTPL	2,000	-	2.86	-	
	Z-Com, Inc.	-	Financial assets at FVTOCI	2,412	22,259	3.33	22,259	
Lite-On Green Energy (HK) Limited	<u>Ordinary shares</u>							
	Changzhou Binhu Thin Film Solar Greenhouse Co., Ltd.	-	Financial assets at FVTOCI	-	US\$ 140	19.90	US\$ 140	
LITE-ON ELECTRONICS COMPANY LIMITED	<u>Ordinary shares</u>							
	Lite-On Technology Corporation	The parent company	Financial assets at FVTOCI	2,450	156,334	0.11	156,334	
YET FOUNDATE LIMITED	<u>Ordinary shares</u>							
	Lite-On Technology Corporation	The parent company	Financial assets at FVTOCI	2,271	144,892	0.10	144,892	
	Northern Lights Semiconductor	-	Financial assets at FVTPL	3,000	-	5.91	-	
LET (HK) LIMITED	<u>Fund</u>							
	Innovation Works Development Fund, L.P.	-	Financial assets at FVTPL	-	HK\$ 13,558	0.55	HK\$ 13,558	
LITE-ON TECHNOLOGY USA, INC.	<u>Fund</u>							
	SMART WORLD INNOVATION FUND GP, LLC	-	Financial assets at FVTPL	-	US\$ 1,652	23.36	US\$ 1,652	
LITE-ON SINGAPORE PTE. LTD.	<u>Ordinary shares</u>							
	LuxVisions Innotech Limited	-	Financial assets at FVTOCI	12,000	US\$ 40,000	5.19	US\$ 40,000	
LTC GROUP LTD.	<u>Ordinary shares</u>							
	VIZIO Holding Corp.	-	Financial assets at FVTPL	3,433	US\$ 66,697	1.83	US\$ 66,697	
TITANIC CAPITAL SERVICE LTD.	<u>Ordinary shares</u>							
	Lite-On Technology Corporation	The parent company	Financial assets at FVTOCI	7,004	446,869	0.30	446,869	
LITE-ON CHINA HOLDING CO. LTD.	<u>Ordinary shares</u>							
	COMMIT Incorporated	-	Financial assets at FVTPL	4,962	-	1.87	-	

(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, 2021

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

Holding Company	Marketable Securities Type and Name	Financial Statement Account	Counterparty	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares/Units (In Thousands)	Amount
Lite-On Technology Corporation	Shares of SUZHOU LITE-ON STORAGE CO., LTD.	Investments accounted for using the equity method (Note 4)	SUZHOU HUANXIUHU NO.1 INVESTMENT CO., LTD.	-	-	\$ 880,249	-	\$ -	-	(Note 1)	\$ 880,249	(Note 1)	-	\$ -
	Shares of PlayNitride Inc.	Financial assets at FVTOCI	PlayNitride Inc.	-	2,684 (Note 2)	267,562	1,295 (Note 2)	157,360 (Note 3)	-	-	-	-	-	3,979

Note 1: The monetary amount of the shares disposed of is CNY235,000 thousand, and the related gain on the disposal of the equity shares is \$61,640 thousand.

Note 2: The share swap was conducted on December 24, 2021 and each share was converted into two shares.

Note 3: The amount includes the acquisition of \$139,075 thousand and the gain on valuation measured at fair value of \$18,285 thousand.

Note 4: Investments accounted for using the equity method have been eliminated upon consolidation.

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021

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

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
LITE-ON TECHNOLOGY CORPORATION	Right-of-use assets - buildings	April 16, 2021 (Note 1)	\$ 414,893 (Note 2)	Monthly payment	Hon Hui Si Yuan Co., Ltd.	-	Not applicable	Not applicable	Not applicable	Not applicable	Appraisal report	As a provisional office for Zhonghe plant during urban renewal	None

Note 1: The board of director resolved the leasing transaction on April 16, 2021, and the lease term is from July 1, 2021 to June 30, 2024.

Note 2: It was measured at the present value of future lease payments calculated at a discount rate.

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2021

(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/Trade (Payable) or Receivable		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Lite-On Technology Corporation	Philips & Lite-On Digital Solutions Corporation LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD. LITE-ON SINGAPORE PTE. LTD. Lite-On Japan Ltd. LITE-ON JAPAN (Thailand) CO., LTD. LITE-ON TRADING USA, INC. LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD. LITE-ON VIETNAM CO., LTD. LITE-ON SINGAPORE PTE. LTD. Lite-On Overseas Trading Co., Ltd.	Subsidiary	Sale	\$ (6,502,792)	(6.12)	About 90 days	Cost-plus pricing	No significant difference	\$ 2,164,450	6.87	
		Fourth-tier subsidiary	Sale	(943,089)	(0.89)	About 90 days	Cost-plus pricing	No significant difference	361,713	1.15	
		Subsidiary	Sale	(3,777,244)	(3.55)	About 90 days	Cost-plus pricing	No significant difference	749,503	2.38	
		Subsidiary	Sale	(452,091)	(0.43)	About 90 days	Cost-plus pricing	No significant difference	161,670	0.51	
		Sub-subsidiary	Sale	(133,256)	(0.13)	About 90 days	Cost-plus pricing	No significant difference	57,004	0.18	
		Sub-subsidiary	Sale	(2,950,084)	(2.78)	About 90 days	Cost-plus pricing	No significant difference	1,007,723	3.20	
		Fourth-tier subsidiary	Purchase	724,897	0.77	About 90 days	Cost-plus pricing	No significant difference	(205,298)	(0.59)	
		Subsidiary	Purchase	1,048,097	1.12	About 90 days	Cost-plus pricing	No significant difference	(539,618)	(1.56)	
		Subsidiary	Purchase	24,288,991	25.99	About 90 days	Cost-plus pricing	No significant difference	(8,562,582)	(24.78)	
		Subsidiary	Purchase	60,970,183	65.24	About 90 days	Cost-plus pricing	No significant difference	(20,667,024)	(59.81)	
Philips & Lite-On Digital Solutions Corporation	Philips & Lite-On Digital Solutions USA, Inc.	Subsidiary	Sale	(3,677,022)	(54.30)	About 90 days	Cost-plus pricing	No significant difference	596,152	56.19	
LITE-ON ELECTRONICS (TIANJIN) CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(1,904,774)	(100.00)	About 90 days	Cost-plus pricing	No significant difference	150,554	100.00	
LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	LITE-ON ELECTRONICS (GUANGZHOU) LIMITED. Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(160,824)	(1.24)	About 90 days	Cost-plus pricing	No significant difference	80,567	75.29	
		Affiliate	Sale	(12,633,689)	(97.80)	About 90 days	Cost-plus pricing	No significant difference	-	-	
LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(6,131,967)	(100.00)	About 90 days	Cost-plus pricing	No significant difference	1,442,756	100.00	
LITEON LI SHIN TECHNOLOGY (GANZHOU) LTD.	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(666,737)	(100.00)	About 90 days	Cost-plus pricing	No significant difference	58,691	100.00	
LITE-ON AUTOMOTIVE ELECTRONICS (CHANGZHOU) CO., LTD.	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD. LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(172,141)	(56.28)	About 90 days	Cost-plus pricing	No significant difference	57,117	61.41	
		Affiliate	Sale	(131,402)	(42.96)	About 90 days	Cost-plus pricing	No significant difference	35,347	38.00	
LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	LITE-ON SINGAPORE PTE. LTD. Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(15,304,105)	(58.17)	About 90 days	Cost-plus pricing	No significant difference	3,773,727	61.05	
		Affiliate	Sale	(10,258,225)	(38.99)	About 90 days	Cost-plus pricing	No significant difference	2,191,892	35.46	
LITE-ON TECHNOLOGY (XIANNING) CO., LTD.	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(696,424)	(100.00)	About 90 days	Cost-plus pricing	No significant difference	68,868	100.00	
LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD. LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Affiliate	Sale	(319,687)	(5.00)	About 90 days	Cost-plus pricing	No significant difference	69,941	3.96	
		Affiliate	Sale	(173,490)	(2.71)	About 90 days	Cost-plus pricing	No significant difference	61,220	3.47	
LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(14,203,708)	(99.86)	About 90 days	Cost-plus pricing	No significant difference	2,060,289	100.00	
SILITEK ELEC. (DONGGUAN) CO., LTD.	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD. LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD. Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(526,717)	(4.43)	About 90 days	Cost-plus pricing	No significant difference	156,352	4.68	
		Affiliate	Sale	(264,721)	(2.23)	About 90 days	Cost-plus pricing	No significant difference	130,830	3.92	
		Affiliate	Sale	(10,852,123)	(91.25)	About 90 days	Cost-plus pricing	No significant difference	3,024,169	90.51	
LITE-ON POWER TECHNOLOGY (DONGGUAN) CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(1,701,316)	(100.00)	About 90 days	Cost-plus pricing	No significant difference	175,007	100.00	
LITE-ON ELECTRONICS H.K. LIMITED	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(249,952)	(8.03)	About 90 days	Cost-plus pricing	No significant difference	83,490	14.19	
HUIZHOU LI SHIN ELECTRONIC CO., LTD.	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(2,198,891)	(89.72)	About 90 days	Cost-plus pricing	No significant difference	243,631	73.10	
LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD. WUXI CHINA BRIDGE EXPRESS TRADING CO., LTD. Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(1,640,242)	(6.98)	About 90 days	Cost-plus pricing	No significant difference	558,184	7.54	
		Affiliate	Sale	(732,869)	(3.12)	About 90 days	Cost-plus pricing	No significant difference	381,056	5.15	
		Affiliate	Sale	(20,325,563)	(86.48)	About 90 days	Cost-plus pricing	No significant difference	5,358,049	72.38	
LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD.	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(464,566)	(100.00)	About 90 days	Cost-plus pricing	No significant difference	115,691	100.00	
LiteON Auto Electric Technology (Guangzhou) Ltd.	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Affiliate	Sale	(266,551)	(98.17)	About 90 days	Cost-plus pricing	No significant difference	34,635	99.63	
LITEON-IT OPTO TECH (BH) CO., LTD.	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(5,012,261)	(100.00)	About 90 days	Cost-plus pricing	No significant difference	1,365,860	100.00	
Lite-On Electronics (Thailand) Co., Ltd.	LITE-ON SINGAPORE PTE. LTD. LITE-ON JAPAN (Thailand) CO., LTD.	Affiliate	Sale	(4,254,767)	(96.72)	About 90 days	Cost-plus pricing	No significant difference	689,186	93.28	
		Affiliate	Sale	(144,200)	(3.28)	About 90 days	Cost-plus pricing	No significant difference	49,664	6.72	

(Continued)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Trade (Payable) or Receivable		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
LITE-ON VIETNAM CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	\$ (516,224)	(33.00)	About 90 days	Cost-plus pricing	No significant difference	\$ 197,664	26.81	
LITE-ON SINGAPORE PTE. LTD.	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Subsidiary	Sale	(1,110,692)	(1.48)	About 90 days	Cost-plus pricing	No significant difference	421,966	1.87	
	WUXI CHINA BRIDGE EXPRESS TRADING CO., LTD.	Affiliate	Sale	(1,063,204)	(1.42)	About 90 days	Cost-plus pricing	No significant difference	505,390	2.23	
	LITE-ON ELECTRONICS H.K. LIMITED	Affiliate	Sale	(3,033,965)	(4.05)	About 90 days	Cost-plus pricing	No significant difference	1,046,669	4.63	
	Lite-On Japan Ltd.	Affiliate	Sale	(581,216)	(0.78)	About 90 days	Cost-plus pricing	No significant difference	150,668	0.67	
	LITE-ON, INC.	Affiliate	Sale	(828,775)	(1.11)	About 90 days	Cost-plus pricing	No significant difference	330,940	1.46	
	LITE-ON TRADING USA, INC.	Affiliate	Sale	(8,658,495)	(11.57)	About 90 days	Cost-plus pricing	No significant difference	3,491,679	15.44	
	LEOTEK ELECTRONICS USA LLC.	Affiliate	Sale	(783,578)	(1.05)	About 90 days	Cost-plus pricing	No significant difference	141,827	0.63	
	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(128,451)	(0.17)	About 90 days	Cost-plus pricing	No significant difference	25,919	0.11	
	LITE-ON MOBILE INDÚSTRIA E COMÉRCIO DE PLÁSTICOS LTDA.	Affiliate	Sale	(563,385)	(0.75)	About 90 days	Cost-plus pricing	No significant difference	122,851	0.54	
Lite-On Japan Ltd.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(223,164)	(8.74)	About 90 days	Cost-plus pricing	No significant difference	46,522	8.27	
	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(156,545)	(6.13)	About 90 days	Cost-plus pricing	No significant difference	83,351	14.82	
LITE-ON AUTOMOTIVE ELECTRONICS MEXICO, S.A. DE C.V.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(408,994)	(100.00)	About 90 days	Cost-plus pricing	No significant difference	35,661	100.00	
Lite-On Overseas Trading Co., Ltd.	LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	Affiliate	Sale	(10,492,634)	(7.29)	About 90 days	Cost-plus pricing	No significant difference	931,695	2.56	
	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Affiliate	Sale	(12,509,278)	(8.69)	About 90 days	Cost-plus pricing	No significant difference	4,417,133	12.12	
	LITE-ON TECHNOLOGY (XIANNING) CO., LTD.	Affiliate	Sale	(153,355)	(0.11)	About 90 days	Cost-plus pricing	No significant difference	16,503	0.05	
	LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	Affiliate	Sale	(12,324,607)	(8.56)	About 90 days	Cost-plus pricing	No significant difference	1,524,844	4.18	
	SILITEK ELEC. (DONGGUAN) CO., LTD.	Affiliate	Sale	(8,585,064)	(5.96)	About 90 days	Cost-plus pricing	No significant difference	966,529	2.65	
	HUIZHOU LI SHIN ELECTRONIC CO., LTD.	Affiliate	Sale	(791,645)	(0.55)	About 90 days	Cost-plus pricing	No significant difference	88,306	0.24	
	LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	Affiliate	Sale	(16,378,557)	(11.38)	About 90 days	Cost-plus pricing	No significant difference	4,314,521	11.84	
	LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD.	Affiliate	Sale	(347,668)	(0.24)	About 90 days	Cost-plus pricing	No significant difference	125,095	0.34	
	LiteON Auto Electric Technology (Guangzhou) Ltd.	Affiliate	Sale	(115,248)	(0.08)	About 90 days	Cost-plus pricing	No significant difference	50,657	0.14	
	LITEON-IT OPTO TECH (BH) CO., LTD.	Affiliate	Sale	(4,464,873)	(3.10)	About 90 days	Cost-plus pricing	No significant difference	1,423,766	3.91	
	LITE-ON VIETNAM CO., LTD.	Affiliate	Sale	(733,841)	(0.51)	About 90 days	Cost-plus pricing	No significant difference	340,807	0.94	
	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(15,922,178)	(11.06)	About 90 days	Cost-plus pricing	No significant difference	1,486,080	4.08	
	Lite-Space Technology Company Limited	Associate	Purchase	1,066,838	0.74	About 90 days	Cost-plus pricing	No significant difference	(34,661)	(0.10)	
Lite-On (Guangzhou) Automotive Electronics Limited	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Affiliate	Sale	(2,001,264)	(43.98)	About 90 days	Cost-plus pricing	No significant difference	782,782	57.23	
	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(2,026,283)	(44.53)	About 90 days	Cost-plus pricing	No significant difference	241,345	17.65	

Note: All intercompany sales and purchases have been eliminated upon 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, 2021

(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 from Related Parties	Ending Balance of Trade Receivables from Related Parties	Ending Balance of Other Receivables from Related Parties	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
							Amount	Action Taken		
Lite-On Technology Corporation	Philips & Lite-On Digital Solutions Corporation	Subsidiary	\$ -	\$ 2,164,450	\$ 9,050	2.63	\$ -	-	\$ 2,173,500	\$ -
	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Fourth-tier subsidiary	-	361,713	-	2.50	-	-	-	-
	LITE-ON SINGAPORE PTE. LTD.	Subsidiary	-	749,503	105,931	3.61	-	-	31,549	-
	Lite-On Japan LTD.	Subsidiary	-	161,670	12,059	2.57	-	-	46,739	-
	LITE-ON TRADING USA, INC.	Sub-subsidiary	-	1,007,723	3,513	3.25	-	-	120,928	-
	Lite-On Overseas Trading Co., LTD.	Subsidiary	-	2,236,592	46,960	-	-	-	1,088,353	-
Philips & Lite-On Digital Solutions Corporation	Philips & Lite-On Digital Solutions USA, Inc.	Subsidiary	-	596,152	1,795	4.96	-	-	379,509	-
LITE-ON ELECTRONICS (TIANJIN) CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	150,554	-	13.50	-	-	150,554	-
LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	1,442,756	18,337	4.73	-	-	470,870	-
LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Lite-On Technology Corporation	The parent company	-	205,298	-	2.61	-	-	39,548	-
	CHANGZHOU LEOTEK NEW ENERGY TRADE LIMITED	Affiliate	-	-	103,002	-	-	-	-	-
	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	3,773,727	-	4.77	-	-	1,076,214	-
	Lite-On Overseas Trading Co., LTD.	Affiliate	-	2,191,892	-	4.52	-	-	886,315	-
LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	Lite-On Overseas Trading Co., LTD.	Affiliate	-	2,060,289	-	6.76	-	-	1,320,239	-
SILITEK ELEC. (DONGGUAN) CO., LTD.	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Affiliate	-	156,352	-	2.87	-	-	27,992	-
	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Affiliate	-	130,830	-	4.05	-	-	29,402	-
	Lite-On Overseas Trading Co., LTD.	Affiliate	-	3,024,169	578	3.79	-	-	1,167,539	-
LITE-ON POWER TECHNOLOGY (DONGGUAN) CO., LTD. HUIZHOU LI SHIN ELECTRONIC CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	175,007	-	11.03	-	-	175,007	-
	Lite-On Overseas Trading Co., LTD.	Affiliate	-	243,631	-	8.66	-	-	-	-
LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Affiliate	-	558,184	284	2.33	-	-	82,915	-
	WUXI CHINA BRIDGE EXPRESS TRADING CO., LTD.	Affiliate	-	381,056	-	2.20	-	-	102,057	-
	Lite-On Overseas Trading Co., LTD.	Affiliate	-	5,358,049	-	3.91	-	-	2,005,652	-
LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD.	Lite-On Overseas Trading Co., LTD.	Affiliate	-	115,691	-	2.46	-	-	26,989	-
LITEON-IT OPTO TECH (BH) CO., LTD.	Lite-On Overseas Trading Co., LTD.	Affiliate	-	1,365,860	-	3.32	-	-	322,849	-
Lite-On Electronics (Thailand) Co., LTD.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	689,186	29,831	6.64	-	-	367,957	-
LITE-ON VIETNAM CO., LTD.	Lite-On Technology Corporation	The parent company	-	539,618	-	2.65	-	-	117,823	-
	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	197,664	-	3.34	-	-	33,489	-

(Continued)

Company Name	Related Party	Nature of Relationship	Ending Balance of Notes Receivable from Related Parties	Ending Balance of Trade Receivables from Related Parties	Ending Balance of Other Receivables from Related Parties	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
							Amount	Action Taken		
LITE-ON SINGAPORE PTE. LTD.	Lite-On Technology Corporation	The parent company	\$ -	\$ 8,562,582	\$ 10,516	3.08	\$ -	-	\$ 2,028,789	\$ -
	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Subsidiary	-	421,966	-	2.60	-	-	115,353	-
	WUXI CHINA BRIDGE EXPRESS TRADING CO., LTD.	Affiliate	-	505,390	-	2.17	-	-	138,615	-
LITE-ON SINGAPORE PTE. LTD.	LITE-ON ELECTRONICS H.K. LIMITED	Affiliate	-	1,046,669	1,369	3.02	-	-	52,478	-
	Lite-On Japan LTD.	Affiliate	-	150,668	661	3.11	-	-	34,957	-
	LITE-ON, INC.	Affiliate	-	330,940	39	3.07	-	-	58,979	-
	LITE-ON TRADING USA, INC.	Affiliate	-	3,491,679	31,871	3.01	-	-	755,690	-
	LEOTEK ELECTRONICS USA LLC	Affiliate	-	141,827	400	4.03	-	-	93,861	-
	LITE-ON MOBILE INDÚSTRIA E COMÉRCIO DE PLÁSTICOS LTDA.	Affiliate	-	122,851	147	5.21	-	-	8,299	-
	LITE-ON MOBILE PTE. LTD.	Affiliate	-	-	746,755	-	-	-	-	-
Lite-On Overseas Trading Co., LTD.	Lite-On Technology Corporation	The parent company	-	20,667,024	43,302	2.99	-	-	5,615,061	-
	LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	Affiliate	-	931,695	3,243	8.82	-	-	357,373	-
	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Affiliate	-	4,417,133	-	2.88	-	-	9,665	-
	LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	Affiliate	-	1,524,844	65,813	8.30	-	-	1,294,083	-
	SILITEK ELEC. (DONGGUAN) CO., LTD.	Affiliate	-	966,529	-	7.22	-	-	801,800	-
	LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	Affiliate	-	4,314,521	4,454	3.72	-	-	1,452,369	-
	LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD.	Affiliate	-	125,095	372	2.43	-	-	53,159	-
	LITEON-IT OPTO TECH (BH) CO., LTD.	Affiliate	-	1,423,766	-	2.85	-	-	-	-
	LITE-ON VIETNAM CO., LTD.	Affiliate	-	340,807	-	2.48	-	-	84,931	-
	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	1,486,080	-	5.47	-	-	1,382,779	-
Lite-On (Guangzhou) Automotive Electronics Limited	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Affiliate	-	782,782	6,707	2.41	-	-	-	-
	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	241,345	1,346	6.57	-	-	-	-

Note: All intercompany transactions have been eliminated upon consolidation.

(Concluded)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars or in Thousands of Foreign Currencies)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Note
				December 31, 2021	December 31, 2020	Shares	Percentage of Ownership (%)	Carrying Amount			
Lite-On Technology Corporation	Silitech Technology Corporation	New Taipei City, Taiwan	Manufacture and sale of modules and plastic/rubber products	\$ 60,504	\$ 60,504	11,322,003	16.65	\$ 380,791	\$ 61,826	\$ 10,607	Associate
	Lite-On Integrated Service Inc.	Taipei City, Taiwan	Information outsourcing and system integration	25,886	25,886	3,400,000	100.00	45,000	38	38	Subsidiary
	DragonJet Corporation	New Taipei City, Taiwan	Manufacture and sale of computer peripherals, printers, digital cameras, modules and plastic products	1,069,080	1,069,080	21,968,856	29.62	420,844	242,865	69,239	Associate (Note 1)
	Lite-On Capital Corporation	Taipei City, Taiwan	Investment activities	3,707,984	3,707,984	170,706,763	100.00	1,088,606	93,078	11,452	Subsidiary
	LITE-ON ELECTRONICS H.K. LIMITED	Hong Kong	Sale of LED optical products	7,339,481	7,339,481	17,865,367	100.00	20,067,506	HK\$ 398,864	1,452,961	Subsidiary
	Lite-On Electronics (Thailand) Co., Ltd.	Thailand	Manufacture and sale of LED optical products	632,128	632,128	6,049,844	100.00	1,839,836	THB 156,140	22,797	Subsidiary
	Lite-On Japan Ltd.	Japan	Sale of LED optical products and power supplies	679,856	679,856	12,451,058	100.00	867,884	JPY 406,712	100,692	Subsidiary
	Lite-On International Holding Co., Ltd.	British Virgin Islands	Investment activities	US\$ 363,725	US\$ 363,725	363,725,483	100.00	21,568,426	US\$ 50,959	1,112,193	Subsidiary
	LTC GROUP LTD.	British Virgin Islands	Investment activities	1,098,752	1,098,752	32,915,855	100.00	2,323,349	US\$ 77,857	2,131,864	Subsidiary
	LITE-ON TECHNOLOGY USA, INC.	USA	Investment activities	US\$ 55,172	US\$ 55,172	470,239	100.00	2,195,274	US\$ 2,017	41,789	Subsidiary
	LITE-ON ELECTRONICS (EUROPE) LIMITED	United Kingdom	Manufacture and sale of power supplies	44,559	44,559	300,000	100.00	70,651	GBP 121	4,648	Subsidiary
	Lite-On Technology (Europe) B.V.	Netherlands	Market research and after-sales services	2,322,039	2,322,039	330,896	54.00	195,888	EUR 367	6,646	Subsidiary
	Lite-On Overseas Trading Co., Ltd.	British Virgin Islands	Investment activities	168,947	168,947	5,142,962	100.00	1,631,594	US\$ 20,748	583,651	Subsidiary
	LITE-ON SINGAPORE PTE. LTD.	Singapore	Manufacture and supply of computer peripheral products	US\$ 63,788	US\$ 63,788	51,776,500	100.00	21,816,172	US\$ 229,146	5,961,129	Subsidiary
	LITE-ON VIETNAM CO., LTD.	Vietnam	Electronic contract manufacturing	US\$ 52,000	US\$ 52,000	-	100.00	1,726,921	US\$ 7,132	198,019	Subsidiary
	EAGLE ROCK INVESTMENT LTD.	British Virgin Islands	Import and export and investment activities	341	341	10,000	100.00	1,415,758	US\$ 1,679	46,406	Subsidiary
	LITE-ON MOBILE PTE. LTD.	Singapore	Manufacture and sale of mobile phone modules and design of assembly lines	EUR 457,014	EUR 457,014	280,838,838	100.00	2,517,919	US\$ (17,047)	(495,911)	Subsidiary
	LET (HK) LIMITED	Hong Kong	Sale of optical disc drives	251,322	251,322	62,059,600	100.00	71,545	HK\$ 6,304	22,419	Subsidiary
	HIGH YIELD GROUP CO., LTD.	British Virgin Islands	Holding company	2,274,586	2,271,806	68,238,000	100.00	5,993,663	US\$ 2,019	124,999	Subsidiary
	Lite-On Information Technology B.V.	Netherlands	Market research and customer service	-	1,163,591	-	-	-	EUR (2)	(67)	Subsidiary (Note 2)
Philips & Lite-On Digital Solutions Corporation	Taipei City, Taiwan	Sale of optical disc drives	267,113	267,113	17,150,000	49.00	225,065	42,002	20,581	Subsidiary	
Lite-Space Technology Company Limited	Hong Kong	Sale of computer components	165,498	165,498	5,600,000	46.67	99,790	US\$ 475	2,830	Associate	
LITE-ON AUTOMOTIVE ELECTRONICS MEXICO, S.A. DE C.V.	Mexico	Production, manufacture, sale, import and export of photovoltaic devices, key electronic components, telecommunications equipment, information technology equipment, semiconductor applications, general lighting, automotive electronics, renewable energy products and systems and maintenance of automotive industry	US\$ 8,910	US\$ 8,910	294,825	99.00	285,349	MXN 62,168	85,538	Subsidiary	
Lite-On Automotive International (Cayman) Co., Ltd.	Cayman	Investment activities	US\$ 100,626	US\$ 100,626	11,967,300	100.00	2,461,167	US\$ 6,451	160,394	Subsidiary	
KBW-LEOTEK Jordan Private Shareholding Limited.	Jordan	Investment activities	US\$ 69	US\$ 69	49,000	49.00	404	JOD 9	181	Subsidiary	
KBW-LITEON Jordan Private Shareholding Limited	Jordan	Production and manufacture of energy-saving lights and project construction and maintenance	US\$ 50,928	US\$ 50,928	36,056,975	99.86	449,882	JOD (32,717)	(1,280,527)	Subsidiary	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Note
				December 31, 2021	December 31, 2020	Shares	Percentage of Ownership (%)	Carrying Amount			
Lite-On Technology Corporation	LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED	India	Manufacture and sale of phone chargers and power supplies	INR 1,023,741	INR 1,023,741	102,374,058	99.00	\$ 319,776	INR 306,422	\$ 112,318	Subsidiary
	SKYLA CORPORATION	Taiwan	Manufacture and sale of medical equipment	\$ 200,000	\$ 200,000	20,000,000	62.60	226,315	\$ 53,746	19,404	Subsidiary
	LITE-ON INC.	Taipei City, Taiwan	Investment activities	-	150,879	-	-	-	(923)	(927)	Subsidiary (Note 3)
	DYNA INVESTMENT CO., LTD.	Taipei City, Taiwan	Investment activities	-	170,582	-	-	-	(51)	(50)	Subsidiary (Note 3)
	LEOTEK CORPORATION (formerly: LEOTEK ROADWAY AND TRAFFIC INTELLIGENCE CORPORATION)	Taipei City, Taiwan	Wholesale, import, export and installation of street lights, signal lights, scenery lights and new-type electronic components	50	-	5,000	100.00	50	-	-	Subsidiary
Lite-On Capital Corporation	Silitech Technology Corporation	New Taipei City, Taiwan	Manufacture and sale of modules and plastic/rubber products	107,901	107,901	385,545	0.57	12,967	61,826	-	Associate
	Lite-On Green Technologies, Inc.	Taipei City, Taiwan	Manufacture and wholesale of electronic components and energy technology services	1,040,000	1,040,000	67,000,000	100.00	231,489	3,019	-	Subsidiary
	Lite-on Green Energy (HK) Limited	Hong Kong	Investment activities	US\$ 3,100	US\$ 3,100	3,100,000	100.00	5,638	US\$ (2)	-	Subsidiary
	Lite-On Technology (Europe) B.V.	Netherlands	Market research and after-sales services	1,938,096	1,938,096	281,875	46.00	165,016	EUR 367	-	Subsidiary
	LITE-ON GREEN ENERGY (SINGAPORE) PTE. LTD.	Singapore	Investment activities	227,434	227,434	3,457,760	100.00	95,107	EUR 83	-	Subsidiary
Lite-On Green Technologies, Inc.	Lite-On Green Technologies B.V.	Netherlands	Solar energy engineering	EUR 11,520	EUR 11,520	6,818,200	100.00	45,617	EUR 151	-	Subsidiary
LITE-ON GREEN ENERGY (SINGAPORE) PTE. LTD.	Lite-On Green Energy B.V.	Netherlands	Investment activities	EUR 2,500	EUR 2,500	9,139,785	100.00	EUR 604	EUR (9)	-	Subsidiary
Lite-On Green Technologies B.V.	Kompaksolar GmbH	Berlin, Germany	Solar energy engineering	EUR 401	EUR 401	51,000	51.00	EUR -	EUR -	-	Associate
LITE-ON INC.	DYNA INVESTMENT CO., LTD.	Taipei City, Taiwan	Investment activities	-	79,179	-	-	-	(51)	-	Subsidiary (Note 3)
DYNA INVESTMENT CO., LTD.	LITE-ON INC.	Taipei City, Taiwan	Investment activities	-	105,538	-	-	-	(923)	-	Subsidiary (Note 3)
CHINA BRIDGE (CHINA) CO., LTD.	WUXI CHINA BRIDGE EXPRESS TRADING CO., LTD.	Wuxi, China	Assembly and sale of power supplies, printers, display devices and scanners	CNY 36,244	CNY 36,244	-	100.00	CNY 174,843	CNY 24,549	-	Subsidiary
	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	Changzhou, China	Development, manufacture and sale of new-type electronic components and LEDs and provision of technology consulting services, maintenance equipment and after-sales services	CNY 85,015	CNY 85,015	-	12.59	CNY 88,025	CNY 11,344	-	Subsidiary
LITE-ON TECHNOLOGY (JIANGSU) CO., LTD.	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Changzhou, China	Development, manufacture, sale and installation of power supplies and transformers and provision of technology consulting services, maintenance equipment and after-sales services	CNY 527,134	CNY 527,134	-	100.00	CNY 1,163,413	CNY 82,961	-	Subsidiary
	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	Changzhou, China	Development, manufacture and sale of new-type electronic components and LEDs and provision of technology consulting services, maintenance equipment and after-sales services	CNY 503,977	CNY 503,977	-	87.41	CNY 611,143	CNY 11,344	-	Subsidiary
	LITE-ON MEDICAL DEVICE (CHANGZHOU) LTD.	Changzhou, China	Manufacture and sale of medical equipment	CNY 30,640	CNY 30,640	-	100.00	CNY 24,862	CNY 455	-	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 -	CNY 55,924	-	-	CNY -	CNY -	-	Subsidiary (Note 4)
	LITE-ON AUTOMOTIVE ELECTRONICS (CHANGZHOU) CO., LTD.	Changzhou, China	Manufacture, sale and processing of electronic products	CNY 223,746	CNY 223,746	-	100.00	CNY 217,775	CNY 11,105	-	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Note
				December 31, 2021	December 31, 2020	Shares	Percentage of Ownership (%)	Carrying Amount			
Lite-On Automotive International (Cayman) Co., Ltd.	LITE-ON AUTOMOTIVE HOLDINGS (HONG KONG) CO., LIMITED	Hong Kong	Investment activities	HK\$ 42,009	HK\$ 42,009	101,250,185	100.00	US\$ 89,701	HK\$ 50,100	\$ -	Subsidiary
HIGH YIELD GROUP CO., LTD.	LITE-ON IT INTERNATIONAL (HK) LIMITED	Hong Kong	Sale of optical disc drives	US\$ 102,400	US\$ 102,400	102,400,000	100.00	US\$ 222,103	US\$ 2,026	-	Subsidiary
Philips & Lite-On Digital Solutions Corporation	Philips & Lite-On Digital Solutions USA, Inc.	USA	Sale of optical disc drives	\$ 33	\$ 33	1,000	100.00	\$ 243,666	US\$ 403	-	Subsidiary
	PLDS Germany GmbH	Germany	Development and sale of modules of automotive recorders	1,326,996	1,326,996	-	100.00	887,880	EUR 686	-	Subsidiary
	Philips & Lite-On Digital Solutions Korea Ltd.	South Korea	Sale of optical disc drives	15,376	15,376	17,823	100.00	30,078	KRW 11,417	-	Subsidiary
KBW-LEOTEK Jordan Private Shareholding Limited	LEOTEK, PSC	Jordan	Production, manufacture energy-saving lights	JOD 30	JOD 30	30,000	60.00	JOD 56	JOD 19	-	Subsidiary
LITE-ON TECHNOLOGY USA, INC.	LITE-ON, INC.	USA	Sales data processing business of optoelectronic products and power supplies	US\$ 3,000	US\$ 3,000	3,000,000	100.00	US\$ 8,623	US\$ 1,096	-	Subsidiary
	LITE-ON TRADING USA, INC.	USA	Sale of optical products	US\$ 31,500	US\$ 31,500	315,000	100.00	US\$ 40,976	US\$ 1,191	-	Subsidiary
	LEOTEK ELECTRONICS USA LLC.	USA	Sale of LED products	US\$ 5,792	US\$ 5,792	-	100.00	US\$ 15,685	US\$ 869	-	Subsidiary
	POWER INNOVATIONS INTERNATIONAL, INC.	USA	Development, design and manufacture of power controls and energy management	US\$ 15,756	US\$ 15,756	12,916,109	95.25	US\$ 5,703	US\$ (714)	-	Subsidiary
	LITE-ON TECHNOLOGY SERVICE, INC.	USA	After-sales services of optical products	US\$ 1,500	US\$ 1,500	1,000	100.00	US\$ 1,929	US\$ 71	-	Subsidiary
Lite-On International Holding Co., Ltd.	LITE-ON CHINA HOLDING CO., LTD.	British Virgin Islands	Investment activities	US\$ 427,342	US\$ 427,342	427,341,532	100.00	US\$ 819,772	US\$ 50,963	-	Subsidiary
LITE-ON SINGAPORE PTE. LTD.	LiteStar JV Holding (BVI) Co., Ltd. LITE-ON AUTOMOTIVE ELECTRONICS MEXICO, S.A. DE C.V.	British Virgin Islands	Investment activities	US\$ 27,000	US\$ 27,000	2,323	17.59	US\$ 28,111	\$ 39,188	-	Associate
		Mexico	Production, manufacture, sale, import and export of photovoltaic devices, key electronic components, telecommunications equipment, information technology equipment, semiconductor applications, general lighting, automotive electronics, renewable energy products and systems and maintenance of automotive industry	US\$ 90	US\$ 90	2,978	1.00	US\$ 104	MXN 62,168	-	Subsidiary
	LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED	India	Manufacture and sale of phone chargers and power supplies	INR 10,341	INR 10,341	1,034,082	1.00	US\$ 117	INR 306,422	-	Subsidiary
LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	LITE-ON INTELLIGENT TECHNOLOGY (YENCHENG) CORP.	Yancheng, China	Wholesale, import, export and installation of street lights, signal lights, scenery lights and new-type electronic components	CNY 19,427	CNY 19,427	-	100.00	CNY 17,836	CNY (7,043)	-	Subsidiary
LTC GROUP LTD.	TITANIC CAPITAL SERVICES LTD.	British Virgin Islands	Investment activities	529,106	529,106	8,655,240	100.00	US\$ 20,645	US\$ 1,089	-	Subsidiary
	LTC INTERNATIONAL LTD.	British Virgin Islands	Manufacture and sale of system products	-	485,514	-	-	US\$ -	US\$ 6	-	Subsidiary (Note 5)
Lite-On Technology (Europe) B.V.	Lite-On (Finland) Oy	Finland	Manufacture and sale of mobile phone modules and design of assembly lines	EUR 64,891	EUR 64,891	2,500	100.00	EUR 7,949	EUR 195	-	Subsidiary
Lite-On (Finland) Oy	Lite-On Mobile Oyj	Finland	Manufacture and sale of mobile phone modules and design of assembly lines	EUR 196,618	EUR 196,618	52,937,148	100.00	EUR 7,660	EUR 195	-	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Note
				December 31, 2021	December 31, 2020	Shares	Percentage of Ownership (%)	Carrying Amount			
LITE-ON CHINA HOLDING CO., LTD.	LITE-ON ELECTRONICS COMPANY LIMITED	Hong Kong	Investment activities	US\$ 375,760	US\$ 375,760	3,083,467,107	100.00	US\$ 772,651	HK\$ 379,144	\$ -	- Subsidiary
	YET FOUNDATE LIMITED	Hong Kong	Manufacture of plastic and computer peripheral products	CNY 73,220	CNY 73,220	68,429,663	100.00	US\$ 21,102	CNY 187	-	- Subsidiary
	FORDGOOD ELECTRONIC LIMITED	Hong Kong	Import and export and real estate business	US\$ 12,666	US\$ 12,666	100,150,100	100.00	US\$ 19,695	HK\$ 2,966	-	- Subsidiary
G&W TECHNOLOGY (BVI) LIMITED	G&W TECHNOLOGY (BVI) LIMITED	British Virgin Islands	Real estate management	US\$ 3,900	US\$ 3,900	3,900,000	50.00	US\$ 4,638	US\$ 976	-	- Subsidiary
				US\$ 65	US\$ 65	499,998	100.00	US\$ 1,505	US\$ 767	-	- Subsidiary
Lite-On Japan Ltd.	L&K Industries Philippines, Inc.	Philippines	Import and export of electronic components	JPY 91,681	JPY 91,681	350,000	35.00	JPY -	JPY (12,763)	-	- Associate
	Lite-On Japan (H.K.) Limited	Hong Kong	Import and export of electronic components	JPY 70,000	JPY 70,000	50,000	100.00	JPY 70,000	JPY 86,009	-	- Subsidiary (Note 6)
	Lite-On Japan (Korea) Co., Ltd.	South Korea	Import and export of electronic components	JPY 22,593	JPY 22,593	20,000	100.00	JPY 935	JPY -	-	- Subsidiary (Note 6)
	LITE-ON JAPAN (Thailand) CO., LTD.	Thailand	Import and export of electronic components	JPY 64,992	JPY 64,992	199,998	100.00	JPY 64,992	THB 6,400	-	- Subsidiary (Note 6)
Lite-On Mobile Oyj	LITE-ON MOBILE INDÚSTRIA E COMÉRCIO DE PLÁSTICOS LTDA.	Brazil	Manufacture and sale of mobile phone modules and design of assembly lines	EUR 2,509	EUR 2,509	6,507,001	2.97	EUR 759	BRL 46,987	-	- Subsidiary
LITE-ON MOBILE PTE. LTD.	LITE-ON MOBILE INDÚSTRIA E COMÉRCIO DE PLÁSTICOS LTDA.	Brazil	Manufacture and sale of mobile phone modules and design of assembly lines	US\$ 108,302	US\$ 108,302	212,824,231	97.03	US\$ 28,058	BRL 46,987	-	- Subsidiary
	LITE-ON YOUNG FAST PTE. LTD.	Singapore	Investment activities	US\$ -	US\$ 3,863	-	-	US\$ -	US\$ -	-	- Subsidiary (Note 7)
	Yamada-Lom Fabricacao De Artefatos De Material Plastico Ltda.	Brazil	Manufacture and sale of mobile phone modules and design of assembly lines	US\$ -	US\$ 540	-	-	US\$ -	BRL -	-	- Associate (Note 8)

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

Note 2: Liquidated in December 2021.

Note 3: Merged with the Company in June 2021, and was dissolved upon merging with the Company in July 2021.

Note 4: Merged into LITE-ON TECHNOLOGY (JIANGSU) CO., LTD. on January 1, 2021, and the deregistration procedure was completed in April 2021.

Note 5: Dissolved upon merging with TITANIC CAPITAL SERVICES LTD. in July 2021.

Note 6: The investment income/losses and adjustment for changes in equities are recognized by the Group.

Note 7: Liquidated in March 2021.

Note 8: Disposed in August 2021.

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

(Concluded)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021

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

Investor Company	Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (Note 2)	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment of Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Losses) of the Investee Company (Note 2)	Percentage of Ownership	Share of Profits/Losses (Note 2)	Carrying Amount as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021	Note	
						Outflow	Inflow								
Lite-On Technology Corporation	LITE-ON COMPUTER TECHNOLOGY (DONGGUAN) CO., LTD.	Manufacture and sale of display device	\$ 453,050 (US\$ 16,400)	a	\$ 786,469 (US\$ 28,469)	\$ -	\$ -	\$ 786,469 (US\$ 28,469)	\$ -	100.00%	\$ -	\$ -	\$ -	Note 3	
	LITE-ON ELECTRONICS (TIANJIN) CO., LTD.	ODM services	1,919,938 (US\$ 69,500)	a	1,837,007 (US\$ 66,498)	-	-	1,837,007 (US\$ 66,498)	118,754 (CNY 27,446)	100.00%	118,754 (CNY 27,446)	3,362,794 (HK\$ 949,298)	-	-	
	LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	Manufacture of electronic components	977,925 (US\$ 35,400)	a	977,925 (US\$ 35,400)	-	-	977,925 (US\$ 35,400)	180,246 (CNY 41,658)	100.00%	180,246 (CNY 41,658)	3,203,353 (HK\$ 904,289)	-	-	
	SILITEK ELEC. (DONGGUAN) CO., LTD.	Manufacture and sale of keyboards	132,600 (US\$ 4,800)	a	132,600 (US\$ 4,800)	-	-	132,600 (US\$ 4,800)	500,564 (CNY 115,689)	100.00%	500,564 (CNY 115,689)	5,187,109 (HK\$ 1,464,292)	-	Note 3	
	LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	Manufacture and sale of printers and scanners	1,011,075 (US\$ 36,600)	a	1,011,075 (US\$ 36,600)	-	-	1,011,075 (US\$ 36,600)	728,140 (CNY 168,286)	100.00%	728,140 (CNY 168,286)	10,286,792 (HK\$ 2,903,205)	-	Note 4, 5	
	CHINA BRIDGE (CHINA) CO., LTD.	Investment activities, consulting services and acting as a sales agent	828,750 (US\$ 30,000)	a	821,697 (US\$ 29,745)	-	-	821,697 (US\$ 29,745)	110,034 (CNY 25,431)	100.00%	110,034 (CNY 25,431)	1,597,671 (HK\$ 451,014)	-	-	
	LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	Manufacture and sale of IT products	1,226,995 (US\$ 44,416)	a	1,190,498 (US\$ 43,095)	-	-	1,190,498 (US\$ 43,095)	454,441 (CNY 105,029)	100.00%	454,441 (CNY 105,029)	4,974,000 (HK\$ 1,404,133)	-	-	
	LITEON COMMUNICATION (GUANGZHOU) COMPANY LIMITED	Manufacture and sale of mobile terminal equipment	678,470 (US\$ 24,560)	a	678,470 (US\$ 24,560)	-	-	678,470 (US\$ 24,560)	-	100.00%	-	-	-	-	Note 4
	LITE-ON TECHNOLOGY (GUANGZHOU) LIMITED	Manufacture and sale of computer case	917,150 (US\$ 33,200)	a	917,150 (US\$ 33,200)	-	-	917,150 (US\$ 33,200)	-	100.00%	-	-	-	-	Note 4
	COMMIT Incorporated	Manufacture and sale of application software and multimedia product design	886,376 (US\$ 32,086)	a	16,575 (US\$ 600)	-	-	16,575 (US\$ 600)	-	1.87%	-	-	-	-	-
	LITEON ELECTRONICS AND WIRELESS (GUANGZHOU) LIMITED	Manufacture and sale of mobile terminal equipment	436,751 (US\$ 15,810)	a	436,751 (US\$ 15,810)	-	-	436,751 (US\$ 15,810)	-	100.00%	-	-	-	-	Note 4
	LITE-ON (GUANGZHOU) INFORTECH CO., LTD.	Information outsourcing	35,084 (US\$ 1,270)	a	64,751 (US\$ 2,344)	-	-	64,751 (US\$ 2,344)	3,440 (CNY 795)	100.00%	3,440 (CNY 795)	-	-	-	Note 5
	LITE-ON (GUANGZHOU) PRECISION TOOLING LTD.	Manufacture and sale of modules	502,775 (US\$ 18,200)	a	337,025 (US\$ 12,200)	-	-	337,025 (US\$ 12,200)	-	100.00%	-	-	-	-	Note 4
	LITEON LI SHIN TECHNOLOGY (GANZHOU) LTD.	Manufacture and sale of electronic components	331,500 (US\$ 12,000)	a	368,416 (US\$ 13,336)	-	-	368,416 (US\$ 13,336)	10,809 (CNY 2,498)	100.00%	10,809 (CNY 2,498)	521,780 (HK\$ 147,296)	-	-	
	LITE-ON TECHNOLOGY (XIANNING) CO., LTD.	Manufacture and sale of electronic components	179,563 (US\$ 6,500)	a	179,563 (US\$ 6,500)	-	-	179,563 (US\$ 6,500)	13,913 (CNY 3,216)	100.00%	13,913 (CNY 3,216)	390,458 (US\$ 14,134)	-	-	
	LITE-ON TECHNOLOGY (JIANGSU) CO., LTD.	Investment activities, consulting services and acting as a sales agent	4,585,750 (US\$ 166,000)	a	4,585,750 (US\$ 166,000)	-	-	4,585,750 (US\$ 166,000)	446,203 (CNY 103,126)	100.00%	446,203 (CNY 103,126)	9,356,641 (HK\$ 2,641,328)	-	-	
	LITE-ON TECHNOLOGY (GZ) INVESTMENT COMPANY LIMITED	Investment activities	2,210,000 (US\$ 80,000)	a	2,210,000 (US\$ 80,000)	-	-	2,210,000 (US\$ 80,000)	34,165 (CNY 7,896)	100.00%	34,165 (CNY 7,896)	589,967 (HK\$ 166,544)	-	-	
	LITE-ON POWER TECHNOLOGY (DONGGUAN) CO., LTD.	Development, manufacture and sale of electronic components, power supplies and provision of technology consulting services	441,221 (US\$ 15,972)	a	441,221 (US\$ 15,972)	-	-	441,221 (US\$ 15,972)	165,712 (CNY 38,299)	100.00%	165,712 (CNY 38,299)	1,345,146 (HK\$ 379,727)	-	-	
	CHANGZHOU LEOTEK NEW ENERGY TRADE LIMITED	Wholesale, import, export and installation of street lights, signal lights, scenery lights and new-type electronic components	27,625 (US\$ 1,000)	a	27,625 (US\$ 1,000)	-	-	27,625 (US\$ 1,000)	(22,012) (CNY -5,087)	100.00%	(22,012) (CNY -5,087)	(55,170) (CNY -12,695)	-	-	
	LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD.	Manufacture automotive components	1,187,875 (US\$ 43,000)	a	1,187,875 (US\$ 43,000)	-	-	1,187,875 (US\$ 43,000)	(62,968) (CNY -14,553)	100.00%	(62,968) (CNY -14,553)	1,672,365 (US\$ 60,538)	-	-	
LiteON Auto Electric Technology (Guangzhou) Ltd.	Manufacture and sale of optical disc drives	55,250 (US\$ 2,000)	a	55,250 (US\$ 2,000)	-	-	55,250 (US\$ 2,000)	2,786 (CNY 644)	100.00%	2,786 (CNY 644)	85,135 (US\$ 3,082)	-	-		
LITEON-IT OPTO TECH (BH) CO., LTD.	Manufacture and sale of optical disc drives	1,519,375 (US\$ 55,000)	a	1,519,375 (US\$ 55,000)	-	-	1,519,375 (US\$ 55,000)	114,906 (CNY 26,557)	100.00%	114,906 (CNY 26,557)	4,374,301 (US\$ 158,346)	-	-		
Lite-On (Guangzhou) Automotive Electronics Limited	Manufacture, sale and processing of electronic products	171,275 (US\$ 6,200)	a	162,162 (US\$ 5,870)	-	-	162,162 (US\$ 5,870)	168,331 (CNY 38,904)	100.00%	168,331 (CNY 38,904)	1,939,981 (HK\$ 547,646)	-	-		

(Continued)

Investor Company	Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (Note 2)	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment of Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Losses) of the Investee Company (Note 2)	Percentage of Ownership	Share of Profits/Losses (Note 2)	Carrying Amount as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021	Note
						Outflow	Inflow							
Lite-On Technology Corporation	LITE-ON AUTOMOTIVE (WUXI) CO., LTD.	Manufacture, sale and processing of electronic products	\$ 138,125 (US\$ 5,000)	a	\$ 138,125 (US\$ 5,000)	\$ -	\$ -	\$ 138,125 (US\$ 5,000)	\$ 11,380 (CNY 2,630)	100.00%	\$ 11,380 (CNY 2,630)	\$ 536,258 (HK\$ 151,383)	\$ -	Note 6
	HUIZHOU LI SHIN ELECTRONIC CO., LTD.	Manufacture of computer peripheral products	366,754 (US\$ 13,276)	a	177,957 (US\$ 6,442)	-	-	177,957 (US\$ 6,442)	46,525 (CNY 10,753)	100.00%	46,525 (CNY 10,753)	1,397,976 (US\$ 50,605)	-	
	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Manufacture and sale of energy-saving equipment	1,961,375 (US\$ 71,000)	a	1,961,375 (US\$ 71,000)	-	-	1,961,375 (US\$ 71,000)	158,510 (CNY 36,635)	100.00%	158,510 (CNY 36,635)	2,683,460 (US\$ 97,139)	-	
	SUZHOU LITE-ON STORAGE CO., LTD.	Research, development, manufacture, sale of SSD and smart storage device (including high-speed with more than 100TB storage capacity) provide after-sales service and technical support; import and export as a principal or an agent, assorted products and technologies	-	b	1,250,775 (US\$ 45,000)	-	1,014,378 (US\$ 36,265)	236,397 (US\$ 8,735)	(75,460) (CNY -17,445)	100.00%	(15,113) (CNY -3,489)	-	1,014,378 (US\$ 235,000)	
	BEIJING LITE-ON MOBILE ELECTRONIC AND TELECOMMUNICATION COMPONENTS CO., LTD.	Manufacture and sale of mobile phone modules and design of assembly lines	442,000 (US\$ 16,000)	a	1,446,566 (US\$ 52,364)	-	-	1,446,566 (US\$ 52,364)	(180,754) (CNY -41,775)	100.00%	(180,754) (CNY -41,775)	253,039 (US\$ 9,160)	-	
	GUANGZHOU LITE-ON MOBILE ENGINEERING PLASTICS CO., LTD.	Manufacture and sale of mobile phone modules and design of assembly lines	540,621 (US\$ 19,570)	a	2,503,584 (US\$ 90,627)	-	-	2,503,584 (US\$ 90,627)	30,140 (CNY 6,966)	100.00%	30,140 (CNY 6,966)	1,894,640 (US\$ 68,584)	-	
	LITE-ON GREEN TECHNOLOGIES (NANJING) CORPORATION	Solar energy engineering	20,719 (US\$ 750)	a	20,719 (US\$ 750)	-	-	20,719 (US\$ 750)	4,848 (CNY 1,120)	100.00%	4,848 (CNY 1,120)	(7,058) (CNY -1,624)	-	
	Changzhou Binhu Thin Film Solar Greenhouse Co., Ltd.	Manufacture and sale of solar energy engineering	434,590 (CNY 100,000)	a	82,784 (US\$ 2,997)	-	-	82,784 (US\$ 2,997)	-	19.90%	-	3,854 (US\$ 140)	-	
	Epicrystal (Changzhou) Co., Ltd.	Design, manufacture and sale of light-emitting diode and related display	4,337,125 (US\$ 157,000)	a	745,875 (US\$ 27,000)	-	-	745,875 (US\$ 27,000)	41,957 (CNY 9,697)	19.74%	8,281 (CNY 1,914)	933,317 (CNY 214,758)	-	
	DONGGUAN LITE-ON COMPUTER CO., LTD.	Manufacture and sale of computer hosts and components, keyboards, scanners, printers and mice	55,250 (US\$ 2,000)	a	55,250 (US\$ 2,000)	-	-	55,250 (US\$ 2,000)	1,247 (CNY 288)	100.00%	1,247 (CNY 288)	104,974 (CNY 24,155)	-	
Dongguan Huaqiang Information Technology Co., Ltd.	Manufacture and sale of laser heads and digital player machine cores	-	a	48,123 (US\$ 1,742)	-	-	48,123 (US\$ 1,742)	(7,577) (CNY -1,756)	-	(3,538) (CNY -820)	-	-	Note 7	
NL (SHANGHAI) CO., LTD.	Import and export of electronic components	8,288 (US\$ 300)	a	85,582 (US\$ 3,098)	-	-	85,582 (US\$ 3,098)	5,989 (JPY 23,467)	100.00%	5,989 (JPY 23,467)	8,554 (JPY 35,655)	-	Note 8	
Philips & Lite-On Digital Solutions Corporation	Philips & Lite-On Digital Solutions (Shanghai) Co., Ltd.	Sale of optical disc drives	27,625 (US\$ 1,000)	a	27,625 (US\$ 1,000)	-	-	27,625 (US\$ 1,000)	(25,036) (CNY -5,786)	100.00%	(25,036) (CNY -5,786)	415,239	-	

Investor Company	Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Lite-On Technology Corporation	\$ 27,447,567 (US\$ 993,754)	\$ 34,134,362 (US\$ 1,235,633)	Note 9
Philips & Lite-On Digital Solutions Corporation	27,625 (US\$ 1,000)	27,625 (US\$ 1,000)	\$ 275,591 (Note 10)

Note 1: The way of investment in mainland China is as follows:

- a. Indirect investment in mainland China through holding companies.
- b. Direct investment in mainland China through the Company.

Note 2: The financial statements used as basis for calculating were all audited by the Taiwan parent company's independent accountants.

Note 3: LITE-ON COMPUTER TECHNOLOGY (DONGGUAN) CO., LTD. merged with SILITEK ELEC. (DONGGUAN) CO., LTD. with the SILITEK ELEC. (DONGGUAN) CO., LTD. as the surviving entity. Because the merging process was still underway, the change in the amount of investment in mainland China has not yet been registered with the Ministry of Economic Affairs.

Note 4: LITE-ON ELECTRONICS (GUANGZHOU) LIMITED merged with LITE-ON TECHNOLOGY (GUANGZHOU) LIMITED, LITE-ON (GUANGZHOU) PRECISION TOOLING LTD., LITEON COMMUNICATION (GUANGZHOU) COMPANY LIMITED, and LITEON ELECTRONICS AND WIRELESS (GUANGZHOU) LIMITED with the LITE-ON ELECTRONICS (GUANGZHOU) LIMITED as the surviving entity. Because the merging process was still underway, the change in the amount of investment in mainland China has not yet been registered with the Ministry of Economic Affairs.

Note 5: LITE-ON (GUANGZHOU) INFORTECH CO., LTD. merged with LITE-ON ELECTRONICS (GUANGZHOU) LIMITED, with LITE-ON ELECTRONICS (GUANGZHOU) LIMITED as the surviving entity. Because the merger process is still underway, the change in the amount of investment in mainland China has not yet been registered with the Ministry of Economic Affairs.

Note 6: Disposed in June 2021, and was approved by the Ministry of Economic Affairs on August 13, 2021 under Order No. 11000203470.

(Continued)

Note 7: Disposed by Lite-Space Technology Company Limited, an associate of the Group, in March 2021, and was approved by the Ministry of Economic Affairs on June 24, 2021 under Order No. 11000153670.

Note 8: Investment profits or losses and adjustments for changes in equity investment were recognized by the Company.

Note 9: Under Order No. 10920439200 issued by the Ministry of Economic Affairs on January 4, 2021, the Company acquired a certification approved by the Industrial Development Bureau and valid from December 18, 2020 to December 17, 2023 of its status as operation headquarters. Thus, the Company has no limitation on the amount of investment in mainland China.

Note 10: Calculated based on 60% of Philips & Lite-On Digital Solutions Corporation's net worth.

(Concluded)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transaction			% of Consolidated Net Revenue or Total Assets (Note 3)
				Financial Statements Item	Amount	Terms	
0	Lite-On Technology Corporation	Philips & Lite-On Digital Solutions Corporation Philips & Lite-On Digital Solutions Corporation LITE-ON SINGAPORE PTE. LTD. LITE-ON TRADING USA, INC. Lite-On Overseas Trading Co., Ltd. LITE-ON SINGAPORE PTE. LTD. LITE-ON SINGAPORE PTE. LTD. Lite-On Overseas Trading Co., Ltd. Lite-On Overseas Trading Co., Ltd.	a. a. a. a. a. a. a. a. a.	Sales Trade receivables Sales Sales Trade receivables Purchases Trade payables Purchases Trade payables	\$ 6,502,792 2,164,450 3,777,244 2,950,084 2,236,592 24,288,991 8,562,582 60,970,183 20,667,024	Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing	4 1 2 2 1 15 5 37 11
1	Philips & Lite-On Digital Solutions Corporation	Philips & Lite-On Digital Solutions USA, Inc.	a.	Sales	3,677,022	Cost-plus pricing	2
2	LITE-ON ELECTRONICS (TIANJIN) CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	c.	Sales	1,904,774	Cost-plus pricing	1
3	LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	Lite-On Overseas Trading Co., Ltd.	c.	Sales	12,633,689	Cost-plus pricing	8
4	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	c.	Sales	6,131,967	Cost-plus pricing	4
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	15,304,105 3,773,727 10,258,225 2,191,892	Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing	9 2 6 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	14,203,708 2,060,289	Cost-plus pricing Cost-plus pricing	9 1
7	SILITEK ELEC. (DONGGUAN) CO., LTD.	Lite-On Overseas Trading Co., Ltd. Lite-On Overseas Trading Co., Ltd.	c. c.	Sales Trade receivables	10,852,123 3,024,169	Cost-plus pricing Cost-plus pricing	7 2
8	LITE-ON POWER TECHNOLOGY (DONGGUAN) CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	c.	Sales	1,701,316	Cost-plus pricing	1
9	HUIZHOU LI SHIN ELECTRONIC CO., LTD.	Lite-On Overseas Trading Co., Ltd.	c.	Sales	2,198,891	Cost-plus pricing	1

(Continued)

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transaction			% of Consolidated Net Revenue or Total Assets (Note 3)
				Financial Statements Item	Amount	Terms	
10	LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	Lite-On Overseas Trading Co., Ltd. Lite-On Overseas Trading Co., Ltd.	c. c.	Sales Trade receivables	\$ 20,325,563 5,358,049	Cost-plus pricing Cost-plus pricing	12 3
11	LITEON-IT OPTO TECH (BH) CO., LTD.	Lite-On Overseas Trading Co., Ltd.	c.	Sales	5,012,261	Cost-plus pricing	3
12	Lite-On Electronics (Thailand) Co., Ltd.	LITE-ON SINGAPORE PTE. LTD.	c.	Sales	4,254,767	Cost-plus pricing	3
13	LITE-ON SINGAPORE PTE. LTD.	LITE-ON ELECTRONICS H.K. LIMITED LITE-ON TRADING USA, INC. LITE-ON TRADING USA, INC.	c. c. c.	Sales Sales Trade receivables	3,033,965 8,658,495 3,491,679	Cost-plus pricing Cost-plus pricing Cost-plus pricing	2 5 2
14	Lite-On Overseas Trading Co., Ltd.	LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD. LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD. LITE-ON ELECTRONICS (DONGGUAN) CO., LTD. SILITEK ELEC. (DONGGUAN) CO., LTD. LITE-ON ELECTRONICS (GUANGZHOU) LIMITED LITE-ON ELECTRONICS (GUANGZHOU) LIMITED LITEON-IT OPTO TECH (BH) CO., LTD. LITE-ON SINGAPORE PTE. LTD.	c. c. c. c. c. c. c. c. c. c.	Sales Sales Trade receivables Sales Sales Sales Trade receivables Sales Sales	10,492,634 12,509,278 4,417,133 12,324,607 8,585,064 16,378,557 4,314,521 4,464,873 15,922,178	Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing	6 8 2 7 5 10 2 3 10
15	Lite-On (Guangzhou) Automotive Electronics Limited	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD. LITE-ON SINGAPORE PTE. LTD.	c. c.	Sales Sales	2,001,264 2,026,283	Cost-plus pricing Cost-plus pricing	1 1

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

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

Note 2: Nature of relationship is as follows:

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

Note 3: The percentage calculation is based on the consolidated total operating revenues or total assets. For balance sheet items, each item's period-end balance is shown as a percentage to consolidated total assets as of December 31, 2021. For profit or loss items, cumulative amounts are shown as a percentage to consolidated total operating revenues for the year ended December 31, 2021.

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

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

(Concluded)