

**Lite-On Technology Corporation and  
Subsidiaries**

**Consolidated Financial Statements for the  
Years Ended December 31, 2019 and 2018 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, 2019 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

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RAYMOND SOONG  
Chairman

February 26, 2020

## 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 and its subsidiaries (collectively, the "Group"), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the consolidated statements of comprehensive income, changes in equity and consolidated cash flows for the years then ended, and the 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, 2019 and 2018, and its consolidated financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2019. 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.

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

#### Allowance for Impairment Loss of Trade Receivables

The allowance for impairment loss of trade receivables reflects management's subjective evaluation and determination of the recoverable amount of overdue receivables containing credit risk. The key assumptions and inputs used in the evaluation process involve significant estimates by management. Hence, we focused on assessing the reasonableness of the 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 rates, the calculation accuracy of allowance for impairment loss, and the recoverability of outstanding receivables via subsequent receipt testing.

#### Allowance for Inventory Valuation Loss

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

Refer to Note 4 to the 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 business segment, the reasonableness of allowance for inventory valuation loss rates, the correctness of inventory aging classification and the allowance calculation via audit sampling, and the physical examination of inventory through year-end inventory count to determine whether inventory was outdated or obsolete.

#### **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, 2019 and 2018 to 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 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, 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, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Cheng-Tsai Tsai

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 26, 2020

Meng-Chieh, Chiu

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, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

ASSETS	2019		2018	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Note 6)	\$ 67,639,056	36	\$ 63,285,301	32
Financial assets at fair value through profit or loss (Note 7)	271,650	-	132,139	-
Financial assets at amortized cost (Note 9)	221,977	-	223,738	-
Contract assets	2,487,281	1	3,024,589	2
Notes receivable, net (Note 11)	245,525	-	697,671	-
Trade receivables, net (Note 11)	38,078,654	21	45,484,821	23
Trade receivables from related parties (Note 32)	73,542	-	90,095	-
Other receivables	5,171,354	3	10,910,806	6
Other receivables from related parties (Note 32)	21,743	-	4,417	-
Inventories, net (Note 12)	23,647,443	13	31,493,066	16
Disposal groups held for sale (Note 14)	7,025,272	4	-	-
Other current assets (Note 20)	1,969,183	1	2,638,275	1
Total current assets	<u>146,852,680</u>	<u>79</u>	<u>157,984,918</u>	<u>80</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss (Note 7)	116,644	-	111,220	-
Financial assets at fair value through other comprehensive income (Note 8)	1,521,076	1	388,675	-
Financial assets at amortized cost (Note 9)	338,662	-	395,301	-
Investments accounted for using the equity method (Note 15)	4,729,554	3	4,972,609	3
Property, plant and equipment, net (Note 16)	19,171,374	10	20,484,992	10
Right-of-use assets, net (Notes 17 and 32)	1,602,478	1	-	-
Investment properties, net (Note 18)	1,282,267	1	1,178,393	1
Intangible assets, net (Note 19)	5,947,819	3	5,914,084	3
Deferred tax assets (Note 27)	4,577,757	2	4,333,202	2
Refundable deposits	347,658	-	499,984	-
Other non-current assets (Note 20)	144,534	-	872,691	1
Total non-current assets	<u>39,779,823</u>	<u>21</u>	<u>39,151,151</u>	<u>20</u>
<b>TOTAL</b>	<u>\$ 186,632,503</u>	<u>100</u>	<u>\$ 197,136,069</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 21)	\$ 30,433,692	16	\$ 30,087,282	15
Financial liabilities at fair value through profit or loss (Note 7)	688,834	-	51,877	-
Notes payable	13,271	-	18,235	-
Trade payables	44,304,379	24	52,309,412	27
Trade payables to related parties (Note 32)	730,544	-	781,623	-
Other payables	21,018,773	12	29,388,957	15
Other payables to related parties (Note 32)	12,494	-	16,684	-
Current tax liabilities	5,693,989	3	4,986,079	3
Provisions (Note 23)	1,043,689	1	1,011,238	-
Liabilities directly associated with disposal groups held for sale (Note 14)	2,693,881	2	-	-
Lease liabilities (Notes 17 and 32)	306,405	-	-	-
Advance receipts	2,457,892	1	1,959,041	1
Current portion of long-term borrowings (Note 21)	-	-	184	-
Finance lease payables (Note 22)	-	-	1,469	-
Total current liabilities	<u>109,397,843</u>	<u>59</u>	<u>120,612,081</u>	<u>61</u>
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities (Note 27)	1,789,117	1	1,605,349	1
Lease liabilities (Notes 17 and 32)	648,341	-	-	-
Finance lease payables, net of current portion (Note 22)	-	-	351	-
Net defined benefit liabilities (Note 24)	68,123	-	160,997	-
Guarantee deposits	87,689	-	78,890	-
Total non-current liabilities	<u>2,593,270</u>	<u>1</u>	<u>1,845,587</u>	<u>1</u>
Total liabilities	<u>111,991,113</u>	<u>60</u>	<u>122,457,668</u>	<u>62</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY</b>				
Share capital				
Ordinary shares	<u>23,508,670</u>	<u>13</u>	<u>23,508,670</u>	<u>12</u>
Capital surplus				
Additional paid-in capital from share issuance in excess of par value	3,471,812	2	3,471,812	2
Bond conversions	7,462,138	4	7,462,138	4
Treasury share transactions	548,884	-	477,697	-
Recognized changes in percentage of ownership interest in subsidiaries	48,298	-	47,209	-
Changes in equities of investments in associates accounted for using the equity method	273,024	-	271,367	-
Mergers	10,015,194	5	10,015,194	5
Total capital surplus	<u>21,819,350</u>	<u>12</u>	<u>21,745,417</u>	<u>11</u>
Retained earnings				
Legal reserve	12,845,584	7	12,049,900	6
Special reserve	3,388,768	2	2,705,954	2
Unappropriated earnings	16,885,813	9	15,789,147	8
Total retained earnings	<u>33,120,165</u>	<u>18</u>	<u>30,545,001</u>	<u>16</u>
Other equity				
Exchange differences on translating foreign operations	(4,390,226)	(2)	(2,779,863)	(2)
Unrealized loss of financial assets at fair value through other comprehensive income	(312,940)	-	(449,461)	-
Gain on hedging instruments	288	-	2,714	-
Equity directly associated with disposal groups held for sale	(14,218)	-	-	-
Total other equity	<u>(4,717,096)</u>	<u>(3)</u>	<u>(3,226,610)</u>	<u>(2)</u>
Treasury shares	<u>(1,271,314)</u>	<u>(1)</u>	<u>(1,248,722)</u>	<u>(1)</u>
Total equity attributable to owners of the Parent Company	<u>72,459,775</u>	<u>39</u>	<u>71,323,756</u>	<u>36</u>
<b>NON-CONTROLLING INTERESTS</b>	<u>2,181,615</u>	<u>1</u>	<u>3,354,645</u>	<u>2</u>
Total equity	<u>74,641,390</u>	<u>40</u>	<u>74,678,401</u>	<u>38</u>
<b>TOTAL</b>	<u>\$ 186,632,503</u>	<u>100</u>	<u>\$ 197,136,069</u>	<u>100</u>

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

# LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

	2019		2018	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales (Notes 26 and 32)	\$ 181,808,286	102	\$ 211,390,341	102
Less: Sales allowance	2,768,242	1	3,102,425	1
Sales returns	<u>1,085,878</u>	<u>1</u>	<u>1,178,828</u>	<u>1</u>
Total operating revenue	<u>177,954,166</u>	<u>100</u>	<u>207,109,088</u>	<u>100</u>
COST OF GOODS SOLD (Notes 12, 29 and 32)	<u>150,616,502</u>	<u>85</u>	<u>180,006,839</u>	<u>87</u>
GROSS PROFIT	<u>27,337,664</u>	<u>15</u>	<u>27,102,249</u>	<u>13</u>
OPERATING EXPENSES (Notes 29 and 32)				
Selling and marketing expenses	5,788,391	3	7,084,795	3
General and administrative expenses	6,143,633	4	6,116,248	3
Research and development expenses	6,083,478	3	6,348,444	3
Expected credit loss (gain) (Note 31)	<u>(23,060)</u>	<u>-</u>	<u>66,949</u>	<u>-</u>
Total operating expenses	<u>17,992,442</u>	<u>10</u>	<u>19,616,436</u>	<u>9</u>
OPERATING INCOME	<u>9,345,222</u>	<u>5</u>	<u>7,485,813</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit of associates accounted for using the equity method	60,069	-	178,863	-
Interest income	1,896,183	1	1,710,052	1
Dividend income	20,484	-	39,400	-
Other income (Notes 32 and 35)	1,722,808	1	5,265,003	2
Net gain on disposal of investments (Note 15)	261	-	86,603	-
Net gain (loss) on foreign currency exchange	666,584	-	(497,693)	-
Net gain on financial assets at fair value through profit or loss	228,483	-	1,338,423	1
Finance costs	(844,172)	-	(875,318)	(1)
Other expenses	(343,473)	-	(380,339)	-
Net loss on disposal of property, plant and equipment	(30,456)	-	(20,018)	-
Net loss on disposal of intangible asset	(15)	-	(6)	-
Impairment loss (Notes 16 and 19)	<u>(358,140)</u>	<u>-</u>	<u>(3,546,662)</u>	<u>(2)</u>
Total non-operating income and expenses	<u>3,018,616</u>	<u>2</u>	<u>3,298,308</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	12,363,838	7	10,784,121	5
INCOME TAX EXPENSE (Note 27)	<u>(2,958,321)</u>	<u>(2)</u>	<u>(2,817,037)</u>	<u>(1)</u>
NET PROFIT FOR THE YEAR	<u>9,405,517</u>	<u>5</u>	<u>7,967,084</u>	<u>4</u>

(Continued)

# LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

	2019		2018	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Notes 24, 25 and 27)				
Items not reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ (12,720)	-	\$ 3,041	-
Unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income	247,171	-	(107,838)	-
Share of other comprehensive loss of associates accounted for using the equity method	(8,779)	-	(1,770)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(2,278)</u>	-	<u>4,441</u>	-
	<u>223,394</u>	-	<u>(102,126)</u>	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(1,908,702)	(1)	(369,243)	-
Share of other comprehensive loss of associates accounted for using the equity method	(166,880)	-	(48,265)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>419,656</u>	-	<u>171,056</u>	-
	<u>(1,655,926)</u>	<u>(1)</u>	<u>(246,452)</u>	-
Other comprehensive loss for the year, net of income tax	<u>(1,432,532)</u>	<u>(1)</u>	<u>(348,578)</u>	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 7,972,985</u>	<u>4</u>	<u>\$ 7,618,506</u>	<u>4</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Parent Company	\$ 9,374,899	5	\$ 7,956,838	4
Non-controlling interests	<u>30,618</u>	-	<u>10,246</u>	-
	<u>\$ 9,405,517</u>	<u>5</u>	<u>\$ 7,967,084</u>	<u>4</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Parent Company	\$ 7,973,221	4	\$ 7,602,588	4
Non-controlling interests	<u>(236)</u>	-	<u>15,918</u>	-
	<u>\$ 7,972,985</u>	<u>4</u>	<u>\$ 7,618,506</u>	<u>4</u>

(Continued)

# LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

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	<u>2019</u>		<u>2018</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 28)				
From continuing operations				
Basic	<u>\$4.03</u>		<u>\$3.42</u>	
Diluted	<u>\$3.98</u>		<u>\$3.38</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, 2019 AND 2018  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Equity Attributable to Owners of the Parent Company

	Capital Surplus (Note 26)										Other Equity (Note 26)											
	Issue of Share Capital (Note 26)		Additional Paid-in Capital from Share Issuance In Excess of Par Value	Bond Conversion	Treasury Share Transactions	Difference Between Consideration and Carry Amounts Adjusted Arising from Changes in Percentage of Ownership in Subsidiaries	Changes in Capital Surplus from Investments in Associates Accounted for Using Equity Method	Merger	Total	Retained Earnings (Notes 26)				Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets Designated as Fair Value Through Other Comprehensive Income	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Cash Flow Hedges	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, 2018	2,350,867	\$ 23,508,670	\$ 9,372,488	\$ 7,462,138	\$ 400,329	\$ 49,019	\$ 276,782	\$ 10,015,194	\$ 27,575,950	\$ 11,786,967	\$ 1,338,878	\$ 10,093,753	\$ 23,219,598	\$ (2,528,893)	\$ -	\$ (18,497)	\$ 3,372	\$ -	\$ (2,544,018)	\$ (1,248,722)	\$ 3,255,951	\$ 73,767,429
Effect of retrospective application	-	-	-	-	-	-	-	-	-	-	-	279,769	279,769	-	(298,266)	18,497	-	-	(279,769)	-	-	-
BALANCE AT JANUARY 1, 2018 AS RESTATED	2,350,867	23,508,670	9,372,488	7,462,138	400,329	49,019	276,782	10,015,194	27,575,950	11,786,967	1,338,878	10,373,522	23,499,367	(2,528,893)	(298,266)	-	3,372	-	(2,823,787)	(1,248,722)	3,255,951	73,767,429
Appropriation of 2017 earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	-	-	-	-	262,933	-	(262,933)	-	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	-	-	1,367,076	(1,367,076)	-	-	-	-	-	-	-	-	-	-
Cash dividends - 4.1%	-	-	-	-	-	-	-	-	-	-	-	(963,855)	(963,855)	-	-	-	-	-	-	-	-	(963,855)
Distribution of cash dividends from capital surplus	-	-	(5,900,676)	-	-	-	-	-	(5,900,676)	-	-	-	-	-	-	-	-	-	-	-	-	(5,900,676)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	82,776	82,776
Changes in percentage of ownership interests in subsidiaries	-	-	-	-	-	(1,810)	-	-	(1,810)	-	-	-	-	-	-	-	-	-	-	-	-	(1,810)
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	-	-	-	-	(5,415)	-	(5,415)	-	-	-	-	-	-	-	-	-	-	-	-	(5,415)
Changes in capital surplus from cash dividends of the Parent Company paid to subsidiaries	-	-	-	-	77,368	-	-	-	77,368	-	-	-	-	-	-	-	-	-	-	-	-	77,368
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	43,182	43,182	-	(43,182)	-	-	-	(43,182)	-	-	-
Disposal of investments accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-	-	4,078	-	-	-	-	4,078	-	-	4,078
Net profit for the year ended December 31, 2018	-	-	-	-	-	-	-	-	-	-	-	7,956,838	7,956,838	-	-	-	-	-	-	-	10,246	7,967,084
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	-	-	-	-	-	-	-	9,469	9,469	(255,048)	(108,013)	-	(658)	-	(363,719)	-	5,672	(348,578)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	-	-	-	-	-	-	7,966,307	7,966,307	(255,048)	(108,013)	-	(658)	-	(363,719)	-	15,918	7,618,506
BALANCE AT DECEMBER 31, 2018	2,350,867	23,508,670	3,471,812	7,462,138	477,697	47,209	271,367	10,015,194	21,745,417	12,049,900	2,705,954	15,789,147	30,545,001	(2,779,863)	(449,461)	-	2,714	-	(3,226,610)	(1,248,722)	3,354,645	74,678,401
Effect of retrospective application (Note 3)	-	-	-	-	-	-	-	-	-	-	-	(5,145)	(5,145)	-	-	-	-	-	-	-	(9,761)	(14,906)
BALANCE AT JANUARY 1, 2019 AS RESTATED	2,350,867	23,508,670	3,471,812	7,462,138	477,697	47,209	271,367	10,015,194	21,745,417	12,049,900	2,705,954	15,784,002	30,539,856	(2,779,863)	(449,461)	-	2,714	-	(3,226,610)	(1,248,722)	3,344,884	74,663,495
Appropriation of 2018 earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	-	-	-	-	795,684	-	(795,684)	-	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	-	-	682,814	(682,814)	-	-	-	-	-	-	-	-	-	-
Cash dividends - 29.2%	-	-	-	-	-	-	-	-	-	-	-	(6,864,532)	(6,864,532)	-	-	-	-	-	-	-	-	(6,864,532)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(836,184)	(836,184)
Acquisition of further interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(12,616)	(12,616)	-	-	-	-	-	-	-	(326,849)	(339,465)
Changes in percentage of ownership interests in subsidiaries	-	-	-	-	-	1,089	-	-	1,089	-	-	-	-	-	-	-	-	-	-	-	-	1,089
Changes in capital surplus from investments in associates accounted for using the equity method (Note 3)	-	-	-	-	-	-	1,657	-	1,657	-	-	(5,585)	(5,585)	-	-	-	-	-	-	-	-	(3,928)
Changes in capital surplus from cash dividends of the Parent Company paid to subsidiaries	-	-	-	-	71,187	-	-	-	71,187	-	-	-	-	-	-	-	-	-	-	-	-	71,187
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	111,361	111,361	-	(111,361)	-	-	-	(111,361)	-	-	-
Disposal of investments accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-	-	(665)	-	-	-	-	(665)	-	-	(665)
Buy-back of ordinary shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(22,592)	-	(22,592)
Net profit for the year ended December 31, 2019	-	-	-	-	-	-	-	-	-	-	-	9,374,899	9,374,899	-	-	-	-	-	-	-	30,618	9,405,517
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	-	-	-	-	-	-	(23,218)	(23,218)	(1,609,698)	247,882	-	(2,426)	(14,218)	(1,378,460)	-	(30,854)	(1,432,532)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	-	-	-	-	-	9,351,681	9,351,681	(1,609,698)	247,882	-	(2,426)	(14,218)	(1,378,460)	-	(236)	7,972,985
BALANCE AT DECEMBER 31, 2019	2,350,867	23,508,670	3,471,812	7,462,138	548,884	48,298	273,024	10,015,194	21,819,350	12,845,584	3,388,768	16,885,813	33,120,165	(4,390,226)	(312,940)	-	288	(14,218)	(4,717,096)	(1,271,314)	2,181,615	74,641,390

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, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 12,363,838	\$ 10,784,121
Adjustments for:		
Depreciation expenses	4,391,453	4,698,252
Amortization expenses	223,431	306,500
Expected credit loss (gain)	(23,060)	66,949
Net gain on fair value changes of financial assets as at fair value through profit or loss	(228,483)	(1,338,423)
Finance costs	844,172	875,318
Interest income	(1,896,183)	(1,710,052)
Dividend income	(20,484)	(39,400)
Share of profit of associates accounted for using the equity method	(60,069)	(178,863)
Net loss on disposal of property, plant and equipment	30,456	20,018
Net loss on disposal of intangible asset	15	6
Net gain on disposal of non-current assets held for sale	-	(162,819)
Net gain on disposal of investments	(261)	(86,603)
Impairment loss recognized (reversed) on non-financial assets	(887,297)	3,749,500
Unrealized net loss (gain) on foreign currency exchange	(792,299)	262,569
Net gain on disposal of subsidiaries	(226,034)	-
Recognition of provisions	300,722	429,650
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	730,141	1,230,565
Contract assets	588,627	(3,033,890)
Notes receivable	446,787	(419,737)
Trade receivables	5,252,094	8,831,029
Trade receivables from related parties	16,553	(10,807)
Other receivables	4,322,842	(9,800,729)
Other receivables from related parties	(17,325)	(1,611)
Inventories	6,185,308	(3,606,918)
Other current assets	603,977	696,139
Notes payable	(4,964)	(20,571)
Trade payables	(4,625,264)	(4,655,634)
Trade payables to related parties	(51,080)	(22,271)
Other payables	(6,782,557)	7,710,429
Other payables to related parties	(3,927)	(3,243)
Provisions	(264,988)	(285,733)
Advance receipts	546,307	(93,901)
Net defined benefit liabilities	(91,495)	(63,174)
Cash generated from operations	20,870,953	14,126,666
Interest received	1,902,531	1,662,673
Dividends received	20,484	39,400
Interest paid	(855,798)	(852,547)
Income tax paid	(2,176,423)	(1,492,648)
Net cash generated from operating activities	<u>19,761,747</u>	<u>13,483,544</u>

(Continued)

# LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

	2019	2018
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of financial assets at fair value through other comprehensive income	\$ (11,500)	\$ (58,970)
Proceeds from disposal of financial assets at fair value through other comprehensive income	292,270	176,660
Purchases of financial assets at amortized cost	(658,270)	-
Proceeds from disposal of financial assets at amortized costs	720,192	868,455
Proceeds from disposal of investments accounted for using the equity method	3,997	2,849
Net cash inflow on disposal of subsidiaries	355,775	5,590
Proceeds from disposal of non-current assets held for sale	422,389	658,211
Purchases of property, plant and equipment	(5,174,012)	(5,646,424)
Proceeds from disposal of property, plant and equipment	193,894	3,444,871
Decrease in refundable deposits	144,006	140,857
Purchases of intangible assets	(282,196)	(166,322)
Proceeds from disposal of intangible assets	3,062	418,442
Decrease (increase) in other non-current assets	12,339	(80,403)
Dividend received from associates	140,066	101,714
Net cash used in investing activities	<u>(3,837,988)</u>	<u>(134,470)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from (repayments of) short-term borrowings	691,702	(476,153)
Repayments of long-term borrowings	(184)	(16,645)
Proceeds from (refunds of) guarantee deposits received	11,573	(1,345)
Decrease in finance lease payables	-	(1,617)
Repayments of the principal portion of lease liabilities	(332,362)	-
Cash dividends paid	(6,793,345)	(6,787,163)
Payments for buy-back of ordinary shares	(22,592)	-
Acquisition of subsidiaries	(364,239)	-
Changes in non-controlling interests	(814,371)	(30,537)
Net cash used in financing activities	<u>(7,623,818)</u>	<u>(7,313,460)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES</b>		
	<u>(1,808,492)</u>	<u>(534,173)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	6,491,449	5,501,441
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>63,285,301</u>	<u>57,783,860</u>

(Continued)

# LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

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	2019	2018
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 69,776,750</u>	<u>\$ 63,285,301</u>
CASH AND CASH EQUIVALENTS INCLUDED IN DISPOSAL GROUPS HELD FOR SALE (Note 14)	<u>(2,137,694)</u>	<u>-</u>
CASH AND CASH EQUIVALENT ON CONSOLIDATED BALANCE SHEET	<u>\$ 67,639,056</u>	<u>\$ 63,285,301</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, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 1. GENERAL INFORMATION

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

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

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

The Parent Company separately merged with Li Shin International Enterprise Corp., Lite-On Clean Energy Technology Corp., Lite-On Automotive Corp., Leotek Electronics Corp., Lite-On IT Corporation and LarView Technologies Corp., with the Parent Company as the surviving entity. The 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 Parent Company as the surviving entity of all the mergers, and the Parent Company thus assumed all rights and obligations of the six merged companies on those respective dates.

The extraordinary shareholders’ meeting of the Parent Company resolved to spin-off its Solid State Storage’s business unit to 100% owned subsidiary, SOLID STATE STORAGE TECHNOLOGY CORPORATION, for the purpose of specialization under the Business Mergers and Acquisitions Act and related regulations in October 2019.

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

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Parent Company’s board of directors on February 26, 2020.

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

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

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

- IFRS 16 “Leases”

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

#### Definition of a lease

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

#### The Group as lessee

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

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

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

The Group also applies the following practical expedients:

- 1) The Group applies a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.
- 2) The Group accounts for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.
- 3) The Group uses hindsight, such as in determining lease terms, to measure lease liabilities.

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

The Group as lessor

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

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

	<b>As Originally Stated on January 1, 2019</b>	<b>Adjustments Arising from Initial Application</b>	<b>Restated on January 1, 2019</b>
Investments accounted for using the equity method	\$ 4,972,609	\$ (5,585)	\$ 4,967,024
Right-of-use assets - non-current	-	1,922,540	1,922,540
Prepayments for leases - non-current	<u>713,824</u>	<u>(713,824)</u>	<u>-</u>
Total effect on assets	<u>\$ 5,686,433</u>	<u>\$ 1,203,131</u>	<u>\$ 6,889,564</u>
Lease liabilities - current	\$ -	\$ 343,221	\$ 343,221
Lease liabilities - non-current	<u>-</u>	<u>880,401</u>	<u>880,401</u>
Total effect on liabilities	<u>\$ -</u>	<u>\$ 1,223,622</u>	<u>\$ 1,223,622</u>
Retained earnings	\$ 30,545,001	\$ (10,730)	\$ 30,534,271
Non-controlling interests	<u>3,354,645</u>	<u>(9,761)</u>	<u>3,344,884</u>
Total effect on equity	<u>\$ 33,899,646</u>	<u>\$ (20,491)</u>	<u>\$ 33,879,155</u>

Upon initial application of IFRS 16, the Group restated comparative information and recognized the cumulative effect on retained earnings, resulted from recognizing the decrease in the subsidiary's retained earnings of \$5,145 thousand and the proportionate share of the decrease in the associate's retained earnings of \$5,585 thousand.

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

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

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

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

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

1) Amendments to IFRS 3 “Definition of a Business”

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

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

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

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

3) Amendments to IAS 1 and IAS 8 “Definition of material”

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

Except for the above impact, as of the date the 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.

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

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

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

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

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

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

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

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

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

Except for the above impact, as of the date the 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 liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

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

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

Current assets include:

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

Current liabilities include:

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

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company and the entities controlled by the Parent Company. Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statements of profit or loss and other 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 used by the Parent Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Parent Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required 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 fair value on initial recognition of [financial assets at fair value through other comprehensive income/financial assets at fair value through profit or loss] or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

See Note 13 and Table 7 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 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, or other comprehensive income. 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. Foreign currencies

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

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

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

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

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

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

g. Inventories

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

h. Investments accounted for using the equity method

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

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

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

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

When the Group subscribes for additional new shares of 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 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.

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

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

i. Property, plant and equipment

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

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

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

j. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation.

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.

k. Goodwill

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

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

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

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

l. Intangible assets

1) Intangible assets acquired separately

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

2) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date. 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.

m. Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of such assets is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the 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 any indication that the asset may be impaired.

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

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

n. Non-current assets held for sale

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

When a sale plan would result in a loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale, regardless of whether the 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. Recognition of depreciation of those assets would cease.

o. 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 fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss (“FVTPL”) are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement category

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Refer to Note 31 for the determination of fair value of the financial assets.

ii. Financial assets at amortized cost

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

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

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

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

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

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

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

- iii. Investments in equity instruments at FVTOCI

On initial recognition, the 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

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

For trade receivables and contract assets, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs. 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 determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Group):

- i. Internal or external information show that the debtor is unlikely to pay its creditors.
- ii. When a financial asset is more than 90 days past due unless the 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 in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

2) Financial liabilities and equity instruments

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

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

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

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

3) Derivative financial instruments

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

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

p. Provisions

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

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

q. Revenue recognition

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

1) Sale of goods

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

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

2) Rental revenue

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

3) Dividend and interest income

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

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

r. Leases

2019

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.

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 between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

## 2) The 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 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 Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the 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. Lease liabilities are presented on a separate line in the consolidated balance sheets.

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

## 2018

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

### 1) The Group as lessor

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

### 2) The Group as lessee

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

## s. Employee benefits

### 1) Short-term employee benefits

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

## 2) Retirement benefits

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

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

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the 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.

## t. Taxation

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

### 1) Current tax

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

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

### 2) Deferred tax

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

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

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the 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 for the year

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

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the 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

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. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

b) Write-down of inventories

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

## 6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<b>2019</b>	<b>2018</b>
Cash on hand	\$ 2,786	\$ 3,240
Checking accounts	1,125,503	975,772
Demand deposits	41,608,274	39,717,272
Time deposits	<u>24,902,493</u>	<u>22,589,017</u>
	<u>\$ 67,639,056</u>	<u>\$ 63,285,301</u>

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	<b>2019</b>	<b>2018</b>
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Currency swaps	\$ 157,557	\$ 38,496
Forward exchange contracts	<u>114,093</u>	<u>93,643</u>
	<u>\$ 271,650</u>	<u>\$ 132,139</u>
<u>Financial assets at FVTPL - non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	\$ 102,120	\$ 99,727
Domestic quoted shares	<u>14,524</u>	<u>11,493</u>
	<u>\$ 116,644</u>	<u>\$ 111,220</u>
<u>Financial liabilities at FVTPL - current</u>		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Forward exchange contracts	\$ 684,519	\$ 45,584
Currency swaps	<u>4,315</u>	<u>6,293</u>
	<u>\$ 688,834</u>	<u>\$ 51,877</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, 2019</u>			
The Parent Company			
Currency swaps	USD/NTD	2020.01.06- 2020.03.19	USD465,000/NTD14,022,525
Lite-On Overseas Trading Co., Ltd.			
Forward exchange contracts	USD/CNY	2020.01.09- 2020.04.07	USD209,000/CNY1,473,869
Currency swaps	USD/CNY	2020.01.09	USD60,000/CNY420,468
LITE-ON SINGAPORE PTE. LTD.			
Forward exchange contracts	USD/NTD	2020.01.10- 2020.11.16	USD1,328,000/NTD39,887,176
Forward exchange contracts	USD/INR	2020.01.10- 2020.06.16	USD35,000/INR2,519,329
Forward exchange contracts	EUR/USD	2020.01.07	EUR11,000/USD12,210
Forward exchange contracts	USD/CAD	2020.01.06	USD1,504/CAD2,000
Forward exchange contracts	USD/JPY	2020.01.07	USD919/JPY100,000
Forward exchange contracts	USD/BRL	2020.01.22	USD2,500/BRL10,166
Forward exchange contracts	USD/MXN	2020.01.07	USD2,600/MXN51,025
Forward exchange contracts	USD/CNY	2020.03.04- 2020.03.17	USD20,000/CNY140,540
Currency swaps	USD/CNY	2020.01.07- 2020.03.16	USD55,500/CNY389,881
Philip & Lite-On Digital Solutions Corporation			
Forward exchange contracts	EUR/USD	2020.01.06	USD3,866/EUR3,500
Currency swaps	USD/NTD	2020.01.30	USD20,000/NTD602,000
Silitech Technology Corporation			
Forward exchange contracts	USD/MYR	2020.01.07- 2020.03.06	USD1,940/MYR8,050
Forward exchange contracts	EUR/MYR	2020.01.10- 2020.03.17	EUR300/MYR1,405
Forward exchange contracts	CNY/MYR	2020.01.16	CNY1,000/MYR590
Forward exchange contracts	USD/CNY	2020.01.17- 2020.02.14	USD2,250/CNY15,803
<u>December 31, 2018</u>			
The Parent Company			
Currency swaps	USD/NTD	2019.01.09- 2019.05.06	USD120,000/NTD3,652,320
Lite-On Overseas Trading Co., Ltd.			
Forward exchange contracts	USD/CNY	2019.01.15- 2019.03.11	USD128,000/CNY885,336
Currency swaps	USD/CNY	2019.01.29	USD24,000/CNY167,338

(Continued)

	Currency	Maturity Date	Notional Amount (In Thousands)
<b>LITE-ON SINGAPORE PTE. LTD.</b>			
Forward exchange contracts	USD/NTD	2019.01.14- 2019.06.10	USD600,000/NTD18,199,954
Forward exchange contracts	USD/CNY	2019.01.24- 2019.03.06	USD35,000/CNY243,945
Forward exchange contracts	USD/MXN	2019.01.04	USD1,600/MXN32,384
Forward exchange contracts	EUR/USD	2019.01.04	EUR13,000/USD14,790
Forward exchange contracts	USD/JPY	2019.01.04	USD883/JPY100,000
Forward exchange contracts	USD/CAD	2019.01.03	USD984/CAD1,300
Forward exchange contracts	USD/BRL	2019.01.07	USD2,500/BRL9,587
Forward exchange contracts	USD/INR	2019.01.14	USD6,000/INR433,664
Currency swaps	USD/CNY	2019.01.09- 2019.03.13	USD53,000/CNY367,701
<b>Philip &amp; Lite-On Digital Solutions Corporation</b>			
Forward exchange contracts	EUR/USD	2019.01.04	EUR3,500/USD3,980
Currency swaps	USD/NTD	2019.01.14	USD20,000/NTD614,900
<b>Silitech Technology Corporation</b>			
Forward exchange contracts	USD/MYR	2019.01.07- 2019.03.06	USD1,980/MYR8,267
Forward exchange contracts	EUR/MYR	2019.01.28- 2019.03.27	EUR310/MYR1,488
Forward exchange contracts	USD/CNY	2019.01.14- 2019.02.15	USD3,000/CNY20,758

(Concluded)

The Group entered into derivative contracts in 2019 and 2018 to manage exposures due to fluctuations of foreign exchange rates. The derivative contracts entered into by the 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>	
	<b>2019</b>	<b>2018</b>
<u>Non-current</u>		
Domestic investments		
Listed shares	\$ 258,493	\$ 199,825
Unlisted shares	51,352	40,998
Emerging market shares	-	99,844
	<u>309,845</u>	<u>340,667</u>
Foreign investments		
Unlisted shares	1,211,231	43,952
Listed shares	-	4,056
	<u>1,211,231</u>	<u>48,008</u>
	<u>\$ 1,521,076</u>	<u>\$ 388,675</u>

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

## 9. FINANCIAL ASSETS AT AMORTIZED COSTS

	<u>December 31</u>	
	<b>2019</b>	<b>2018</b>
Pledged deposits	\$ 467,674	\$ 596,623
Wealth management products	<u>92,965</u>	<u>22,416</u>
	<u>\$ 560,639</u>	<u>\$ 619,039</u>
Current	\$ 221,977	\$ 223,738
Non-current	<u>338,662</u>	<u>395,301</u>
	<u>\$ 560,639</u>	<u>\$ 619,039</u>

- a. Wealth management products mainly refer to bank deposit products with minimum guaranteed returns held by subsidiaries and measured at amortized cost. The products shall not be paid or redeemed within the contract period.
- b. Refer to Note 10 for information related to credit risk management and impairment evaluation of financial assets at amortized cost.
- c. Refer to Note 33 for information related to investments in financial assets at amortized cost pledged as security.

## 10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments were classified as at amortized cost.

	<u>December 31</u>	
	<b>2019</b>	<b>2018</b>
<u>At amortized cost</u>		
Gross carrying amount	\$ 560,639	\$ 619,039
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
Net carrying amount	<u>\$ 560,639</u>	<u>\$ 619,039</u>

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

## 11. NOTES AND TRADE RECEIVABLES, NET

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
<u>Notes receivable</u>		
Notes receivable - operating	\$ <u>245,525</u>	\$ <u>697,671</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 38,220,925	\$ 45,703,661
Allowance for impairment loss	<u>(142,271)</u>	<u>(218,840)</u>
	<u>\$ 38,078,654</u>	<u>\$ 45,484,821</u>

### a. Notes receivable

The aging of notes receivable was as follows:

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
Not past due	\$ <u>245,525</u>	\$ <u>697,671</u>

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

### b. Trade receivables

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

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

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, e.g. when the debtor has been placed under liquidation or when the trade receivables are more than 2 years past due, whichever occurs earlier. For trade receivables that have been written off, the 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 allowance matrix.

December 31, 2019

	Not Past Due	Less Than and Including 60 Days	61 to 210 Days	211 to 240 Days	More Than 240 Days	Total
Expected credit loss rate	0%	01%-5%	40%-70%	50%-100%	100%	
Gross carrying amount	\$ 37,776,076	\$ 281,476	\$ 50,801	\$ 948	\$ 111,624	\$ 38,220,925
Loss allowance	-	(3,939)	(26,130)	(578)	(111,624)	(142,271)
Amortized cost	<u>\$ 37,776,076</u>	<u>\$ 277,537</u>	<u>\$ 24,671</u>	<u>\$ 370</u>	<u>\$ -</u>	<u>\$ 38,078,654</u>

December 31, 2018

	Not Past Due	Less Than and Including 60 Days	61 to 210 Days	211 to 240 Days	More Than 240 Days	Total
Expected credit loss rate	0%	0.1%-5%	40%-70%	50%-100%	100%	
Gross carrying amount	\$ 44,450,374	\$ 986,808	\$ 114,360	\$ 2,468	\$ 149,651	\$ 45,703,661
Loss allowance	-	(9,560)	(57,933)	(1,696)	(149,651)	(218,840)
Amortized cost	<u>\$ 44,450,374</u>	<u>\$ 977,248</u>	<u>\$ 56,427</u>	<u>\$ 772</u>	<u>\$ -</u>	<u>\$ 45,841,821</u>

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

	<u>For the Year Ended December 31</u>	
	<u>2019</u>	<u>2018</u>
Balance at January 1	\$ 218,840	\$ 199,419
Amounts written off	(48,488)	(17,508)
Expected credit loss (gain)	(22,998)	55,148
Reclassified to non-current assets held for sale	(1,454)	-
Amounts recovered	-	927
Disposal of subsidiaries	-	(18,383)
Foreign exchange translation	<u>(3,629)</u>	<u>(763)</u>
Balance at December 31	<u>\$ 142,271</u>	<u>\$ 218,840</u>

**12. INVENTORIES, NET**

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
Finished goods	\$ 16,343,107	\$ 19,718,524
Raw materials	4,876,849	8,462,033
Work in progress	1,929,297	2,650,114
Merchandise	255,967	462,346
Inventory in transit	<u>242,223</u>	<u>200,049</u>
	<u>\$ 23,647,443</u>	<u>\$ 31,493,066</u>

The costs of inventories recognized as cost of goods sold for the years ended December 31, 2019 and 2018 were \$150,616,502 thousand and \$180,006,839 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the year ended December 31, 2019 included a reduction of cost of goods sold amounting to \$1,245,437 thousand due to an increase in inventory's net realizable value. The cost of inventories recognized as cost of goods sold for the year ended December 31, 2018 included an increase in cost of goods sold amounting to \$202,838 thousand due to inventory write-downs to the net realizable value.

### 13. SUBSIDIARIES

#### a. Subsidiaries included in consolidated financial statements

Investor	Investee	Main Business	% of Ownership		Remark
			2019	2018	
The Parent Company	Silitech Technology Corporation	Manufacture and sale of modules and plastic products	33.87	33.87	-
	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	69.94	69.94	-
	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	49.49	1)
	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	-
	LI SHIN INTERNATIONAL ENTERPRISE CORPORATION	Manufacture and sale of computer and appliance components	-	100.00	2)
	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	100.00	-
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	-	
The Parent Company	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	99.77	-
	KBW-LEOTEK Jordan Private Shareholding Limited	Investment activities	49.00	49.00	-
Lite-On Capital Corporation	SOLID STATE STORAGE TECHNOLOGY CORPORATION	Manufacture and duplication of electronic components and data storage medium	100.00	-	3)
	Silitech Technology Corporation	Manufacture and sale of modules and plastic products	0.64	0.64	-
Lite-On Green Technologies Inc.	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 Technologies (HK) Limited	Solar energy engineering	-	100.00	4)
LITE-ON GREEN ENERGY (SINGAPORE) PTE. LTD.	Lite-On Green Energy B.V.	Investment activities	100.00	100.00	-

(Continued)

Investor	Investee	Main Business	% of Ownership		Remark
			2019	2018	
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	-
	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	-
CHINA BRIDGE (CHINA) CO., LTD.	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 device	100.00	100.00	-
LITE-ON ELECTRONICS COMPANY LIMITED	LITE-ON DIGITAL ELECTRONICS (DONGGUAN) CO., LTD.	Manufacture and sale of computer peripheral products	100.00	100.00	-
	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	Development, manufacture of new-type electronic components and provision 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	-
	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	-
	LITE-ON (GUANGZHOU) PRECISION TOOLING LTD.	Manufacture and sale of modules	67.03	67.03	-
	LITE-ON TECHNOLOGY (GUANGZHOU) LIMITED	Manufacture and sale of computer cases	100.00	100.00	-
	LITE-ON TECHNOLOGY (JIANGSU) CO., LTD.	Development, manufacture, sale and installation of power supplies and transformers and provision of technology consulting services, maintenance equipment and precision instruments	100.00	100.00	-
	LITE-ON TECHNOLOGY (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	-
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 (GZ) INVESTMENT COMPANY LIMITED	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	Development, manufacture and sale of new-type electronic components and LED and provision technology consulting services, maintenance equipment and after-sales services	87.41	87.41	-
	LITE-ON MEDICAL DEVICE (CHANGZHOU) LTD.	Manufacture and sale of medical equipment	100.00	100.00	-
LITE-ON TECHNOLOGY (JIANGSU) CO., LTD.	CHANGZHOU LEOTEK NEW ENERGY TRADE LIMITED	Wholesale, import and export and installation of street lights, signal lights, scenery lights and new-type electronic components	100.00	100.00	-
	LITE-ON COMPUTER (CHANGZHOU) CO., LTD.	Design, development, manufacture and sale of computer laptop keyboard modules and components and provision of technology consulting services and after-sales services	100.00	100.00	-
YET FOUNDATE LIMITED	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	-
FORDGOOD ELECTRONIC LIMITED	DONGGUAN LITE-ON COMPUTER CO., LTD.	Manufacture and sale of computer hosts and components	100.00	100.00	-
LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	LITEON LI SHIN TECHNOLOGY (GANZHOU) LTD.	Manufacture and sale of electronic components	100.00	100.00	-
	YANTAI LITE-ON MOBILE ELECTRONIC COMPONENTS CO., LTD.	Development, design, manufacture, sale of phone case and components and provision of technical support, business management information consultation, goods and technology import and export.	-	100.00	5)
LITE-ON TECHNOLOGY USA, INC.	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	-
	LEOTEK ELECTRONICS USA LLC.	Sale of LED products	100.00	100.00	-
	POWER INNOVATIONS INTERNATIONAL, INC.	Development, design and manufacture of power control and energy management	95.25	95.25	-
	Lite-On Sales & Distribution Inc.	Sale of optical disc drives	100.00	100.00	6)
	LITE-ON TECHNOLOGY SERVICE, INC.	After-sales service of optical products	100.00	100.00	-

(Continued)

Investor	Investee	Main Business	% of Ownership		Remark
			2019	2018	
Lite-On International Holding Co., Ltd.	LITE-ON CHINA HOLDING CO., LTD.	Manufacture and sale of computer cases	100.00	100.00	-
LITE-ON SINGAPORE PTE. LTD.	Lite-On Technology (Yingtan) Ltd.	Manufacture and sale of electronic components	-	100.00	7)
	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 device, key electronic components, telecommunications equipment, information technology equipment, semiconductor applications, general lighting, automotive electronics, renewable energy products and systems and maintenance within the automotive industry	1.00	1.00	-
	LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED	Manufacture and sale of phone chargers and power supplies	1.00	1.00	-
LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	LITE-ON INTELLIGENT TECHNOLOGY (YENCHENG) CORP.	Wholesale, import and export and installation of street lights, signal lights, scenery lights and new-type electronic components	100.00	100.00	-
LTC GROUP LTD.	TITANIC CAPITAL SERVICES LTD.	Investment activities	100.00	100.00	-
	LTC INTERNATIONAL LTD.	Manufacture and sale of system products	100.00	100.00	-
Lite-On Technology (Europe) B.V.	Lite-On (Finland) Oy	Manufacture and sale of mobile phone modules and design for assembly lines	100.00	100.00	-
Lite-On (Finland) Oy	Lite-On Mobile Oyj	Manufacture and sale of mobile phone modules and design for assembly lines	100.00	100.00	-
LITE-ON CHINA HOLDING CO., LTD.	LITE-ON ELECTRONICS COMPANY LIMITED	Investment activities	100.00	100.00	-
	YET FOUNDATE LIMITED	Manufacture of plastic and computer peripheral products	100.00	100.00	-
	I-SOLUTIONS LIMITED	Sale of specialized electronic products	100.00	100.00	-
	FORDGOOD ELECTRONIC LIMITED	Import and export and real estate	100.00	100.00	-
	G&W TECHNOLOGY (BVI) LIMITED	Real estate management	50.00	50.00	-
	G&W TECHNOLOGY LIMITED	Leasing	100.00	100.00	-
EAGLE ROCK INVESTMENT LTD.	HUIZHOU LI SHIN ELECTRONIC CO., LTD.	Manufacture of computer peripheral products	100.00	100.00	-
	HUIZHOU FU TAI ELECTRONIC CO., LTD.	Manufacture of computer peripheral products	-	100.00	8)
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 OPTO TECHNOLOGY (GUANGZHOU) LTD.	Manufacture and sale of optical disc drives	100.00	100.00	-
	LiteON Auto Electric Technology (Guangzhou) Ltd.	Manufacture and sale of optical disc drives	100.00	100.00	-
	LITEON-IT OPTO TECH (BH) CO., LTD.	Manufacture and sale of optical disc drives	100.00	100.00	-
Lite-On Information Technology B.V.	Lite-On Information Technology GmbH	Sale of optical disc drives	100.00	100.00	-
Philips & Lite-On Digital Solutions Corporation	PLDS Germany GmbH	Development and sale of modules of automotive recorders	100.00	100.00	-
	Philips & Lite-On Digital Solutions USA, Inc.	Sale of optical disc drives	100.00	100.00	-
	Philips & Lite-On Digital Solutions Korea Ltd.	Sale of optical disc drives	100.00	100.00	-
	PLDS Netherlands B.V.	Sale and design of optical disc drives	-	100.00	9)
	Philips & Lite-On Digital Solutions (Shanghai) Co., Ltd.	Sale of optical disc drives	100.00	100.00	-
Silitech Technology Corporation	Silitech (BVI) Holding Ltd.	Investment activities	100.00	100.00	-
	Lite-On Japan Ltd.	Sale of LED optical products and power supplies	-	7.87	1)
Silitech (BVI) Holding Ltd.	Silitech (Bermuda) Holding Ltd.	Investment activities	100.00	100.00	-
Silitech (Bermuda) Holding Ltd.	Silitech Technology Corporation Limited	Manufacture of plastic and computer peripheral products	100.00	100.00	-
	Silitech Technology Corp. Sdn. Bhd.	Manufacture of computer peripheral products	100.00	100.00	-
	Silitech (Hong Kong) Holding Ltd.	Investment activities	100.00	100.00	-
Silitech (Hong Kong) Holding Ltd.	Silitech Electronic (SuZhou) Co., Ltd.	Manufacture and sale of automotive parts, touch panels and plastic and rubber assembly	100.00	100.00	10)
Silitech Technology Corporation Limited	Xurong Electronic (Shenzhen) Ltd.	Manufacture of automotive parts, touch panels and plastic and rubber assembly	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.	L&K Industries Philippines, Inc.	Import and export of electronic components	35.00	100.00	11)
	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 Sweden AB	Manufacture and sale of mobile phone modules and design for assembly line	-	100.00	2)
	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 INDIA PRIVATE LIMITED	Manufacture and sale of mobile phone modules and design for assembly line	-	11.59	12)

(Continued)

Investor	Investee	Main Business	% of Ownership		Remark
			2019	2018	
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	-
	LITE-ON MOBILE INDIA PRIVATE LIMITED	Manufacture and sale of mobile phone modules and design for assembly line	-	88.41	12)
	LITE-ON YOUNG FAST PTE. LTD.	Investment activities	100.00	100.00	-
KBW-LEOTEK Jordan Private Shareholding Limited	LEOTEK, PSC	Production and manufacture of energy-saving lights	60.00	60.00	-

(Concluded)

Remark:

- 1) Acquired all the outstanding shares of the subsidiaries in August 2019.
  - 2) Liquidated in June 2019.
  - 3) Established in April 2019 and is expected to be disposed in April 2020. Refer to Note 14 for further information.
  - 4) Liquidated in December 2019.
  - 5) Liquidated in November 2019.
  - 6) Expected to be disposed in April 2020. Refer to Note 14 for further information.
  - 7) Liquidated in August 2019.
  - 8) Dissolved upon merging with HUIZHOU LI SHIN ELECTRONIC CO., LTD. in October 2019.
  - 9) Liquidated in September 2019.
  - 10) Silitech Technology Corporation, a subsidiary, has resolved to liquidate the investee in April 2019. The liquidation was finalized in January 2020.
  - 11) Partially sold the equity interests in September 2019 and consequently ceased to have control over the investee. The investee is reclassified as an associate for subsequent measurement.
  - 12) Sold in December 2019.
- b. Subsidiaries excluded from consolidated financial statements: None.
- c. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests	
	2019	2018
Silitech Technology Corporation	65.49%	65.49%

See Table 7 “Names, Locations, and Related Information on Investees” and Table 8 “Information of Investment in Mainland China” for the information on place of incorporation and principal place of business.

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests For the Year Ended December 31		Accumulated Non-controlling Interests December 31	
	2019	2018	2019	2018
	Silitech Technology Corporation	\$ (19,970)	\$ (22,145)	\$ 1,650,939
Others	<u>50,588</u>	<u>32,391</u>	<u>530,676</u>	<u>889,969</u>
	<u>\$ 30,618</u>	<u>\$ 10,246</u>	<u>\$ 2,181,615</u>	<u>\$ 3,354,645</u>

The summarized financial information below represents amounts before intragroup eliminations.

Silitech Technology Corporation and Silitech Technology Corporation's subsidiaries:

	December 31	
	2019	2018
Current assets	\$ 2,665,563	\$ 3,972,433
Non-current assets	679,836	771,549
Current liabilities	(714,824)	(881,038)
Non-current liabilities	<u>(109,572)</u>	<u>(99,356)</u>
Equity	<u>\$ 2,521,003</u>	<u>\$ 3,763,588</u>
Equity attributable to:		
The Parent Company	\$ 870,064	\$ 1,298,912
Non-controlling interests of Silitech Technology Corporation	<u>1,650,939</u>	<u>2,464,676</u>
	<u>\$ 2,521,003</u>	<u>\$ 3,763,588</u>
	For the Year Ended December 31	
	2019	2018
Revenue	<u>\$ 2,295,774</u>	<u>\$ 2,251,044</u>
Net loss for the year	\$ 30,495	\$ 33,816
Other comprehensive loss for the year	<u>6,191</u>	<u>4,603</u>
Total comprehensive loss for the year	<u>\$ 36,686</u>	<u>\$ 38,419</u>
Net loss attributable to:		
The Parent Company	\$ 10,525	\$ 11,671
Non-controlling interests of Silitech Technology Corporation	<u>19,970</u>	<u>22,145</u>
	<u>\$ 30,495</u>	<u>\$ 33,816</u>

(Continued)

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Total comprehensive income (loss) attributable to:		
The Parent Company	\$ (12,661)	\$ (13,278)
Non-controlling interests of Silitech Technology Corporation	(24,025)	(25,196)
Non-controlling interests of Silitech Technology Corporation's subsidiaries	<u>-</u>	<u>55</u>
	<u>\$ (36,686)</u>	<u>\$ (38,419)</u>
Net cash flow from:		
Operating activities	\$ 91,871	\$ (299,674)
Investing activities	347,075	1,249,483
Financing activities	(1,254,522)	(1,238)
Foreign exchange translation	<u>5,131</u>	<u>(406)</u>
Net cash inflow (outflow)	<u>\$ (810,445)</u>	<u>\$ 948,165</u> (Concluded)

#### 14. DISPOSAL GROUPS HELD FOR SALE

The board of directors of the Parent Company resolved to dispose the outstanding shares of directly and indirectly owned subsidiaries - SOLID STATE STORAGE TECHNOLOGY CORPORATION and Lite-On Sales & Distribution Inc. - and the marketable securities of CNEX LABS Inc., held by LITE-ON TECHNOLOGY USA, INC. A buyer has been sought and the sale is expected to be completed in April, 2020. The consolidated assets and liabilities were reclassified as disposal groups held for sale as of December 31, 2019. The net proceeds of disposal were expected to exceed the carrying amount of the related net assets, and accordingly, no impairment loss was recognized while reclassifying the corresponding assets and liabilities to disposal groups held for sale. The major classes of assets, liabilities and equity related to disposal groups held for sale were as follows:

	<b>December 31, 2019</b>
<u>Disposal groups held for sale</u>	
Cash and cash equivalents	\$ 2,137,694
Trade and other receivables	1,717,796
Inventories, net	2,403,594
Other current assets	25,346
Other non-current assets	<u>740,842</u>
	<u>\$ 7,025,272</u>
<u>Liabilities directly associated with disposal groups held for sale</u>	
Trade and other payables	\$ 2,629,725
Other current liabilities	34,079
Other non-current liabilities	<u>30,077</u>
	<u>\$ 2,693,881</u>
<u>Equity directly associated with disposal groups held for sale</u>	<u>\$ (14,218)</u>

## 15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

### Investments in Associates

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
Associates that are not individually material	<u>\$ 4,729,554</u>	<u>\$ 4,972,609</u>

### Aggregate Information of Associates That Are Not Individually Material

	<u>For the Year Ended December 31</u>	
	<u>2019</u>	<u>2018</u>
The Group's share of:		
Profit for the year	\$ 60,069	\$ 178,863
Other comprehensive loss for the year	<u>(164,085)</u>	<u>(50,035)</u>
 Total comprehensive income (loss) for the year	 <u>\$ (104,016)</u>	 <u>\$ 128,828</u>

In January 2018, the Group partially disposed of its equity interests in Logah Technology Corp. and consequently ceased to have significant influence. The Group retained the remaining interest as financial assets at FVTOCI whose value equaled to the fair value at the date of disposal. This transaction resulted in the recognition of a gain in profit or loss, calculated as follows:

	<b>Amount</b>
Proceeds of disposal	\$ 4,560
Add: Fair value of retained investment	187,834
Less: Carrying amount of investment on the date of loss of significant influence	(93,003)
Carrying amount of disposed of investment	(2,238)
Share of other comprehensive income of the associate accounted for using the equity method	<u>(4,078)</u>
 Gain recognized (under non-operating income and expenses, net gain on disposal of investment)	 <u>\$ 93,075</u>

## 16. PROPERTY, PLANT AND EQUIPMENT, NET

	Freehold Land	Buildings	Machinery Equipment	Tooling Equipment	Transportation Equipment	Office Equipment	Equipment Held under Finance Leases	Other Equipment	Total
<i>Cost</i>									
January 1, 2019	\$ 2,327,976	\$ 18,155,108	\$ 27,419,920	\$ 2,108,806	\$ 56,075	\$ 2,126,243	\$ -	\$ 7,244,205	\$ 59,438,333
Additions	-	996,935	1,812,295	101,551	3,949	126,737	-	1,403,914	4,445,381
Disposals	(4,744)	(810,200)	(2,153,971)	(128,057)	(10,982)	(155,182)	-	(110,727)	(3,373,863)
Reclassification	-	1,302,438	(733,237)	18,550	(48)	(6,545)	-	(2,602,901)	(2,021,743)
Effect of foreign currency exchange differences	(297)	(440,284)	(765,037)	(43,651)	(803)	(39,526)	-	(166,289)	(1,455,887)
December 31, 2019	<u>\$ 2,322,935</u>	<u>\$ 19,203,997</u>	<u>\$ 25,579,970</u>	<u>\$ 2,057,199</u>	<u>\$ 48,191</u>	<u>\$ 2,051,727</u>	<u>\$ -</u>	<u>\$ 5,768,202</u>	<u>\$ 57,032,221</u>
<i>Accumulated depreciation</i>									
January 1, 2019	\$ -	\$ 9,307,631	\$ 21,216,394	\$ 1,929,615	\$ 51,927	\$ 1,800,224	\$ -	\$ 3,896,868	\$ 38,202,659
Additions	-	712,783	2,633,995	123,562	2,437	196,086	-	288,734	3,957,597
Disposals	-	(330,998)	(2,069,945)	(127,759)	(12,743)	(137,143)	-	(130,351)	(2,808,939)
Reclassification	-	(104,189)	(1,001,401)	(70)	106	(41,950)	-	(15,228)	(1,162,732)
Effect of foreign currency exchange differences	-	(257,705)	(590,580)	(40,161)	(454)	(35,487)	-	(109,613)	(1,034,000)
December 31, 2019	<u>\$ -</u>	<u>\$ 9,327,522</u>	<u>\$ 20,188,463</u>	<u>\$ 1,885,187</u>	<u>\$ 41,273</u>	<u>\$ 1,781,730</u>	<u>\$ -</u>	<u>\$ 3,930,410</u>	<u>\$ 37,154,585</u>

(Continued)

	Freehold Land	Buildings	Machinery Equipment	Tooling Equipment	Transportation Equipment	Office Equipment	Equipment Held under Finance Leases	Other Equipment	Total
<b>Accumulated impairment</b>									
January 1, 2019	\$ -	\$ 317,594	\$ 290,431	\$ 19,446	\$ 153	\$ 4,970	\$ -	\$ 118,088	\$ 750,682
Additions	-	24,553	306,321	-	408	15	-	25,811	357,108
Disposals	-	(306,742)	(32,441)	-	-	(262)	-	(1,129)	(340,574)
Reclassification	-	-	(35,623)	-	(153)	(2,029)	-	(18,305)	(56,110)
Effect of foreign currency exchange differences	-	(399)	(1,142)	(422)	(4)	(57)	-	(5,104)	(4,844)
December 31, 2019	<u>\$ -</u>	<u>\$ 35,006</u>	<u>\$ 529,830</u>	<u>\$ 19,024</u>	<u>\$ 404</u>	<u>\$ 2,637</u>	<u>\$ -</u>	<u>\$ 119,361</u>	<u>\$ 706,262</u>
December 31, 2019, net	<u>\$ 2,322,935</u>	<u>\$ 9,841,469</u>	<u>\$ 4,861,677</u>	<u>\$ 152,988</u>	<u>\$ 6,514</u>	<u>\$ 267,360</u>	<u>\$ -</u>	<u>\$ 1,718,431</u>	<u>\$ 19,171,374</u>
<b>Cost</b>									
January 1, 2018	\$ 2,326,301	\$ 18,044,924	\$ 39,084,953	\$ 2,302,461	\$ 60,819	\$ 2,148,655	\$ 827,978	\$ 6,260,200	\$ 71,056,291
Additions	619	160,355	3,148,660	137,864	2,161	159,536	21,760	2,497,307	6,128,262
Disposals	-	(18,461)	(15,355,823)	(69,529)	(6,495)	(195,534)	(233,230)	(966,245)	(16,845,317)
Reclassification	-	231,250	839,888	(235,715)	(6)	24,717	(607,894)	(492,180)	(239,940)
Effect of foreign currency exchange differences	1,056	(262,960)	(297,758)	(26,275)	(404)	(11,131)	(8,614)	(54,877)	(660,963)
December 31, 2018	<u>\$ 2,327,976</u>	<u>\$ 18,155,108</u>	<u>\$ 27,419,920</u>	<u>\$ 2,108,806</u>	<u>\$ 56,075</u>	<u>\$ 2,126,243</u>	<u>\$ -</u>	<u>\$ 7,244,205</u>	<u>\$ 59,438,333</u>
<b>Accumulated depreciation</b>									
January 1, 2018	\$ -	\$ 8,835,336	\$ 28,402,680	\$ 2,138,079	\$ 55,513	\$ 1,788,779	\$ 607,728	\$ 4,205,896	\$ 46,034,011
Additions	-	664,151	3,316,541	136,406	2,865	190,923	30,951	328,550	4,670,387
Disposals	-	(9,277)	(10,238,666)	(71,316)	(6,145)	(168,084)	(232,102)	(756,855)	(11,482,445)
Reclassification	-	(55,435)	(26,170)	(248,757)	(4)	(4)	(398,538)	153,256	(575,652)
Effect of foreign currency exchange differences	-	(127,144)	(237,991)	(24,797)	(302)	(11,390)	(8,039)	(33,979)	(443,642)
December 31, 2018	<u>\$ -</u>	<u>\$ 9,307,631</u>	<u>\$ 21,216,394</u>	<u>\$ 1,929,615</u>	<u>\$ 51,927</u>	<u>\$ 1,800,224</u>	<u>\$ -</u>	<u>\$ 3,896,868</u>	<u>\$ 38,202,659</u>
<b>Accumulated impairment</b>									
January 1, 2018	\$ -	\$ 278,488	\$ 2,122,836	\$ 19,657	\$ -	\$ 2,711	\$ 38,067	\$ 70,110	\$ 2,531,869
Additions	-	51,963	86,219	-	155	2,476	18,380	2,145	161,338
Disposals	-	-	(1,897,807)	-	-	(167)	-	(9)	(1,897,983)
Reclassification	-	-	-	-	-	-	(55,426)	55,426	-
Effect of foreign currency exchange differences	-	(12,857)	(20,817)	(211)	(2)	(50)	(1,021)	(9,584)	(44,542)
December 31, 2018	<u>\$ -</u>	<u>\$ 317,594</u>	<u>\$ 290,431</u>	<u>\$ 19,446</u>	<u>\$ 153</u>	<u>\$ 4,970</u>	<u>\$ -</u>	<u>\$ 118,088</u>	<u>\$ 750,682</u>
December 31, 2018, net	<u>\$ 2,327,976</u>	<u>\$ 8,529,883</u>	<u>\$ 5,913,095</u>	<u>\$ 159,745</u>	<u>\$ 3,995</u>	<u>\$ 321,049</u>	<u>\$ -</u>	<u>\$ 3,229,249</u>	<u>\$ 20,484,992</u>

(Concluded)

Due to the decline in sales of the Group's products in the markets, the expected future cash flows generated by some machinery and tooling equipment used in the production decreased. Therefore, the recoverable amount was lower than the carrying amount. Consequently, the Group recognized impairment loss of \$357,108 thousand and \$161,338 thousand for the years ended December 31, 2019 and 2018, respectively. The impairment losses were recognized in the consolidated statements of comprehensive income. The Group determined the recoverable amount of the equipment 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 at the following rates per annum:

Buildings	3-60 years
Machinery equipment	2-10 years
Tooling equipment	2-20 years
Transportation equipment	3-10 years
Office equipment	2-20 years
Equipment held under finance leases	2-10 years
Other equipment	2-20 years

## 17. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>December 31, 2019</b>
<u>Carrying amounts</u>	
Land (including right to use land)	\$ 716,825
Buildings	788,373
Machinery	50,785
Transportation equipment	40,385
Other equipment	<u>6,110</u>
	<u>\$ 1,602,478</u>
	<b>For the Year Ended December 31, 2019</b>
Additions to right-of-use assets	<u>\$ 196,205</u>
Depreciation charge for right-of-use assets	
Land (including right to use land)	\$ 29,728
Buildings	322,416
Machinery	30,631
Office equipment	15,640
Transportation equipment	<u>2,085</u>
	<u>\$ 400,500</u>

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

### b. Lease liabilities

	<b>December 31, 2019</b>
<u>Carrying amounts</u>	
Current	<u>\$ 306,405</u>
Non-current	<u>\$ 648,341</u>

Range of discount rate for lease liabilities was as follows:

	<b>December 31, 2019</b>
Land (including right to use land)	1.79%
Buildings	0.70%-9.20%
Machinery	3.49%-4.75%
Transportation equipment	0.70%-3.8%
Other equipment	3.35%

## 18. INVESTMENT PROPERTIES, NET

	<b>Completed Investment Properties</b>
<u>Cost</u>	
Balance at January 1, 2019	\$ 1,239,935
Transfers from property, plant and equipment	202,421
Effects of foreign currency exchange differences	<u>(58,959)</u>
Balance at December 31, 2019	<u>\$ 1,383,397</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2019	\$ 61,542
Depreciation expenses	33,356
Transfers from property, plant and equipment	10,521
Effects of foreign currency exchange differences	<u>(4,289)</u>
Balance at December 31, 2019	<u>\$ 101,130</u>
Carrying amounts at December 31, 2019	<u>\$ 1,282,267</u>
<u>Cost</u>	
Balance at January 1, 2018	\$ 1,460,944
Additions	7,051
Transfers to property, plant and equipment	(204,424)
Effects of foreign currency exchange differences	<u>(23,636)</u>
Balance at December 31, 2018	<u>\$ 1,239,935</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2018	\$ 34,810
Depreciation expenses	27,865
Effects of foreign currency exchange differences	<u>(1,133)</u>
Balance at December 31, 2018	<u>\$ 61,542</u>
Carrying amounts at December 31, 2018	<u>\$ 1,178,393</u>

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

Buildings	20-50 years
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As of December 31, 2019 and 2018, the management was unable to reliably measure the fair value of the Group's investment property located in Shanghai, because the market for comparable properties is inactive and alternative reliable measurements of fair value were 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, 2019	\$ 15,053,072	\$ 51,364	\$ 2,695,878	\$ 163,819	\$ 1,165,487	\$ 1,509,808	\$ 20,639,428
Additions	16,660	55	-	-	241,038	2,175	259,928
Disposals	-	-	-	-	(51,582)	(62,787)	(114,369)
Reclassification	-	-	-	-	(18,420)	287	(18,133)
Effect of foreign currency exchange differences	(8,220)	(7)	-	-	(2,405)	(4,374)	(15,006)
December 31, 2019	<u>\$ 15,061,512</u>	<u>\$ 51,412</u>	<u>\$ 2,695,878</u>	<u>\$ 163,819</u>	<u>\$ 1,334,118</u>	<u>\$ 1,445,109</u>	<u>\$ 20,751,848</u>
<u>Accumulated amortization</u>							
January 1, 2019	\$ 77,234	\$ 50,224	\$ 2,695,878	\$ 163,819	\$ 889,054	\$ 1,503,848	\$ 5,380,057
Additions	-	622	-	-	222,499	310	223,431
Disposals	-	-	-	-	(51,797)	(59,707)	(111,504)
Reclassification	-	-	-	-	(28,376)	(110)	(28,486)
Effect of foreign currency exchange differences	-	-	-	-	(1,533)	(4,246)	(5,779)
December 31, 2019	<u>\$ 77,234</u>	<u>\$ 50,846</u>	<u>\$ 2,695,878</u>	<u>\$ 163,819</u>	<u>\$ 1,029,847</u>	<u>\$ 1,440,095</u>	<u>\$ 5,457,719</u>
<u>Accumulated impairment</u>							
January 1, 2019	\$ 9,345,267	\$ -	\$ -	\$ -	\$ 20	\$ -	\$ 9,345,287
Additions	-	-	-	-	1,032	-	1,032
Disposals	-	-	-	-	-	-	-
Effect of foreign currency exchange differences	1	-	-	-	(10)	-	(9)
December 31, 2019	<u>\$ 9,345,268</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,042</u>	<u>\$ -</u>	<u>\$ 9,346,310</u>
December 31, 2019, net	<u>\$ 5,639,010</u>	<u>\$ 566</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 303,229</u>	<u>\$ 5,014</u>	<u>\$ 5,947,819</u>
<u>Cost</u>							
January 1, 2018	\$ 15,413,191	\$ 51,244	\$ 2,695,878	\$ 163,819	\$ 1,057,879	\$ 1,677,191	\$ 21,059,202
Additions	-	111	-	-	160,061	6,150	166,322
Disposals	(368,462)	-	-	-	(74,643)	(172,549)	(615,654)
Reclassification	-	-	-	-	21,648	-	21,648
Effect of foreign currency exchange differences	8,343	9	-	-	542	(984)	7,910
December 31, 2018	<u>\$ 15,053,072</u>	<u>\$ 51,364</u>	<u>\$ 2,695,878</u>	<u>\$ 163,819</u>	<u>\$ 1,165,487</u>	<u>\$ 1,509,808</u>	<u>\$ 20,639,428</u>
<u>Accumulated amortization</u>							
January 1, 2018	\$ 77,234	\$ 48,792	\$ 2,583,550	\$ 163,819	\$ 761,406	\$ 1,635,740	\$ 5,270,541
Additions	-	1,432	112,328	-	185,034	7,706	306,500
Disposals	-	-	-	-	(58,348)	(138,817)	(197,165)
Reclassification	-	-	-	-	-	-	-
Effect of foreign currency exchange differences	-	-	-	-	962	(781)	181
December 31, 2018	<u>\$ 77,234</u>	<u>\$ 50,224</u>	<u>\$ 2,695,878</u>	<u>\$ 163,819</u>	<u>\$ 889,054</u>	<u>\$ 1,503,848</u>	<u>\$ 5,380,057</u>
<u>Accumulated impairment</u>							
January 1, 2018	\$ 5,959,943	\$ -	\$ -	\$ -	\$ 60	\$ -	\$ 5,960,003
Additions	3,385,324	-	-	-	-	-	3,385,324
Disposals	-	-	-	-	(40)	-	(40)
December 31, 2018	<u>\$ 9,345,267</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20</u>	<u>\$ -</u>	<u>\$ 9,345,287</u>
December 31, 2018, net	<u>\$ 5,630,571</u>	<u>\$ 1,140</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 276,413</u>	<u>\$ 5,960</u>	<u>\$ 5,914,084</u>

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

Patents	6 years
Patents use rights	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:

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Parent Company	\$ 5,248,746	\$ 5,248,746
POWER INNOVATIONS INTERNATIONAL, INC.	334,721	342,941
Others	<u>55,543</u>	<u>38,884</u>
	<u>\$ 5,639,010</u>	<u>\$ 5,630,571</u>

- 1) The Group has sold the major operations and assets of its portable mobile phones image business group during the six months ended June 30, 2018. As a result, the Group shall exclude the goodwill of that business group of \$368,462 thousand as a reduction of operating concession and premium earnings. (Refer to Note 35).
- 2) The Group tested the goodwill of a cash-generating unit, LITE-ON MOBILE PTE. LTD, for impairment. Upon evaluation, the recoverable amount of the cash-generating unit was less than its carrying amount. Thus, for the nine months ended September 30, 2018, the Group recognized impairment losses of \$3,385,324 thousand in the consolidated statement of comprehensive income. LITE-ON MOBILE PTE. LTD was classified under other reportable segments within the Group.
- 3) Goodwill is allocated to the Group's recoverable amount of cash-generating units. The recoverable amount of all cash-generating units has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by the management covering a 5-year period.
- 4) Management determined gross margin based on past performance and future profits. The growth rate used is consistent with the forecasts included in industry reports. The discount rate used was 11.36% as of December 31, 2019 and 2018 and reflects specific risks relating to the relevant cash-generating units.

## 20. OTHER ASSETS

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Prepayments	\$ 1,217,644	\$ 1,800,430
Offsets against business tax payable	564,020	624,290
Prepayments for leases	99,710	839,816
Prepayments for equipment	9,467	17,631
Others	<u>222,876</u>	<u>228,799</u>
	<u>\$ 2,113,717</u>	<u>\$ 3,510,966</u>
Current	\$ 1,969,183	\$ 2,638,275
Non-current	<u>144,534</u>	<u>872,691</u>
	<u>\$ 2,113,717</u>	<u>\$ 3,510,966</u>

Prepayments for leases included the carrying amounts of \$526,949 and \$186,875 thousand as of December 31, 2018, for the rights to use land in mainland China and Vietnam, respectively.

## 21. BORROWINGS

### a. Short-term borrowings

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>\$ 30,433,692</u>	<u>\$ 30,087,282</u>

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

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
Short-term borrowings	0.73%-2.73%	2.48%-8.3%

### b. Long-term borrowings

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
<u>Secured borrowings</u>		
POWER INNOVATIONS INTERNATIONAL, INC.	\$ -	\$ 184
Current portion	<u>-</u>	<u>(184)</u>
	<u>\$ -</u>	<u>\$ -</u>

As of December 31, 2018, POWER INNOVATIONS INTERNATIONAL, INC., a subsidiary, had a long-term borrowing secured by machinery, with contract terms from March 28, 2013 to February 28, 2019, and an interest rate of 4.4%.

## 22. FINANCE LEASE PAYABLES

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
<u>Minimum lease payments</u>		
Not later than one year	\$ -	\$ 1,473
Later than one year and not later than five years	<u>-</u>	<u>354</u>
	-	1,827
Future finance charges	<u>-</u>	<u>(7)</u>
	<u>\$ -</u>	<u>\$ 1,820</u>
<u>Present value of minimum lease payments</u>		
Not later than one year	\$ -	\$ 1,469
Later than one year and not later than five years	<u>-</u>	<u>351</u>
	<u>\$ -</u>	<u>\$ 1,820</u>

(Continued)

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
Current	\$ -	\$ 1,469
Non-current	<u>-</u>	<u>351</u>
	<u>\$ -</u>	<u>\$ 1,820</u>
POWER INNOVATIONS INTERNATIONAL, INC.	\$ -	\$ 1,820
Current portion of long-term capital lease liabilities	<u>-</u>	<u>(1,469)</u>
	<u>\$ -</u>	<u>\$ 351</u>

(Concluded)

POWER INNOVATIONS INTERNATIONAL, INC., a subsidiary, leased machinery and office equipment under finance leases valid from March 28, 2013 to March 31, 2020. The terms of these leases were between five and seven years, with 3.49% to 4.75% interest rates. The machinery and office equipment can be bought at bargain purchase prices at the end of the lease terms.

## 23. PROVISIONS

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
<u>Current</u>		
Warranties	<u>\$ 1,043,689</u>	<u>\$ 1,011,238</u>
Balance at January 1	\$ 1,011,238	\$ 866,119
Recognition of provisions	300,722	429,650
Usage	(264,988)	(285,733)
Effect of foreign currency exchange differences	<u>(3,283)</u>	<u>1,202</u>
Balance at December 31	<u>\$ 1,043,689</u>	<u>\$ 1,011,238</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.

## 24. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

The Parent Company and subsidiaries - Philips & Lite-On Digital Solutions Corporation, Silitech Technology Corporation, 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, 2015. 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 Parent Company and subsidiaries - Philips & Lite-On Digital Solutions Corporation, Silitech Technology Corporation 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:

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Present value of defined benefit obligation	\$ 1,167,947	\$ 1,230,896
Fair value of plan assets	<u>(1,099,824)</u>	<u>(1,069,899)</u>
Net defined benefit liabilities	<u>\$ 68,123</u>	<u>\$ 160,997</u>

Movements in net defined benefit liabilities were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities</b>
Balance at January 1, 2018	<u>\$ 1,271,333</u>	<u>\$ (1,047,308)</u>	<u>\$ 224,025</u>
Service cost	7,371	-	7,371
Net interest expense (income)	<u>13,382</u>	<u>(10,389)</u>	<u>2,993</u>
Recognized in loss (profit)	<u>20,753</u>	<u>(10,389)</u>	<u>10,364</u>
Remeasurement			
Return on plan assets	-	(32,269)	(32,269)
Actuarial loss - changes in demographic assumptions	2,655	-	2,655
Actuarial loss - changes in financial assumptions	5,999	-	5,999
Actuarial loss - experience adjustments	<u>20,574</u>	<u>-</u>	<u>20,574</u>
Recognized in other comprehensive loss (gain)	<u>29,228</u>	<u>(32,269)</u>	<u>(3,041)</u>
Contributions from the employer	-	(38,211)	(38,211)
Benefits paid	(58,278)	58,278	-
Disposal of business units	(32,240)	-	(32,240)
Exchange differences on foreign plans	<u>100</u>	<u>-</u>	<u>100</u>
Balance at December 31, 2018	<u>\$ 1,230,896</u>	<u>\$ (1,069,899)</u>	<u>\$ 160,997</u>

(Continued)

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities</b>
Balance at January 1, 2019	\$ 1,230,896	\$ (1,069,899)	\$ 160,997
Service cost	6,340	-	6,340
Net interest expense (income)	12,857	(10,137)	2,720
Recognized in loss (profit)	19,197	(10,137)	9,060
Remeasurement			
Return on plan assets	-	(39,316)	(39,316)
Actuarial loss - changes in demographic assumptions	1,523	-	1,523
Actuarial loss - changes in financial assumptions	25,012	-	25,012
Actuarial loss - experience adjustments	25,501	-	25,501
Recognized in other comprehensive loss (gain)	52,036	(39,316)	12,720
Contributions from the employer	-	(18,791)	(18,791)
Benefits paid	(46,093)	46,093	-
Spin-off	(87,866)	(7,774)	(95,640)
Exchange differences on foreign plans	(223)	-	(223)
Balance at December 31, 2019	<u>\$ 1,167,947</u>	<u>\$ (1,099,824)</u>	<u>\$ 68,123</u> (Concluded)

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:

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Discount rate(s)	0.70%-3.50%	0.95%-4.375%
Expected rate(s) of salary increase	3.00%-4.75%	3.00%-4.75%

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

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Discount rate(s)		
0.25% increase	<u>\$ (15,641)</u>	<u>\$ (27,081)</u>
0.25% decrease	<u>\$ 32,369</u>	<u>\$ 28,007</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 31,196</u>	<u>\$ 26,800</u>
0.25% decrease	<u>\$ (14,642)</u>	<u>\$ (26,067)</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.

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
The expected contributions to the plan for the next year	<u>\$ 19,127</u>	<u>\$ 19,624</u>
The average duration of the defined benefit obligation	8.9-15.81 years	8.83-14.78 years

## 25. EQUITY

### a. Share capital

#### 1) Ordinary shares

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
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, are entitled to one vote per share and receive dividends.

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

#### 2) Issued global depositary receipts

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

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

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

b. Capital surplus

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

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

c. Retained earnings and dividend policy

The shareholders' meeting was held on June 21, 2019 and passed the amendments to the Parent Company's Articles of Incorporation (the "Articles"). Under the dividends policy as set forth in the amended Articles, the Parent Company may distribute the surplus earnings or off-set losses at the close of each quarter in accordance with the Company Act. While distributing surplus earning, the Parent Company shall estimate and reserve the taxes and duty to be paid, the losses to be covered, the legal reserve to be set aside, and the special surplus reserve to be raised or revolved. Where such legal reserve amounts reach to the total paid-in capital, this provision shall not apply. If the Parent 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 Parent Company shall first offset any previous accumulated losses (including unappropriated earnings adjustment if any) and set aside a legal reserve at 10% of the net profits, unless the accumulated legal reserve is equal to the total capital of the Parent Company; then set aside special reserve in accordance with relevant laws or regulations or as requested by the authorities in charge. The remaining net profit, plus the beginning unappropriated earnings (including adjustment of unappropriated earnings if any), shall be distributed into dividends to shareholders according to the distribution plan proposed by the board of directors and submitted to the shareholders' meeting for approval. Where the Parent Company distributes preceding surplus earning, legal reserve and capital reserve in the form of cash, such distribution is authorized by a special resolution; and in addition to a report of such distribution shall be submitted to the shareholders' meeting; if such distribution is in the form of new shares to be issued, it shall be approved by shareholders meetings according to the regulations.

Under the dividend policy as set forth in the Articles before the amendment, if there is net profit after tax upon the final settlement of account of each fiscal year, the Parent Company shall first offset any previous accumulated losses (including unappropriated earnings adjustment if any) and set aside a legal reserve at 10% of the net profits, unless the accumulated legal reserve is equal to the total capital of the Parent Company; then set aside special reserve in accordance with relevant laws or regulations or as requested by the authorities in charge. The remaining net profit, plus the beginning unappropriated earnings (including adjustment of unappropriated earnings if any), shall be distributed into dividends to shareholders according to the distribution plan proposed by the board of directors and submitted to the shareholders' meeting for approval. For the policies on distribution of employees' compensation and remuneration of directors before and after amendment, refer to Note 29(b) on employee benefits expense.

The Parent 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 Parent 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 Parent 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 Parent Company's paid-in capital can be appropriated according to the law or the competent authority.

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

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

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

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

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

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

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

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

d. Other equity items

Movements in other equity items were as follows:

	<b>For the Year Ended December 31, 2019</b>				
	<b>Foreign Currency Translation Reserve</b>	<b>Unrealized Gain (Loss) from Financial Assets at FVTOCI</b>	<b>Cash Flow Hedges</b>	<b>Equity Directly Associated with Disposal Groups Held for Sale</b>	<b>Total</b>
Balance at January 1	\$ (2,779,863)	\$ (449,461)	\$ 2,714	\$ -	\$ (3,226,610)
Exchange differences on translating foreign operations	(1,879,043)	-	-	-	(1,879,043)
Unrealized gain on equity instruments designated as at FVTOCI	-	247,902	-	-	247,902
Share of associates accounted for using the equity method	(164,454)	(20)	(2,426)	-	(166,900)
Disposal of equity instruments at FVTOCI	-	(111,361)	-	-	(111,361)
Disposal of investments accounted for using the equity method	(665)	-	-	-	(665)
Income tax benefit	419,581	-	-	-	419,581
Reclassified to equity associated with disposal groups held for sale	<u>14,218</u>	<u>-</u>	<u>-</u>	<u>(14,218)</u>	<u>-</u>
Balance at December 31	<u>\$ (4,390,226)</u>	<u>\$ (312,940)</u>	<u>\$ 288</u>	<u>\$ (14,218)</u>	<u>\$ (4,717,096)</u>
	<b>For the Year Ended December 31, 2018</b>				
	<b>Foreign Currency Translation Reserve</b>	<b>Unrealized Gain (Loss) from Available- for-sale Financial Assets</b>	<b>Unrealized Gain (Loss) from Financial Assets at FVTOCI</b>	<b>Cash Flow Hedges</b>	<b>Total</b>
Balance at January 1	\$ (2,528,893)	\$ (18,497)	\$ -	\$ 3,372	\$ (2,544,018)
Adjustments on initial application of IFRS 9	<u>-</u>	<u>18,497</u>	<u>(298,266)</u>	<u>-</u>	<u>(279,769)</u>
Balance at January 1, 2018 per IFRS 9	(2,528,893)	-	(298,266)	3,372	(2,823,787)
Exchange differences on translating foreign operations	(374,226)	-	-	-	(374,226)

(Continued)

<b>For the Year Ended December 31, 2018</b>					
	<b>Foreign Currency Translation Reserve</b>	<b>Unrealized Gain (Loss) from Available- for-sale Financial Assets</b>	<b>Unrealized Gain (Loss) from Financial Assets at FVTOCI</b>	<b>Cash Flow Hedges</b>	<b>Total</b>
Unrealized loss on equity instruments designated as at FVTOCI	\$ -	\$ -	\$ (104,856)	\$ -	\$ (104,856)
Share of associates accounted for using the equity method	(47,607)	-	(3,157)	(658)	(51,422)
Disposal of equity instruments at FVTOCI	-	-	(43,182)	-	(43,182)
Disposal of associates accounted for using the equity method	4,078	-	-	-	4,078
Income tax benefit	<u>166,785</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>166,785</u>
Balance at December 31	<u>\$ (2,779,863)</u>	<u>\$ -</u>	<u>\$ (449,461)</u>	<u>\$ 2,714</u>	<u>\$ (3,226,610)</u> (Concluded)

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

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

e. Non-controlling interests

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Balance at January 1	\$ 3,354,645	\$ 3,255,951
Adjustments on initial application of IFRS (Note 3)	<u>(9,761)</u>	<u>-</u>
Balance at January 1 as restated	\$ 3,344,884	\$ 3,255,951
Attributable to non-controlling interests:		
Share of profit for the year	30,618	10,246
Exchange difference on translation foreign entities	(29,659)	4,983
Unrealized loss on equity investments designated at FVTOCI	(731)	(2,982)
Remeasurement on define benefit plans	(539)	(600)
Effect of change in tax rate	75	4,271
Increase (decrease) in non-controlling interests	<u>(1,163,033)</u>	<u>82,776</u>
Balance at December 31	<u>\$ 2,181,615</u>	<u>\$ 3,354,645</u>

The changes in non-controlling interests consist of the acquisition of remaining equity interests in non-100% owned subsidiaries, share issuance for cash by subsidiaries, non-proportional share subscription by the Parent Company, distribution of cash by subsidiaries that are not 100% held by the Group, and effects on non-controlling interests resulted from issuance of cash dividends.

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, 2019</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>26,841</u>	<u>462</u>	<u>-</u>	<u>27,303</u>
<u>For the year ended December 31, 2018</u>				
Shares held by its subsidiaries	<u>26,841</u>	<u>-</u>	<u>-</u>	<u>26,841</u>

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

Name of Subsidiary	Number of Shares Held (In Thousands)	Carrying Amount	Market Price
<u>December 31, 2019</u>			
Lite-On Capital Corporation	15,116	\$ 718,857	\$ 745,212
LTC INTERNATIONAL LTD.	7,004	297,469	345,033
YET FOUNDATE LIMITED	2,271	126,881	111,768
LITE-ON ELECTRONICS COMPANY LIMITED	2,450	<u>105,515</u>	<u>120,594</u>
		<u>\$ 1,248,722</u>	<u>\$ 1,322,607</u>
<u>December 31, 2018</u>			
Lite-On Capital Corporation	15,116	\$ 718,857	\$ 613,704
LTC INTERNATIONAL LTD.	7,004	297,469	284,068
YET FOUNDATE LIMITED	2,271	126,881	91,989
LITE-ON ELECTRONICS COMPANY LIMITED	2,450	<u>105,515</u>	<u>99,253</u>
		<u>\$ 1,248,722</u>	<u>\$ 1,089,014</u>

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

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

## 26. REVENUE

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 177,863,982	\$ 207,019,842
Rental income from property	<u>90,184</u>	<u>89,246</u>
	<u>\$ 177,954,166</u>	<u>\$ 207,109,088</u>

Refer to Note 38 for segment revenue information.

## 27. INCOME TAX

### a. Income tax recognized in profit or loss

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

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Current income tax expense		
In respect of the current year	\$ 2,658,946	\$ 3,164,455
Adjustments for prior year	<u>(2,675)</u>	<u>(82,794)</u>
	<u>2,656,271</u>	<u>3,081,661</u>
Deferred income tax expense (benefit)		
The recognition and reversal of temporary differences	302,050	(405,159)
Effect of change in tax rate	<u>-</u>	<u>140,535</u>
	<u>302,050</u>	<u>(264,624)</u>
Income tax expense recognized in profit or loss	<u>\$ 2,958,321</u>	<u>\$ 2,817,037</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Income before Income tax	<u>\$ 12,363,838</u>	<u>\$ 10,784,121</u>
Income tax expense calculated at the statutory rate	\$ 2,957,430	\$ 2,814,656
Deductible (nondeductible) items in determining taxable income	(298,484)	349,799
The recognition and reversal of temporary differences	302,050	(264,624)
Adjustments for prior year	<u>(2,675)</u>	<u>(82,794)</u>
Income tax expense recognized in profit or loss	<u>\$ 2,958,321</u>	<u>\$ 2,817,037</u>

The Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings was reduced from 10% to 5%. The applicable tax rate used by subsidiaries in China is 25%. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in respective jurisdictions.

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

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

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
<u>Deferred tax</u>		
Income tax recognized in other comprehensive income		
Translation of foreign operations	\$ (420,073)	\$ (171,143)
Remeasurement on defined benefit plans	2,278	(4,441)
Share of other comprehensive loss of associates accounted for using the equity method	<u>417</u>	<u>87</u>
	<u>\$ (417,378)</u>	<u>\$ (175,497)</u>

c. Deferred income tax

The movements of deferred tax assets were as follows:

	Opening Balance	Recognized in Profit (Loss)	Recognized in Other Comprehen- sive Loss (Income)	Reclassified to Disposal Groups held for Sale	Exchange Differences	Closing Balance
For the year ended <u>December 31, 2019</u>						
Temporary differences						
Investment accounted for using the equity method	\$ 2,045,056	\$ (10,509)	\$ 419,656	\$ -	\$ -	\$ 2,454,203
Impairment loss on assets	1,104,664	34,799	-	-	(10)	1,139,453
Operating loss carryforward	434,882	(96,565)	-	-	(3,167)	335,150
Accrued warranty expense	170,331	2,700	-	(16)	(7)	173,008
Unrealized loss on inventories	161,057	(12,605)	-	(37,373)	(620)	110,459
Unrealized loss and expense	148,135	(78,358)	-	(2,005)	(246)	67,526
Net defined benefit liability	90,359	3,652	(2,278)	-	10	91,743
Unrealized sales profit	242	(211)	-	-	1	32
Others	<u>178,476</u>	<u>41,350</u>	<u>-</u>	<u>(9,757)</u>	<u>(3,886)</u>	<u>206,183</u>
	<u>\$ 4,333,202</u>	<u>\$ (115,747)</u>	<u>\$ 417,378</u>	<u>\$ (49,151)</u>	<u>\$ (7,925)</u>	<u>\$ 4,577,757</u>
For the year ended <u>December 31, 2018</u>						
Temporary differences						
Investment accounted for using the equity method	\$ 1,672,291	\$ 201,710	\$ 171,056	\$ -	\$ (1)	\$ 2,045,056
Impairment loss on assets	678,986	425,683	-	-	(5)	1,104,664
Operating loss carryforward	432,628	11,095	-	-	(8,841)	434,882
Accrued warranty expense	121,735	48,591	-	-	5	170,331

(Continued)

	<b>Opening Balance</b>	<b>Recognized in Profit (Loss)</b>	<b>Recognized in Other Comprehen- sive Loss (Income)</b>	<b>Reclassified to Disposal Groups held for Sale</b>	<b>Exchange Differences</b>	<b>Closing Balance</b>
Unrealized loss on inventories	\$ 151,455	\$ 9,761	\$ -	\$ -	\$ (159)	\$ 161,057
Unrealized loss and expense	59,520	89,459	-	-	(844)	148,135
Net defined benefit liability	83,200	2,054	4,441	-	664	90,359
Unrealized sales profit	12,682	(12,440)	-	-	-	242
Other	402,423	(229,275)	-	-	5,328	178,476
	<u>\$ 3,614,920</u>	<u>\$ 546,638</u>	<u>\$ 175,497</u>	<u>\$ -</u>	<u>\$ (3,853)</u>	<u>\$ 4,333,202</u>

(Concluded)

The movements of deferred tax liabilities were as follows:

	<b>Opening Balance</b>	<b>Recognized in Profit (Loss)</b>	<b>Recognized in Other Comprehen- sive Loss (Income)</b>	<b>Reclassified to Liabilities Directly Associated with Disposal Groups Held for Sale</b>	<b>Exchange Differences</b>	<b>Closing Balance</b>
For the year ended <u>December 31, 2019</u>						
Temporary differences						
Investment accounted for using the equity method	\$ 756,171	\$ (754)	\$ -	\$ -	\$ -	\$ 755,417
Unrealized amortization of goodwill	416,245	-	-	-	-	416,245
Land value increment tax	280,320	-	-	-	-	280,320
Unrealized net exchange gains	97,829	159,257	-	(1,816)	(73)	255,197
Others	54,784	27,800	-	-	(646)	81,938
	<u>\$ 1,605,349</u>	<u>\$ 186,303</u>	<u>\$ -</u>	<u>\$ (1,816)</u>	<u>\$ (719)</u>	<u>\$ 1,789,117</u>
For the year ended <u>December 31, 2018</u>						
Temporary differences						
Investment accounted for using the equity method	\$ 572,741	\$ 183,430	\$ -	\$ -	\$ -	\$ 756,171
Unrealized amortization of goodwill	353,808	62,437	-	-	-	416,245
Land value increment tax	239,693	40,627	-	-	-	280,320
Unrealized net exchange gains	141,703	(43,877)	-	-	3	97,829
Others	16,847	39,397	-	-	(1,460)	54,784
	<u>\$ 1,324,792</u>	<u>\$ 282,014</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,457)</u>	<u>\$ 1,605,349</u>

d. Income tax assessments

The tax returns of the Parent Company through 2015 have been assessed by the tax authorities.

## 28. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<u>For the Year Ended December 31</u>	
	<u>2019</u>	<u>2018</u>
Basic earnings per share	<u>\$ 4.03</u>	<u>\$ 3.42</u>
Diluted earnings per share	<u>\$ 3.98</u>	<u>\$ 3.38</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

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

### Weighted Average Number of Ordinary Shares Outstanding

Unit: In Thousand Shares

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

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

## 29. ADDITIONAL INFORMATION ON EXPENSES

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
a. Depreciation and amortization		
Property, plant and equipment	\$ 3,957,597	\$ 4,670,387
Investment properties	33,356	27,865
Right-of-used assets	400,500	-
Intangible assets	<u>223,431</u>	<u>306,500</u>
	<u>\$ 4,614,884</u>	<u>\$ 5,004,752</u>
An analysis of depreciation by function		
Recognized in operating costs	\$ 3,534,321	\$ 3,954,159
Recognized in operating expenses	<u>857,132</u>	<u>744,093</u>
	<u>\$ 4,391,453</u>	<u>\$ 4,698,252</u>
An analysis of amortization by function		
Recognized in operating costs	\$ 12,065	\$ 17,587
Recognized in operating expenses	<u>211,366</u>	<u>288,913</u>
	<u>\$ 223,431</u>	<u>\$ 306,500</u>
b. Employee benefit expenses		
Post-employment benefits		
Defined contribution plans	\$ 568,075	\$ 687,796
Defined benefit plans (Note 24)	<u>9,060</u>	<u>10,364</u>
	577,135	698,160
Termination benefits	181,574	316,157
Other employee benefits	<u>21,838,624</u>	<u>24,098,829</u>
	<u>\$ 22,597,333</u>	<u>\$ 25,113,146</u>
Employee benefits expense summarized by function		
Recognized in operating costs	\$ 12,763,639	\$ 15,037,326
Recognized in operating expenses	<u>9,833,694</u>	<u>10,075,820</u>
	<u>\$ 22,597,333</u>	<u>\$ 25,113,146</u>

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

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

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

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

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

### 30. 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 expenses and other needs.

### 31. FINANCIAL INSTRUMENTS

#### a. Fair value of financial instruments not measured at fair value

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

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

##### 1) Fair value hierarchy

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	\$ -	\$ 271,650	\$ -	\$ 271,650
Mutual funds	-	102,120	-	102,120
Securities listed in ROC - equity securities	<u>14,524</u>	<u>-</u>	<u>-</u>	<u>14,524</u>
	<u>\$ 14,524</u>	<u>\$ 373,770</u>	<u>\$ -</u>	<u>\$ 388,294</u>

(Continued)

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Unlisted securities in other countries - equity securities	\$ -	\$ -	\$ 1,211,231	\$ 1,211,231
Securities listed in ROC - equity securities	258,493	-	-	258,493
Unlisted securities in ROC - equity securities	<u>-</u>	<u>-</u>	<u>51,352</u>	<u>51,352</u>
	<u>\$ 258,493</u>	<u>\$ -</u>	<u>\$ 1,262,583</u>	<u>\$ 1,521,076</u>
Financial liabilities at FVTPL				
Derivative instruments	<u>\$ -</u>	<u>\$ 688,834</u>	<u>\$ -</u>	<u>\$ 688,834</u> (Concluded)

December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	\$ -	\$ 132,139	\$ -	\$ 132,139
Mutual funds	-	99,727	-	99,727
Securities listed in ROC - equity securities	<u>11,493</u>	<u>-</u>	<u>-</u>	<u>11,493</u>
	<u>\$ 11,493</u>	<u>\$ 231,866</u>	<u>\$ -</u>	<u>\$ 243,359</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Securities listed in ROC - equity securities	\$ 199,825	\$ -	\$ -	\$ 199,825
Emerging market shares	-	99,844	-	99,844
Unlisted securities in other countries - equity securities	-	-	43,952	43,952
Unlisted securities in ROC - equity securities	-	-	40,998	40,998
Securities listed in other countries - equity securities	<u>4,056</u>	<u>-</u>	<u>-</u>	<u>4,056</u>
	<u>\$ 203,881</u>	<u>\$ 99,844</u>	<u>\$ 84,950</u>	<u>\$ 388,675</u>
Financial liabilities at FVTPL				
Derivative instruments	<u>\$ -</u>	<u>\$ 51,877</u>	<u>\$ -</u>	<u>\$ 51,877</u>

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

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

	<b>Investments in Equity Instruments Unlisted Quotes</b>
<u>For the year ended December 31, 2019</u>	
Balance at January 1, 2019	\$ 84,950
Total gains or losses	
In other comprehensive loss	(66,048)
Additions	1,273,500
Reclassification	<u>(29,819)</u>
Balance at December 31, 2019	<u>\$ 1,262,583</u>
<u>For the year ended December 31, 2018</u>	
Balance at January 1, 2018	\$ 88,360
Total gains or losses	
In other comprehensive income	36,252
Additions	59,480
Disposal	<u>(99,142)</u>
Balance at December 31, 2018	<u>\$ 84,950</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 year 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	Using the observable similar market average price or the price of the same kind of tools provided by the mutual fund management company.
Emerging market shares	Using the recent emerging market share price of the same type of emerging market shares and considering the adjustment of all the available information on the performance and operation of the emerging company from trading date to measuring date.

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

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

c. Categories of financial instruments

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 388,294	\$ 243,359
Financial assets at amortized costs (1)	114,625,452	124,616,723
Investment in equity instruments at FVTOCI	1,521,076	388,675
<u>Financial liabilities</u>		
FVTPL		
Held for trading	688,834	51,877
Amortized cost		
Short-term borrowings	30,433,692	30,087,282
Long-term loans (including current portion)	-	184
Payables (2)	66,167,150	82,593,801

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

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

d. Financial risk management objectives and policies

The 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 group 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 fluctuation of 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% strengthening of the U.S. dollar against the New Taiwan dollars. For a 5% weakening of the U.S. dollar against the New Taiwan dollars, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	<b>USD Impact</b>	
	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Profit or loss	<u>\$ 1,069,242</u>	<u>\$ (912,321)</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 amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Fair value interest rate risk		
Financial assets (i)	\$ 25,234,109	\$ 22,904,046
Financial liabilities (ii)	30,406,536	27,973,401
Cash flow interest rate risk		
Financial assets (iii)	41,837,297	40,021,282
Financial liabilities (iv)	27,156	2,115,885

- 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.
- iv. The balances included financial liabilities exposed to cash flow risk from interest rate fluctuation.

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole 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, 2019 and 2018 would increase by \$104,525 thousand and \$94,763 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, 2019 and 2018 would have increased by \$1,452 thousand and \$1,149 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL. The pre-tax other comprehensive income for the years ended December 31, 2019 and 2018 would have increased by \$25,849 thousand and \$20,388 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.

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

	<b>Notes Receivable</b>	<b>Trade Receivables</b>	<b>Contract Assets</b>	<b>Total</b>
January 1, 2019	\$ -	\$ 218,840	\$ 12,069	\$ 230,909
Reversal of expected credit loss	-	(22,998)	(62)	(23,060)
Actual write-off	-	(48,488)	-	(48,488)
Reclassified to disposal groups held for sale	-	(1,454)	-	(1,454)
Influence on exchange rate	-	(3,629)	(477)	(4,106)
December 31, 2019	<u>\$ -</u>	<u>\$ 142,271</u>	<u>\$ 11,530</u>	<u>\$ 153,801</u>
January 1, 2018	\$ -	\$ 199,419	\$ 149	\$ 199,568
Expected credit loss	-	55,148	11,801	(66,949)
Amounts recovered	-	927	-	927
Actual write-off	-	(17,508)	-	(17,508)
Disposal of subsidiaries	-	(18,383)	-	(18,383)
Influence on exchange rate	-	(763)	119	(644)
December 31, 2018	<u>\$ -</u>	<u>\$ 218,840</u>	<u>\$ 12,069</u>	<u>\$ 230,909</u>

### 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, 2019

	<b>Weighted Average Effective Interest Rate (%)</b>	<b>On Demand or Less than 1 Year</b>	<b>1-3 Years</b>	<b>Over 3 Years to 5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Non-interest bearing		\$ 66,079,461	\$ 86,957	\$ -	\$ 732
Lease liabilities	0.70-9.20	306,405	413,675	181,444	53,222
Variable interest rate liabilities	2.45-2.68	27,156	-	-	-
Fixed interest rate liabilities	0.73-2.73	<u>30,406,536</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>\$ 96,819,558</u>	<u>\$ 500,632</u>	<u>\$ 181,444</u>	<u>\$ 53,954</u>

#### December 31, 2018

	<b>Weighted Average Effective Interest Rate (%)</b>	<b>On Demand or Less than 1 Year</b>	<b>1-3 Years</b>	<b>Over 3 Years to 5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Non-interest bearing		\$ 82,514,911	\$ 78,128	\$ -	\$ 762
Finance lease liabilities	3.49-4.75	1,469	351	-	-
Variable interest rate liabilities	2.48-8.30	2,115,885	-	-	-
Fixed interest rate liabilities	3.04-4.40	<u>27,971,581</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>\$ 112,603,846</u>	<u>\$ 78,479</u>	<u>\$ -</u>	<u>\$ 762</u>

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

#### December 31, 2019

	<b>On Demand or Less than 1 Year</b>	<b>1-3 Years</b>	<b>Over 3 Years to 5 Years</b>	<b>5+ Years</b>
<u>Forward exchange contracts</u>				
Inflows	\$ 48,462,751	\$ -	\$ -	\$ -
Outflows	<u>(48,484,773)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(22,022)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Currency swaps</u>				
Inflows	18,002,458	-	-	-
Outflows	<u>(18,111,345)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(108,887)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ (130,909)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2018

	<b>On Demand or Less than 1 Year</b>	<b>1-3 Years</b>	<b>Over 3 Years to 5 Years</b>	<b>5+ Years</b>
Forward exchange contracts				
Inflows	\$ 24,394,324	\$ -	\$ -	\$ -
Outflows	<u>(24,159,086)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>235,238</u>	<u>-</u>	<u>-</u>	<u>-</u>
Currency swaps				
Inflows	6,712,114	-	-	-
Outflows	<u>(6,628,425)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>83,689</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 318,927</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

### 32. TRANSACTIONS WITH RELATED PARTIES

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

#### a. Related parties and relationships

<u>Related Parties</u>	<u>Relationships with the Group</u>
Lite-On Semiconductor Corp.	Associate
Lite-Space Technology Company Limited	Associate
Yamada-Lom Fabricacao De Artefatos De Material Plastico Ltda. (“Yamada-Lom Ltda.”)	Associate
L&K Industries Philippines, Inc.	Associate (became an associate since September 2019)
Silport Travel Corp.	Related party in substance
Chi Mei Mold Co.	Related party in substance
Silport Technology Corp.	Related party in substance
Diodes Incorporated	Related party in substance
Auden Techno Corp.	Related party in substance (non-related party since June 2019)
Lite-On Cultural Foundation	Related party in substance
Dongguan Huaqiang Information Technology Co., Ltd.	Related party in substance
LEOTEK, PSC	Related party in substance (became a subsidiary since May 2018)

b. Sales of goods

Related Party Category	For the Year Ended December 31	
	2019	2018
Associate		
Lite-On Semiconductor Corp.	\$ 324,423	\$ 373,492
Others	<u>12,166</u>	<u>6,207</u>
	<u>336,589</u>	<u>379,699</u>
Related party in substance		
Others	<u>2,843</u>	<u>512</u>
	<u>\$ 339,432</u>	<u>\$ 380,211</u>

For the years ended December 31, 2019 and 2018, the Group's selling prices for Lite-On Semiconductor Corp. for the Group were 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 have no material difference as those between the Group and non-related parties.

Operating lease contracts with related parties are based on market prices and made under mutual and standard agreements; the market prices and contract terms between the Group and its related parties have no material difference as those between the Group and non-related parties.

c. Purchases of goods

Related Party Category	For the Year Ended December 31	
	2019	2018
Associate		
Lite-Space Technology Company Limited	\$ 1,807,380	\$ 2,672,861
Lite-On Semiconductor Corp.	<u>1,376,650</u>	<u>1,336,179</u>
	<u>3,184,030</u>	<u>4,009,040</u>
Related party in substance		
Diodes Incorporated	636,358	610,845
Others	<u>18,306</u>	<u>55,063</u>
	<u>654,664</u>	<u>665,908</u>
	<u>\$ 3,838,694</u>	<u>\$ 4,674,948</u>

The costs of the Group's purchases from Lite-On Semiconductor Corp. for the years ended December 31, 2019 and 2018 were 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	
	2019	2018
Trade receivables		
Associate		
Lite-On Semiconductor Corp.	\$ 61,297	\$ 84,828
Others	<u>12,245</u>	<u>5,226</u>
	<u>73,542</u>	<u>90,054</u>
Related party in substance		
Others	<u>-</u>	<u>41</u>
	<u>\$ 73,542</u>	<u>\$ 90,095</u>
Other receivables		
Associate		
Yamada-Lom Ltda.	\$ 19,700	\$ 1,726
Lite-On Semiconductor Corp.	1,959	2,490
Others	<u>13</u>	<u>18</u>
	<u>21,672</u>	<u>4,234</u>
Related party in substance		
Others	<u>71</u>	<u>183</u>
	<u>\$ 21,743</u>	<u>\$ 4,417</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, 2019 and 2018.

e. Payables to related parties

Related Party Category	December 31	
	2019	2018
Trade payables		
Associate		
Lite-On Semiconductor Corp.	\$ 382,405	\$ 384,374
Lite-Space Technology Company Limited	<u>128,711</u>	<u>179,309</u>
	<u>511,116</u>	<u>563,683</u>
Related party in substance		
Diodes Incorporated	217,356	213,798
Others	<u>2,072</u>	<u>4,142</u>
	<u>219,428</u>	<u>217,940</u>
	<u>\$ 730,544</u>	<u>\$ 781,623</u>
Other payables		
Associate		
Others	<u>\$ 593</u>	<u>\$ 515</u>
Related party in substance		
Silport Travel Corp.	5,930	8,043
Chi Mei Mold Co.	5,631	7,893
Others	<u>340</u>	<u>233</u>
	<u>11,901</u>	<u>16,169</u>
	<u>\$ 12,494</u>	<u>\$ 16,684</u>

The outstanding trade payables to related parties are unsecured.

f. Lease arrangements

<b>Related Party Category</b>	<b>For the Year Ended December 31, 2019</b>
Acquisition of right-of-use assets	
Associate	
Lite-On Semiconductor Corp.	<u>\$ 70,155</u>

<b>Related Party Category</b>	<b>For the Year Ended December 31, 2019</b>
Lease liabilities	
Associate	
Lite-On Semiconductor Corp.	<u>\$ 45,187</u>

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Interest expense		
Associate		
Lite-On Semiconductor Corp.	<u>\$ 962</u>	<u>\$ -</u>
Lease expense		
Associate		
Lite-On Semiconductor Corp.	<u>\$</u>	<u>\$ 24,000</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

<b>Related Party Category</b>	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Associate		
Lite-On Semiconductor Corp.	<u>\$ 35</u>	<u>\$ 20</u>
Related party in substance		
Silport Travel Corp.	69,119	83,732
Others	<u>13,003</u>	<u>12,914</u>
	<u>82,122</u>	<u>96,646</u>
	<u>\$ 82,157</u>	<u>\$ 96,666</u>

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

h. Other revenue

Related Party Category	For the Year Ended December 31	
	2019	2018
Associates		
Yamada-Lom Ltda.	\$ 13,910	\$ 9,269
Lite-On Semiconductor Corp.	<u>6,790</u>	<u>6,778</u>
	<u>20,700</u>	<u>16,047</u>
Related party in substance		
Auden Techno Corp.	-	5,172
Others	<u>1,468</u>	<u>1,519</u>
	<u>1,468</u>	<u>6,691</u>
	<u>\$ 22,168</u>	<u>\$ 22,738</u>

i. Acquisition of financial assets

For the year ended December 31, 2019

Related Party Category	Line Item	Number of Shares	Underlying Assets	Purchase Price
Associate				
Lite-On Semiconductor Corp.	Investment accounted for using the equity method	980,300	Equity interests of Lite-On Japan Ltd., a subsidiary	<u>\$ 66,864</u>

j. 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	
	2019	2018	2019	2018
Associate				
Yamada-Lom Ltda	<u>\$ 15,609</u>	<u>\$ -</u>	<u>\$ 3,225</u>	<u>\$ -</u>

k. Compensation of key management personnel

	For the Year Ended December 31	
	2019	2018
Short-term employee benefits	\$ 572,153	\$ 603,414
Post-employment benefits	<u>38,308</u>	<u>19,294</u>
	<u>\$ 610,461</u>	<u>\$ 622,708</u>

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

### 33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
Pledged time deposits (classified as financial assets at amortized costs)	<u>\$ 467,674</u>	<u>\$ 596,623</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.

### 34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- a. In May 2019, the Public Lighting Authority of Detroit sued Leotek Electronics USA LLC, the Group's subsidiary, at the Federal District Court in eastern Mississippi for violating the purchase agreements signed by both parties and sought for compensations. The Public Lighting Authority claimed that the LED street lights supplied by the subsidiary experienced premature luminous decay and burned out during the warranty period. The matter was settled in December 2019 and the settlement agreement does not have material impact on the operation and financial performance of the Group.
- b. Bench Walk Lighting, LLC sued the Parent Company and its subsidiary - LITE-ON TECHNOLOGY USA, INC. - for patent infringement during the fourth quarter of the year ended December 31, 2019. The petitioner claimed that certain products supplied by the subsidiary infringed the original patents and demanded royalty payments. The Parent 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.
- c. Castlemorton Wireless, LLC sued the subsidiaries - LITE-ON, INC. and LITE-ON TRADING USA, INC. - for patent infringement during the fourth quarter of the year ended December 31, 2019. The petitioner claimed that certain products supplied by the subsidiaries infringed the original patents and demanded royalty payments. The Parent 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.

### 35. OTHER SIGNIFICANT MATTERS

The transaction transferring the Portable Image Device SBG's main business (Camera Module Business) and assets and the recognition of the impairment loss of goodwill (see Note 19) and operating losses for Mobile Mechanics Business Group were both recognized in first half year of 2018. As of the date that the consolidated financial statements were issued, the business transfer is completed and the main part of the operating assets and liabilities was transferred. The net profit of the above transactions is NT\$1,041,786 thousand, which is recognized as non-operating income and expenses.

### 36. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2019

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 1,374,254	6.9524 (USD:CNY)	\$ 41,131,411
USD	1,175,658	29.9300 (USD:NTD)	35,187,442
USD	65,437	7.7856 (USD:HKD)	1,958,529
USD	25,994	30.0900 (USD:THB)	778,004
USD	1,203	0.8923 (USD:EUR)	35,991
EUR	12,823	1.1207 (EUR:USD)	<u>430,124</u>
			<u>\$ 79,521,501</u>
Non-monetary items			
Investments in associates and joint ventures accounted for using the equity method			
USD	3,534	29.9300 (USD:NTD)	<u>\$ 105,774</u>
<u>Financial liabilities</u>			
Monetary items			
USD	1,890,153	29.9300 (USD:NTD)	\$ 56,572,273
USD	906,102	6.9524 (USD:CNY)	27,119,618
USD	29,222	7.7856 (USD:HKD)	874,625
USD	26,784	30.0900 (USD:THB)	801,659
USD	4,605	0.8923 (USD:EUR)	<u>137,832</u>
			<u>\$ 85,506,007</u>

December 31, 2018

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 1,441,072	30.6650 (USD:NTD)	\$ 44,190,469
USD	1,286,223	6.8393 (USD:CNY)	39,442,026
USD	64,281	7.8321 (USD:HKD)	1,971,176
USD	17,277	32.3200 (USD:THB)	529,806
USD	2,539	0.8730 (USD:EUR)	77,863
EUR	13,091	1.1455 (EUR:USD)	<u>459,837</u>
			<u>\$ 86,671,177</u>
Non-monetary items			
Investments accounted for using the equity method			
USD	3,255	30.6650 (USD:NTD)	<u>\$ 99,826</u>
<u>Financial liabilities</u>			
Monetary items			
USD	2,036,096	30.6650 (USD:NTD)	\$ 62,436,894
USD	1,013,611	6.8393 (USD:CNY)	31,082,386
USD	29,902	7.8321 (USD:HKD)	916,943
USD	26,325	32.3200 (USD:THB)	807,246
USD	6,066	0.8730 (USD:EUR)	<u>186,021</u>
			<u>\$ 95,429,490</u>

For the years ended December 31, 2019 and 2018 net foreign exchange gains (losses) were \$666,584 thousand and \$(497,693) 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 group entities.

### **37. SEPARATELY DISCLOSED ITEMS**

a. Information on significant transactions and information on investees:

- 1) Financing provided: See Table 1 below.
- 2) Endorsement/guarantee provided: See Table 2 below.
- 3) Marketable securities held (excluding investment in subsidiaries, associates and jointly controlled entities): See Table 3 below.
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: See Table 4 below.
- 5) Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital: None.

- 6) Disposal of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: None.
  - 7) Total purchases from or sales to related parties of at amounting to at least NT\$100 million or 20% of the paid-in capital: See Table 5 below.
  - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: See Table 6 below.
  - 9) Trading in derivative instruments: See Notes 7 and 31 to the financial statements.
  - 10) Information on investees: See Table 7 below.
- b. Information on investments in mainland China:
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: See Table 8 below.
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: See Table 9 below.
- c. Intercompany relationships and significant intercompany transactions: See Table 9 below.

## 38. SEGMENT INFORMATION

### a. General information

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

- 1) Optoelectronics: The manufacture and sale of LED, camera modules, LED traffic lights, street lights, general lighting and automotive electronics.
  - 2) Information technologies (IT): The manufacture and sale of notebooks, desktops, tablets, server, networking devices and multifunction peripheral.
  - 3) Storage: The manufacture and sale of Optical Disk Drives and Solid State Drives.
  - 4) The Group also has other operating segments that did not exceed the quantitative threshold. These segments mainly engage in the manufacture and sale of plastic/rubber products, automotive Optical Disk Drives and others.
- b. Measurement of segment information

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

c. Segment information

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

	For the year ended December 31, 2019					
	Optoelectronics	IT	Storage	Others	Elimination	Total
Sales from external customers	\$ 28,314,385	\$ 119,106,937	\$ 21,579,836	\$ 8,953,008	\$ -	\$ 177,954,166
Sales among segments	1,311,474	1,511,065	24,491	795,279	(3,642,309)	-
Operating profit (loss)	1,560,254	8,282,581	1,559,208	(570,089)	-	10,831,954

  

	For the year ended December 31, 2018					
	Optoelectronics	IT	Storage	Others	Elimination	Total
Sales from external customers	\$ 43,487,662	\$ 119,360,992	\$ 33,227,622	\$ 11,032,812	\$ -	\$ 207,109,088
Sales among segments	1,399,789	1,415,303	19,889	769,172	(3,604,153)	-
Operating profit (loss)	1,906,571	5,994,320	2,239,910	(1,453,472)	-	8,687,329

d. Geographic information

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2019	2018	2019	2018
Asia	\$ 116,905,037	\$ 134,192,811	\$ 27,373,092	\$ 27,843,443
America	39,370,373	49,365,614	771,509	605,244
Europe	21,404,220	23,221,849	3,871	1,473
Others	<u>274,536</u>	<u>328,814</u>	<u>-</u>	<u>-</u>
	<u>\$ 177,954,166</u>	<u>\$ 207,109,088</u>	<u>\$ 28,148,472</u>	<u>\$ 28,450,160</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 about major customers

No single customers contributed 10% or more to the Group's revenue for the years ended December 31, 2019 and 2018.

f. Reconciliation information for segment profit (loss)

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

	For the Year Ended December 31	
	2019	2018
Reportable segments' profit	\$ 10,831,954	\$ 8,687,329
Unclassified loss	(1,486,732)	(1,201,516)
Non-operating income and expenses	<u>3,018,616</u>	<u>3,298,308</u>
Profit before income tax	<u>\$ 12,363,838</u>	<u>\$ 10,784,121</u>

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

## LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

No.	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate	Nature for Financing (Note 1)	Transaction Amount	Reasons for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 2)	Financing Company's Total Financing Amount Limits (Note 2)	Note
													Item	Value			
1	LITE-ON SINGAPORE PTE. LTD.	LITE-ON MOBILE PTE. LTD.	Receivables from related parties	Yes	\$ 1,262,000	\$ 1,197,200	\$ 1,197,200	2.49413%-3.64413%	b	\$ -	Operating capital	\$ -	None	\$ -	\$ 13,032,777	\$ 13,032,777	
2	LTC GROUP LTD.	LITE-ON AUTOMOTIVE ELECTRONICS MEXICO, S.A. DE C.V.	Receivables from related parties	Yes	91,995	-	-	2.13%	b	-	Operating capital	-	None	-	506,616	506,616	
3	LITE-ON AUTOMOTIVE (WUXI) CO., LTD.	LITE-ON GREEN TECHNOLOGIES (NANJING) CORPORATION	Receivables from related parties	Yes	26,123	12,915	12,915	3.045%	b	-	Operating capital	-	None	-	520,877	520,877	
4	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	CHANGZHOU LEOTEK NEW ENERGY TRADE LIMITED	Receivables from related parties	Yes	241,080	111,930	111,930	3%-3.325%	b	-	Operating capital	-	None	-	4,320,207	4,320,207	
5	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	LITE-ON INTELLIGENT TECHNOLOGY (YENCHENG) CORP.	Receivables from related parties	Yes	90,492	43,050	43,050	3.045%	b	-	Operating capital	-	None	-	2,860,016	2,860,016	
6	LITE-ON ELECTRONICS H.K. LIMITED	SOLID STATE STORAGE TECHNOLOGY CORPORATION	Receivables from related parties	Yes	3,407	-	-	2.64%-2.8%	b	-	Operating capital	-	None	-	7,668,810	7,668,810	
7	GUANGZHOU LITE-ON MOBILE ENGINEERING PLASTICS CO., LTD.	BEIJING LITE-ON MOBILE ELECTRONIC AND TELECOMMUNICATION COMPONENTS CO., LTD.	Receivables from related parties	Yes	39,077	38,745	38,745	3.045%	b	-	Operating capital	-	None	-	1,808,000	1,808,000	

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, 2019  
(Amounts in Thousands of New Taiwan Dollars)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 2)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity Per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable (Note 2)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship (Note 1)											
0	Lite-On Technology Corporation	Lite-On Technology (Europe) B.V.	b	\$ 7,245,977	\$ 67,106	\$ -	\$ -	\$ -	-	\$ 28,983,910	Yes	No	No	
1	Lite-On Capital Corporation	Lite-On Green Energy B.V.	c	2,300,932	331,973	315,277	315,277	-	0.44	2,300,932	No	No	No	

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

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

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

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

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

## LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

DECEMBER 31, 2019

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

Held Company Name	Marketable Securities Type and Name	Relationship with the Held Company	Financial Statement Account	December 31, 2019				Note
				Shares/Units (In Thousands)	Carrying Value (Foreign Currencies in Thousands)	Percentage of Ownership (%)	Fair Value (Foreign Currencies in Thousands)	
Lite-On Technology Corporation	<u>Ordinary shares</u>							
	EPSTAR Corporation	-	Financial asset at FVTPL	449	\$ 14,524	0.04	\$ 14,524	
	Wistron Corporation	-	Financial asset at FVTOCI	5,437	154,141	0.19	154,141	
	Logah Technology Corp.	-	Financial asset at FVTOCI	7,905	68,617	9.52	68,617	
	Com2B Corp.	-	Financial asset at FVTOCI	5,000	9,009	11.11	9,009	
	Avamax Corp.	-	Financial asset at FVTPL	559	-	6.99	-	Note
	Aetas Technology, Inc.	Member of the board of directors	Financial asset at FVTPL	4,026	-	8.07	-	Note
	AuriaSolar Co., Ltd.	-	Financial asset at FVTPL	41,400	-	19.71	-	Note
	Z-Com, Inc.	-	Financial asset at FVTOCI	63	821	0.09	821	
	Fong Han Electronics Co., Ltd.	-	Financial asset at FVTPL	1,167	-	6.67	-	Note
	Xepex Electronics Co., Ltd.	-	Financial asset at FVTPL	-	-	-	-	Note
	North America Micro-Electronic & Software, Incorporated	-	Financial asset at FVTOCI	5	-	2.67	-	Note
	Action Media Technologies, Inc.	-	Financial asset at FVTPL	38	-	-	-	Note
	Oplink Communications, Inc.	-	Financial asset at FVTOCI	1	847	0.01	847	
	Taiwan Changxing Technology Co., Ltd.	-	Financial asset at FVTOCI	462	4,620	15.40	4,620	
	InSynerger Technology Co., Ltd	Member of the board of directors	Financial asset at FVTOCI	1,710	29,070	19.29	29,070	
	TAIWAN METAL PRECISION LTD.	-	Financial asset at FVTOCI	-	11,500	10.00	11,500	
	<u>Preference shares</u>							
	Arkologic Holdings Limited	-	Financial asset at FVTPL	11,111	-	7.66	-	Note
	PI-CORAL	-	Financial asset at FVTPL	1,139	-	10.65	-	Note
<u>Fund</u>								
Arm IoT Fund, L.P.	-	Financial asset at FVTPL	-	44,840	-	44,840		
<u>Convertible bond</u>								
Xepex Electronics Co., Ltd.	-	Financial asset at FVTPL	150	-	-	-	Note	
Lite-On Capital Corporation	<u>Ordinary shares</u>							
	Lite-On Technology Corporation	The Parent Company	Financial assets at FVTOCI	15,116	745,968	0.64	745,968	
	Lead Data, Inc.	-	Financial assets at FVTOCI	865	3,563	0.59	3,563	
	Compound Solar Technology Co., Ltd.	-	Financial assets at FVTPL	2,000	-	2.86	-	Note
Z-Com, Inc.	-	Financial assets at FVTOCI	2,412	31,351	3.33	31,351		

(Continued)

Held Company Name	Marketable Securities Type and Name	Relationship with the Held Company	Financial Statement Account	December 31, 2019				Note
				Shares/Units (In Thousands)	Carrying Value (Foreign Currencies in Thousands)	Percentage of Ownership (%)	Fair Value (Foreign Currencies in Thousands)	
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>Share certificates</u> Lite-On Technology Corporation GDR	The Parent Company	Financial assets at FVTOCI	245	\$ 120,739	0.10	\$ 120,739	
YET FOUNDATE LIMITED	<u>Share certificates</u> Lite-On Technology Corporation GDR	The Parent Company	Financial assets at FVTOCI	227	111,903	0.10	111,903	
	<u>Ordinary shares</u> Northern Lights Semiconductor	-	Financial assets at FVTPL	3,000	-	5.91	-	Note
LET (HK) LIMITED	<u>Fund</u> Innovation Works Development Fund, L.P.	-	Financial assets at FVTPL	-	HK\$ 7,765	-	HK\$ 7,765	
LITE-ON TECHNOLOGY USA, INC.	<u>Preference shares</u> CNEX LABS Inc.	-	Non-current assets held for sale	245	US\$ 1,000	0.45	US\$ 1,000	
LITE-ON SINGAPORE PTE. LTD.	<u>Ordinary shares</u> LuxVisions Innotech Limited	-	Financial assets at FVTOCI	12,000	US\$ 40,000	10.00	US\$ 40,000	
LTC GROUP LTD.	<u>Ordinary shares</u> VIZIO, Inc.	-	Financial assets at FVTPL	437	\$ -	2.90	\$ -	Note
LTC INTERNATIONAL LTD.	<u>Ordinary shares</u> Lite-On Technology Corporation	The Parent Company	Financial assets at FVTOCI	3,793	187,190	0.16	187,190	
	<u>Share certificates</u> Lite-On Technology Corporation GDR	The Parent Company	Financial assets at FVTOCI	321	158,244	0.14	158,224	
LITE-ON CHINA HOLDING CO. LTD.	<u>Ordinary shares</u> COMMIT Incorporated	-	Financial assets at FVTPL	4,962	-	1.87	-	Note
Silitech Technology Corporation	<u>Ordinary shares</u> Chi Mei Mold Co., Ltd.	Member of the board of directors	Financial assets at FVTOCI	1,300	6,162	10.00	6,162	
	<u>Ordinary shares</u> RTR-TECH Technology Co., Ltd.	-	Financial assets at FVTOCI	6,820	-	9.46	-	Note
Silitech (Bermuda) Holding Ltd.	<u>Fund</u> Innovation Works Development Fund, L.P.	-	Financial assets at FVTPL	-	US\$ 916	-	US\$ 916	

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

(Concluded)

## LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2019

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

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counterparty	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares/Units (In Thousands)	Amount
Lite-On Technology Corporation	The shares of KBW-LITEON Jordan Private Shareholding Limited	Investments accounted for using the equity method (Note 5)	KBW-LITEON Jordan Private Shareholding Limited	Subsidiary	21,797	\$ 1,210,895	14,260	\$ 682,453 (Note 1)	-	\$ -	\$ 53,567 (Note 1)	\$ -	36,057	\$ 1,839,781
	The shares of Lite-On Japan Ltd.	Investments accounted for using the equity method (Note 5)	-	Subsidiary	6,162	342,959	6,289	437,215 (Note 2)	-	-	5,157 (Note 2)	-	12,451	775,017
	The shares of SOLID STATE STORAGE TECHNOLOGY CORPORATION	Non-current assets held for sale	SOLID STATE STORAGE TECHNOLOGY CORPORATION	Subsidiary	-	-	448,245	4,482,454 (Note 3)	-	-	4,482,454 (Note 3)	-	448,245	-
Lite-On Mobile PTE. LTD.	The shares of LITE-ON MOBILE INDIA PRIVATE LIMITED	Investments accounted for using the equity method (Note 5)	Salcomp Manufacturing Oy and Salcomp Oyj	Subsidiary	256	US\$ 19,973	-	-	256	(Note 4)	US\$ 19,973 (Note 4)	(Note 4)	-	-
Lite-On Mobile Oyj	The shares of Lite-On Mobile India Private Limited	Investments accounted for using the equity method (Note 5)	Salcomp Manufacturing Oy and Salcomp Oyj	Subsidiary	34	EUR 2,286	-	-	34	(Note 4)	EUR 2,286 (Note 4)	(Note 4)	-	-
Silitech Technology (Suzhou) Co., Ltd.	Bank deposit products with minimum guaranteed returns	Financial assets at amortized cost - current	-	-	-	\$ 22,416 (CNY 5,000)	-	236,200 (CNY 54,880)	-	260,660 (CNY 60,355)	\$ 258,616 (CNY 59,880)	2,044 (CNY 475)	-	-
Xurong Electronics (Shenzhen) Ltd.	Floating rate bank deposit products with minimum guaranteed returns	Financial assets at amortized cost - current	-	-	-	-	-	293,528 (CNY 68,200)	-	201,118 (CNY 46,729)	200,563 (CNY 46,660)	555 (CNY 129)	-	92,965 (CNY 21,600)

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

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

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

Note 4: The monetary amount for the disposal of equity shares transaction totaled to US\$29.92 million and the related gain on disposal amounted to \$328 million.

Note 5: Investments accounted for using the equity method have been eliminated upon consolidation.

## 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, 2019  
(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 TRADING USA, INC. Lite-On Sales & Distribution Inc. SOLID STATE STORAGE TECHNOLOGY CORPORATION LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD. LITE-ON SINGAPORE PTE. LTD. Lite-On Overseas Trading Co., Ltd.	Subsidiary	Sale	\$ (10,565,362)	(8.74)	About 90 days	Cost-plus pricing	No significant difference	\$ 2,842,027	9.26	
		Fourth-tier subsidiary	Sale	(1,083,840)	(0.90)	About 90 days	Cost-plus pricing	No significant difference	398,501	1.30	
		Subsidiary	Sale	(3,192,713)	(2.64)	About 90 days	Cost-plus pricing	No significant difference	1,027,795	3.35	
		Subsidiary	Sale	(779,079)	(0.64)	About 90 days	Cost-plus pricing	No significant difference	156,205	0.51	
		Sub-subsidiary	Sale	(4,644,202)	(3.84)	About 90 days	Cost-plus pricing	No significant difference	1,732,416	5.64	
		Sub-subsidiary	Sale	(483,819)	(0.40)	About 90 days	Cost-plus pricing	No significant difference	-	-	
		Subsidiary	Purchase	112,643	0.10	About 90 days	Cost-plus pricing	No significant difference	(111,354)	(0.32)	
		Fourth-tier subsidiary	Purchase	2,055,279	1.91	About 90 days	Cost-plus pricing	No significant difference	(447,884)	(1.29)	
		Subsidiary	Purchase	20,568,320	19.10	About 90 days	Cost-plus pricing	No significant difference	(7,212,653)	(20.71)	
		Subsidiary	Purchase	72,983,316	67.78	About 90 days	Cost-plus pricing	No significant difference	(23,570,248)	(67.68)	
Philips & Lite-On Digital Solutions Corporation	Philips & Lite-On Digital Solutions USA, Inc. PLDS Germany GmbH	Subsidiary	Sale	(4,851,830)	(43.58)	About 90 days	Cost-plus pricing	No significant difference	356,061	20.98	
		Subsidiary	Sale	(488,404)	(4.39)	About 90 days	Cost-plus pricing	No significant difference	116,769	6.88	
LITE-ON ELECTRONICS (TIANJIN) CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(1,707,002)	(100.00)	About 90 days	Cost-plus pricing	No significant difference	127,642	100.00	
LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	WUXI CHINA BRIDGE EXPRESS TRADING CO., LTD. LITE-ON ELECTRONICS (GUANGZHOU) LIMITED Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(232,891)	(1.27)	About 90 days	Cost-plus pricing	No significant difference	77,137	28.56	
		Affiliate	Sale	(100,019)	(0.55)	About 90 days	Cost-plus pricing	No significant difference	35,589	13.18	
		Affiliate	Sale	(17,859,519)	(97.50)	About 90 days	Cost-plus pricing	No significant difference	134,663	49.86	
LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(4,858,914)	(100.00)	About 90 days	Cost-plus pricing	No significant difference	1,125,591	100.00	
LITEON LI SHIN TECHNOLOGY (GANZHOU) LTD.	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(697,019)	(100.00)	About 90 days	Cost-plus pricing	No significant difference	151,418	100.00	
LITE-ON AUTOMOTIVE ELECTRONICS (CHANGZHOU) CO., LTD.	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD. LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(109,272)	(36.07)	About 90 days	Cost-plus pricing	No significant difference	109,330	56.07	
		Affiliate	Sale	(186,138)	(61.45)	About 90 days	Cost-plus pricing	No significant difference	84,587	43.38	
LITE-ON COMPUTER (CHANGZHOU) CO., LTD.	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD. LITE-ON SINGAPORE PTE. LTD. Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(177,737)	(13.52)	About 90 days	Cost-plus pricing	No significant difference	112,588	27.90	
		Affiliate	Sale	(181,449)	(13.80)	About 90 days	Cost-plus pricing	No significant difference	21,271	5.27	
		Affiliate	Sale	(955,614)	(72.68)	About 90 days	Cost-plus pricing	No significant difference	269,702	66.83	
LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	LITE-ON COMPUTER (CHANGZHOU) CO., LTD. LITE-ON SINGAPORE PTE. LTD. Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(213,939)	(0.90)	About 90 days	Cost-plus pricing	No significant difference	75,405	1.34	
		Affiliate	Sale	(14,313,345)	(60.10)	About 90 days	Cost-plus pricing	No significant difference	3,197,920	56.85	
		Affiliate	Sale	(7,218,171)	(30.31)	About 90 days	Cost-plus pricing	No significant difference	1,764,239	31.36	
LITE-ON TECHNOLOGY (XIANNING) CO., LTD.	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(691,822)	(100.00)	About 90 days	Cost-plus pricing	No significant difference	142,891	100.00	
LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD. Philips & Lite-On Digital Solutions (Shanghai) Co., Ltd.	Affiliate	Sale	(285,955)	(4.28)	About 90 days	Cost-plus pricing	No significant difference	42,845	2.29	
		Affiliate	Sale	(135,028)	(2.02)	About 90 days	Cost-plus pricing	No significant difference	47,613	2.55	
LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(606,589)	(4.00)	About 90 days	Cost-plus pricing	No significant difference	-	-	
		Affiliate	Sale	(14,508,721)	(95.79)	About 90 days	Cost-plus pricing	No significant difference	1,437,099	99.82	
SILITEK ELEC. (DONGGUAN) CO., LTD.	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(10,951,104)	(95.16)	About 90 days	Cost-plus pricing	No significant difference	2,698,607	93.90	

(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 POWER TECHNOLOGY (DONGGUAN) CO., LTD.	LITE-ON ELECTRONICS COMPANY. LIMITED	Parent	Sale	\$ (1,332,373)	(100.00)	About 90 days	Cost-plus pricing	No significant difference	\$ 109,187	99.78	
LITE-ON ELECTRONICS H.K. LIMITED	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(286,788)	(7.64)	About 90 days	Cost-plus pricing	No significant difference	96,802	13.40	
LITE-ON ELECTRONICS COMPANY LIMITED	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(1,332,380)	(100.00)	About 90 days	Cost-plus pricing	No significant difference	-	-	
HUIZHOU LI SHIN ELECTRONIC CO., LTD.	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(1,787,652)	(87.63)	About 90 days	Cost-plus pricing	No significant difference	352,246	87.97	
LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Affiliate	Sale	(1,475,509)	(5.58)	About 90 days	Cost-plus pricing	No significant difference	527,889	7.79	
	WUXI CHINA BRIDGE EXPRESS TRADING CO., LTD.	Affiliate	Sale	(743,345)	(2.81)	About 90 days	Cost-plus pricing	No significant difference	385,200	5.68	
	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(24,153,431)	(91.41)	About 90 days	Cost-plus pricing	No significant difference	5,819,214	85.86	
LITEON OPTO TECHNOLOGY (GUANGZHOU) LTD.	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(1,274,285)	(99.74)	About 90 days	Cost-plus pricing	No significant difference	352,540	99.72	
LiteON Auto Electric Technology (Guangzhou) Ltd.	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Affiliate	Sale	(481,322)	(99.77)	About 90 days	Cost-plus pricing	No significant difference	44,920	100.00	
LITEON-IT OPTO TECH (BH) CO., LTD.	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(8,023,676)	(100.00)	About 90 days	Cost-plus pricing	No significant difference	1,395,154	100.00	
Lite-On Electronics (Thailand) Co., Ltd.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(3,154,503)	(96.60)	About 90 days	Cost-plus pricing	No significant difference	509,982	92.13	
	Lite-On Japan Ltd.	Affiliate	Sale	(110,893)	(3.40)	About 90 days	Cost-plus pricing	No significant difference	43,554	7.87	
LITE-ON VIETNAM CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(276,519)	(100.00)	About 90 days	Cost-plus pricing	No significant difference	32,299	100.00	
LITE-ON SINGAPORE PTE. LTD.	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Subsidiary	Sale	(2,098,178)	(3.23)	About 90 days	Cost-plus pricing	No significant difference	698,926	3.56	
	WUXI CHINA BRIDGE EXPRESS TRADING CO., LTD.	Affiliate	Sale	(1,389,353)	(2.14)	About 90 days	Cost-plus pricing	No significant difference	473,486	2.41	
	LITE-ON ELECTRONICS H.K. LIMITED	Affiliate	Sale	(3,626,962)	(5.59)	About 90 days	Cost-plus pricing	No significant difference	1,314,217	6.69	
	Lite-On Japan Ltd.	Affiliate	Sale	(1,361,647)	(2.10)	About 90 days	Cost-plus pricing	No significant difference	404,480	2.06	
	LITE-ON, INC.	Affiliate	Sale	(514,204)	(0.79)	About 90 days	Cost-plus pricing	No significant difference	113,884	0.58	
	LITE-ON TRADING USA, INC.	Affiliate	Sale	(7,747,944)	(11.93)	About 90 days	Cost-plus pricing	No significant difference	2,683,439	13.65	
	LEOTEK ELECTRONICS USA LLC	Affiliate	Sale	(873,644)	(1.35)	About 90 days	Cost-plus pricing	No significant difference	24,345,935	0.42	
	Lite-On Sales & Distribution, Inc.	Affiliate	Sale	(113,277)	(0.17)	About 90 days	Cost-plus pricing	No significant difference	-	-	
	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(151,188)	(0.23)	About 90 days	Cost-plus pricing	No significant difference	49,227	0.25	
	LITE-ON MOBILE INDÚSTRIA E COMÉRCIO DE PLÁSTICOS LTDA.	Affiliate	Sale	(404,588)	(0.62)	About 90 days	Cost-plus pricing	No significant difference	128,808	0.66	
LITE-ON AUTOMOTIVE ELECTRONICS MEXICO, S.A. DE C.V.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(437,033)	(100.00)	About 90 days	Cost-plus pricing	No significant difference	-	-	
Lite-On Overseas Trading Co., Ltd.	LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	Affiliate	Sale	(14,548,802)	(8.96)	About 90 days	Cost-plus pricing	No significant difference	1,811,603	4.17	
	LITEON LI SHIN TECHNOLOGY (GANZHOU) LTD.	Affiliate	Sale	(195,803)	(0.12)	About 90 days	Cost-plus pricing	No significant difference	1,256	-	
	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Affiliate	Sale	(12,093,973)	(7.45)	About 90 days	Cost-plus pricing	No significant difference	4,113,197	9.47	
	LITE-ON TECHNOLOGY (XIANNING) CO., LTD.	Affiliate	Sale	(189,157)	(0.12)	About 90 days	Cost-plus pricing	No significant difference	21,287	0.05	
	LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	Affiliate	Sale	(12,260,850)	(7.55)	About 90 days	Cost-plus pricing	No significant difference	1,035,122	2.38	
	SILITEK ELEC. (DONGGUAN) CO., LTD.	Affiliate	Sale	(8,054,582)	(4.96)	About 90 days	Cost-plus pricing	No significant difference	842,767	1.94	
	HUIZHOU LI SHIN ELECTRONIC CO., LTD.	Affiliate	Sale	(580,749)	(0.36)	About 90 days	Cost-plus pricing	No significant difference	54,382	0.13	
	LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	Affiliate	Sale	(18,733,864)	(11.53)	About 90 days	Cost-plus pricing	No significant difference	5,711,038	13.15	
	LITEON OPTO TECHNOLOGY (GUANGZHOU) LTD.	Affiliate	Sale	(812,629)	(0.50)	About 90 days	Cost-plus pricing	No significant difference	268,150	0.62	
	LiteON Auto Electric Technology (Guangzhou) Ltd.	Affiliate	Sale	(202,793)	(0.12)	About 90 days	Cost-plus pricing	No significant difference	54,539	0.13	
	LITEON-IT OPTO TECH (BH) CO., LTD.	Affiliate	Sale	(6,410,661)	(3.95)	About 90 days	Cost-plus pricing	No significant difference	1,721,043	3.96	
	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(15,129,988)	(9.32)	About 90 days	Cost-plus pricing	No significant difference	4,173,881	9.61	
	Lite-On Semiconductor Corp.	Associates	Purchase	689,481	0.42	About 90 days	Cost-plus pricing	No significant difference	(233,936)	(0.59)	
	Diodes Incorporated	Related party in substance	Purchase	255,426	0.16	About 90 days	Cost-plus pricing	No significant difference	(95,676)	(0.24)	
	Lite-Space Technology Company Limited	Associates	Purchase	1,796,275	1.11	About 90 days	Cost-plus pricing	No significant difference	(128,546)	(0.32)	
LITE-ON AUTOMOTIVE (WUXI) CO., LTD.	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Affiliate	Sale	(134,279)	(53.69)	About 90 days	Cost-plus pricing	No significant difference	19,896	88.80	

(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 (Guangzhou) Automotive Electronics Limited	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD. LITE-ON SINGAPORE PTE. LTD.	Affiliate Affiliate	Sale	\$ (2,094,976)	(43.43)	About 90 days	Cost-plus pricing	No significant difference	\$ 820,133	62.46	
			Sale	(2,254,101)	(46.72)	About 90 days	Cost-plus pricing	No significant difference	190,100	14.48	
Lite-On Japan Ltd.	Lite-On Semiconductor Corp. Lite-On Semiconductor Corp.	Associates Associates	Sale	JPY (1,080,696)	(7.57)	About 90 days	Cost-plus pricing	No significant difference	JPY 200,099	7.66	
			Purchase	JPY 2,127,077	16.67	About 90 days	Cost-plus pricing	No significant difference	JPY (395,387)	(13.48)	
Silitech Technology Corporation Limited	Silitech Technology Corporation	Parent	Sale	US\$ (18,033)	(100.00)	About 90 days	No significant difference	90-120 days	US\$ 4,921	100.00	
				JPY (8,546)					JPY 3,453		
				EUR (159)					EUR 4		
Xurong Electronic (Shenzhen) Ltd.	Silitech Technology Corporation Limited	Parent	Sale	US\$ (18,033)	(67.00)	About 90 days	No significant difference	90-120 days	US\$ 4,921	76.00	
				JPY (8,546)					JPY 3,453		
				EUR (159)					EUR 4		

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, 2019

(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	\$ -	\$ 2,842,027	\$ 368	3.18	\$ 297,266	-	\$ 2,001,267	\$ -
	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Fourth-tier subsidiary	-	398,501	-	2.52	-	-	-	-
	LITE-ON SINGAPORE PTE. LTD.	Subsidiary	-	1,027,795	105,116	13.26	-	-	229,106	-
	Lite-On Japan Ltd.	Subsidiary	-	156,205	1,687	4.94	-	-	16,852	-
	LITE-ON TRADING USA, INC.	Sub-subsidiary	-	1,732,416	18,094	2.46	-	-	347,641	-
	Lite-On Overseas Trading Co., Ltd.	Subsidiary	-	2,893,649	36,597	-	-	-	1,489,331	-
Philips & Lite-On Digital Solutions Corporation	Philips & Lite-On Digital Solutions USA, Inc.	Subsidiary	-	356,061	7,019	9.10	-	-	125,232	-
	PLDS Germany GmbH	Subsidiary	-	116,769	-	3.53	-	-	65,679	-
SOLID STATE STORAGE TECHNOLOGY CORPORATION	Lite-On Sales & Distribution, Inc.	Affiliate	-	182,021	203	0.33	-	-	47,536	-
LITE-ON ELECTRONICS (TIANJIN) CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	127,642	-	26.75	-	-	127,642	-
LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	Lite-On Overseas Trading Co., Ltd.	Affiliate	-	134,663	-	30.63	-	-	134,663	-
LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	1,125,591	8,277	4.28	-	-	452,100	-
LITEON LI SHIN TECHNOLOGY (GANZHOU) LTD.	Lite-On Overseas Trading Co., Ltd.	Affiliate	-	151,418	-	4.57	-	-	151,418	-
LITE-ON AUTOMOTIVE ELECTRONICS (CHANGZHOU) CO., LTD.	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Affiliate	-	109,330	-	2.00	-	-	20,632	-
LITE-ON COMPUTER (CHANGZHOU) CO., LTD.	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Affiliate	-	112,588	19,818	3.16	-	-	22,367	-
	Lite-On Overseas Trading Co., Ltd.	Affiliate	-	269,702	-	5.11	-	-	60,311	-
LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	CHANGZHOU LEOTEK NEW ENERGY TRADE LIMITED	Affiliate	-	-	112,875	-	-	-	73	-
	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	3,197,920	-	4.61	-	-	1,536,950	-
	Lite-On Overseas Trading Co., Ltd.	Affiliate	-	1,764,239	-	3.98	-	-	588,777	-
LITE-ON TECHNOLOGY (XIANNING) CO., LTD.	Lite-On Overseas Trading Co., Ltd.	Affiliate	-	142,891	-	5.96	-	-	78,573	-
LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	Lite-On Overseas Trading Co., Ltd.	Affiliate	-	1,437,099	-	9.66	-	-	915,165	-
SILITEK ELEC. (DONGGUAN) CO., LTD.	Lite-On Overseas Trading Co., Ltd.	Affiliate	-	2,698,607	4,833	3.72	-	-	1,139,780	-
LITE-ON POWER TECHNOLOGY (DONGGUAN) CO., LTD.	LITE-ON ELECTRONIC COMPANY LIMITED	Affiliate	-	109,187	-	5.23	-	-	-	-
LITE-ON ELECTRONICS H.K. LIMITED	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	-	109,187	-	-	-	-	-
HUIZHOU LI SHIN ELECTRONIC CO., LTD.	Lite-On Overseas Trading Co., Ltd.	Affiliate	-	352,246	-	6.48	-	-	273,466	-
LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Affiliate	-	527,889	84	3.50	-	-	169,761	-
	WUXI CHINA BRIDGE EXPRESS TRADING CO., LTD.	Affiliate	-	385,200	-	3.36	-	-	97,832	-
	Lite-On Overseas Trading Co., Ltd.	Affiliate	-	5,819,214	-	4.02	-	-	2,230,212	-

(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		
LITEON OPTO TECHNOLOGY (GUANGZHOU) LTD.	Lite-On Overseas Trading Co., Ltd.	Affiliate	\$ -	\$ 352,540	\$ -	4.06	\$ -	-	\$ 174,901	\$ -
LITEON-IT OPTO TECH (BH) CO., LTD.	Lite-On Overseas Trading Co., Ltd.	Affiliate	-	1,395,154	-	8.42	-	-	997,733	-
Lite-On Electronics (Thailand) Co., Ltd.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	509,982	6,391	6.12	-	-	275,821	-
LITE-ON SINGAPORE PTE. LTD.	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Subsidiary	-	698,926	-	2.75	-	-	431,942	-
	WUXI CHINA BRIDGE EXPRESS TRADING CO., LTD.	Affiliate	-	473,486	-	2.11	-	-	233,956	-
	LITE-ON ELECTRONICS H.K. LIMITED	Affiliate	-	1,314,217	495	3.43	-	-	39,411	-
	Lite-On Japan Ltd.	Affiliate	-	404,480	2,800	3.67	-	-	54,509	-
	LITE-ON, INC.	Affiliate	-	113,884	2,980	3.93	-	-	35,955	-
	LITE-ON TRADING USA, INC.	Affiliate	-	2,683,439	59,778	2.63	-	-	547,438	-
	LITE-ON MOBILE INDÚSTRIA E COMÉRCIO DE PLÁSTICOS LTDA.	Affiliate	-	128,808	31	3.49	48,450	-	42,581	-
	LITE-ON MOBILE PTE. LTD.	Affiliate	-	-	1,201,264	-	-	-	-	-
G&W TECHNOLOGY (BVI) LIMITED	G&W TECHNOLOGY LIMITED	Subsidiary	-	-	154,947	-	-	-	-	-
Lite-On Overseas Trading Co., Ltd.	LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	Affiliate	-	1,811,603	4,021	6.36	-	-	835,907	-
	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Affiliate	-	4,113,197	-	2.68	-	-	9,455	-
	LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	Affiliate	-	1,035,122	-	12.34	-	-	969,642	-
	SILITEK ELEC. (DONGGUAN) CO., LTD.	Affiliate	-	842,767	-	7.99	-	-	842,767	-
	LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	Affiliate	-	5,711,038	-	3.33	-	-	1,827,059	-
	LITEON OPTO TECHNOLOGY (GUANGZHOU) LTD.	Affiliate	-	268,150	2,512	2.36	-	-	138,893	-
	LITEON-IT OPTO TECH (BH) CO., LTD.	Affiliate	-	1,721,043	88	3.10	-	-	-	-
	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	4,173,881	-	3.51	-	-	360,417	-
Lite-On (Guangzhou) Automotive Electronics Limited	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Affiliate	-	820,133	6,074	2.21	-	-	-	-
	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	190,100	3,822	11.23	-	-	-	-
Silitech Technology Corporation Limited	Silitech Technology Corporation	Parent	-	US\$ 4,921 JPY 3,453 EUR 4	-	2.40	-	-	US\$ 2,865 JPY 1,839	-
Xurong Electronic (Shenzhen) Ltd.	Silitech Technology Corporation Limited	Parent	-	US\$ 4,921 JPY 3,453 EUR 4	-	2.40	-	-	US\$ 1,747 JPY 1,839	-

(Concluded)

## LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION ON INVESTEEES  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Amounts in Thousands of New Taiwan Dollars or Thousands of Foreign Currencies)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2019			Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Note
				December 31, 2019	December 31, 2018	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
Lite-On Technology Corporation	Silitech Technology Corporation	New Taipei City, Taiwan	Manufacture and sale of modules and plastic/rubber products	\$ 108,600	\$ 324,685	20,322	33.87	\$ 853,863	\$ (30,495)	\$ (7,846)	Subsidiary
	Lite-On Integrated Service Inc.	Taipei City, Taiwan	Information outsourcing and system integration	25,886	25,886	3,400	100.00	54,781	11,929	11,929	Subsidiary
	DragonJet Corporation	New Taipei City, Taiwan	Manufacture and sale of computer peripherals, printers, digital cameras, modules and plastic products	1,069,080	1,069,080	21,969	29.62	889,779	(77,379)	(21,669)	Associate (Note 1)
	Lite-On Capital Corporation	Taipei City, Taiwan	Investment activities	4,096,367	4,096,367	209,545	100.00	1,484,244	52,301	8,163	Subsidiary
	LITE-ON ELECTRONICS H.K. LIMITED	Hong Kong	Sale of LED optical products	7,339,481	7,339,481	17,865	100.00	17,346,887	HK\$ 481,126	1,947,252	Subsidiary
	Lite-On Electronics (Thailand) Co., Ltd.	Thailand	Manufacture and sale of LED optical products	632,128	529,106	6,050	100.00	2,082,837	THB 119,590	117,334	Subsidiary
	Lite-On Japan Ltd.	Japan	Sale of LED optical products and power supplies	679,856	248,305	12,451	100.00	775,017	JPY 53,171	7,281	Subsidiary
	Lite-On International Holding Co., Ltd.	British Virgin Islands	Investment activities	US\$ 363,725	US\$ 357,625	363,725	100.00	19,591,419	US\$ 61,472	2,192,725	Subsidiary
	LTC GROUP LTD.	British Virgin Islands	Investment activities	\$ 1,098,752	\$ 1,098,752	32,916	100.00	161,203	US\$ (733)	(38,209)	Subsidiary
	LITE-ON TECHNOLOGY USA, INC.	USA	Investment activities	US\$ 55,172	US\$ 55,172	470	100.00	2,378,528	US\$ 5,153	158,890	Subsidiary
	LITE-ON ELECTRONICS (EUROPE) LIMITED	United Kingdom	Manufacture and sale of power supplies	\$ 44,559	\$ 44,559	300	100.00	65,413	GBP 126	4,956	Subsidiary
	Lite-On Technology (Europe) B.V.	Netherlands	Market research and after-sales services	2,543,184	2,543,184	331	54.00	421,187	EUR (609)	(11,471)	Subsidiary
	Lite-On Overseas Trading Co., Ltd.	British Virgin Islands	Investment activities	168,947	168,947	5,143	100.00	242,766	US\$ 425	11,924	Subsidiary
	LITE-ON SINGAPORE PTE. LTD.	Singapore	Manufacture and supply of computer peripheral products	US\$ 63,788	US\$ 63,788	51,777	100.00	12,964,934	US\$ 36,793	1,230,317	Subsidiary
	Lite-On Semiconductor Corp.	New Taipei City, Taiwan	Manufacture of image sensors and rectifiers	\$ 773,618	\$ 773,618	57,204	18.31	1,364,881	\$ 458,416	83,935	Associate (Note 1)
	LITE-ON VIETNAM CO., LTD.	Vietnam	Electronic contract manufacturing	US\$ 21,000	US\$ 12,000	-	100.00	663,988	US\$ 1,652	50,972	Subsidiary
	LI SHIN INTERNATIONAL ENTERPRISE CORPORATION	British Virgin Islands	Manufacture and sale of computer and appliance components	\$ -	\$ 56,929	-	-	-	US\$ (8)	(246)	Subsidiary (Note 2)
	EAGLE ROCK INVESTMENT LTD.	British Virgin Islands	Import and export and investment activities	341	341	10	100.00	1,379,538	US\$ 5,924	183,267	Subsidiary
	Canfield Ltd.	Apia, Samoa	Import and export and investment activities	-	7,142	-	-	-	US\$ 49	504	Associate (Note 3)
	LITE-ON MOBILE PTE. LTD.	Singapore	Manufacture and sale of mobile phone modules and design of assembly lines	EUR 457,014	EUR 457,014	403,045	100.00	3,868,831	US\$ (11,959)	(369,180)	Subsidiary
	LET (HK) LIMITED	Hong Kong	Sale of optical disc drives	\$ 251,322	\$ 251,322	62,060	100.00	52,688	HK\$ 3,477	13,796	Subsidiary
	HIGH YIELD GROUP CO., LTD.	British Virgin Islands	Holding company	2,271,806	2,271,806	68,138	100.00	5,719,653	US\$ 1,162	75,877	Subsidiary
	Lite-On Information Technology B.V.	Netherlands	Market research and customer service	1,163,591	1,163,591	11,018	100.00	16,557	EUR 31	1,142	Subsidiary
Philips & Lite-On Digital Solutions Corporation	Taipei City, Taiwan	Sale of optical disc drives	267,113	267,113	17,150	49.00	265,895	\$ 63,398	31,065	Subsidiary	
Lite-Space Technology Company Limited	Hong Kong	Sale of computer components	165,498	165,498	5,600	46.67	105,774	US\$ 826	12,171	Associate	
LITE-ON AUTOMOTIVE ELECTRONICS MEXICO, S.A. DE C.V.	Mexico	Production, manufacture, sale, import and export of photovoltaic devices, key electronic components, telecommunications equipment, information technology equipment, semiconductor applications, general lighting, automotive electronics, renewable energy products and systems and maintenance of automotive industry	US\$ 8,910	US\$ 4,950	295	99.00	227,611	MXN 34,126	54,503	Subsidiary	
Lite-On Automotive International (Cayman) Co., Ltd.	Cayman	Investment activities	US\$ 100,626	US\$ 100,626	11,967	100.00	2,227,755	US\$ (230)	(63,086)	Subsidiary	
KBW-LEOTEK Jordan Private Shareholding Ltd.	Jordan	Investment activities	US\$ 69	US\$ 69	49	49.00	2	JOD 6	121	Subsidiary	
KBW-LITEON Jordan Private Shareholding Limited	Jordan	Production and manufacture of energy-saving lights and project construction and maintenance	US\$ 50,928	US\$ 30,786	36,057	99.86	1,839,781	JOD 1,336	58,202	Subsidiary	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2019			Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Note
				December 31, 2019	December 31, 2018	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
Lite-On Technology Corporation	LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED	India	Manufacture and sale of phone chargers and power supplies	INR 1,023,741	INR 403,920	102,374	99.00	\$ 268,460	INR (193,935)	\$ (82,743)	Subsidiary
	SKYLA CORPORATION	Taiwan	Manufacture and sale of medical equipment	\$ 200,000	\$ 200,000	20,000	64.94	202,160	\$ 6,821	2,902	Subsidiary
	SOLID STATE STORAGE TECHNOLOGY CORPORATION	Taipei City, Taiwan	Manufacture and duplication of electronic components and data storage medium	4,482,454	-	448,245	100.00	-	(41,914)	(41,914)	Subsidiary (Notes 4 and 5)
Lite-On Capital Corporation	Silitech Technology Corporation	New Taipei City, Taiwan	Manufacture and sale of modules and plastic products	107,901	115,572	386	0.64	97,660	(30,495)	-	Subsidiary
	Lite-On Green Technologies, Inc.	Taipei City, Taiwan	Manufacture and wholesale of electronic components and energy technology services	1,040,000	1,040,000	79,000	100.00	235,105	(2,474)	-	Subsidiary
	Lite-on Green Energy (HK) Limited	Hong Kong	Investment activities	US\$ 3,100	US\$ 3,100	3,100	100.00	6,230	US\$ (1)	-	Subsidiary
	Lite-On Technology (Europe) B.V.	Netherlands	Market research and after-sales services	\$ 2,126,479	\$ 2,126,479	282	46.00	356,937	EUR (609)	-	Subsidiary
	Lite-On Semiconductor Corp.	New Taipei City, Taiwan	Manufacture of image sensors and rectifiers	-	-	6,486	2.08	183,287	\$ 458,416	-	Associate (Note 1)
	LITE-ON GREEN ENERGY (SINGAPORE) PTE. LTD.	Singapore	Investment activities	227,434	227,434	3,458	100.00	100,166	EUR (30)	-	Subsidiary
Lite-On Green Technologies, Inc.	Lite-On Green Technologies B.V.	Netherlands	Solar energy engineering	EUR 11,520	EUR 16,020	6,818	100.00	45,245	EUR (52)	-	Subsidiary
	Lite-on Green Technologies (HK) Limited	Hong Kong	Solar energy engineering	-	US\$ 860	-	-	-	US\$ 6	-	Subsidiary (Note 6)
LITE-ON GREEN ENERGY (SINGAPORE) PTE. LTD.	Lite-On Green Energy B.V.	Netherlands	Investment activities	EUR 2,500	EUR 2,500	9,140	100.00	EUR 619	EUR (10)	-	Subsidiary
Lite-On Green Technologies B.V.	Kompaksolar GmbH	Berlin, Germany	Solar energy engineering	EUR 401	EUR 401	51	51.00	-	-	-	Associate
CHINA BRIDGE (CHINA) CO., LTD.	WUXI CHINA BRIDGE EXPRESS TRADING CO., LTD.	Wuxi, China	Assembly and sale of power supplies, printers, display devices and scanners	CNY 36,244	CNY 36,244	-	100.00	CNY 118,432	CNY 15,345	-	Subsidiary
	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	Changzhou, China	Development and manufacture of new-type electronic components and provision of technology consulting services, maintenance equipment and after-sales services	CNY 85,015	CNY 85,015	-	12.59	CNY 83,641	CNY 26,772	-	Subsidiary
LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	YANTAI LITE-ON MOBILE ELECTRONIC COMPONENTS CO., LTD.	Yantai, China	Development, design, manufacture, sale of phone case and components and provide technical support, business management information consult, goods and technology import and export.	-	CNY 37,504	-	-	-	CNY 406	-	Subsidiary (Note 7)
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 1,003,532	CNY 125,699	-	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 580,706	CNY 26,772	-	Subsidiary
	LITE-ON MEDICAL DEVICE (CHANGZHOU) LTD.	Changzhou, China	Manufacture and sale of medical equipment	CNY 30,640	CNY 30,640	-	100.00	CNY 24,329	CNY 726	-	Subsidiary
	LITE-ON COMPUTER (CHANGZHOU) CO., LTD.	Changzhou, China	Design, development, manufacture and sale of computer laptop keyboards and components and provision technology consulting services and after-sales services	CNY 55,924	CNY 55,924	-	100.00	CNY 52,878	CNY (1,155)	-	Subsidiary
	LITE-ON AUTOMOTIVE ELECTRONICS (CHANGZHOU) CO., LTD.	Changzhou, China	Manufacture, sale and processing of electronic products	CNY 223,746	CNY 223,746	-	100.00	CNY 215,395	CNY (7,737)	-	Subsidiary
Lite-On Automotive International (Cayman) Co., Ltd.	LITE-ON AUTOMOTIVE HOLDINGS (HONG KONG) CO., LIMITED	Hong Kong	Investment activities	HK\$ 42,009	HK\$ 42,009	101,250	100.00	US\$ 75,809	HK\$ (1,737)	-	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2019			Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Note
				December 31, 2019	December 31, 2018	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
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	100.00	US\$ 200,895	US\$ 1,168	\$ -	Subsidiary
Lite-On Information Technology B.V.	Lite-On Information Technology GmbH	Germany	Sale of optical disc drives	EUR 25	EUR 25	-	100.00	EUR 77	EUR 35	-	Subsidiary
Philips & Lite-On Digital Solutions Corporation	Philips & Lite-On Digital Solutions USA, Inc.	USA	Sale of optical disc drives	\$ 33	\$ 33	1	100.00	\$ 243,210	US\$ 508	-	Subsidiary
	PLDS Netherlands B.V.	Netherlands	Sale and design of optical disc drives	-	381,221	-	-	-	EUR 6	-	Subsidiary (Note 8)
	PLDS Germany GmbH	Germany	Development and sale of modules of automotive recorders	1,326,996	1,326,996	-	100.00	922,348	EUR 171	-	Subsidiary
Philips & Lite-On Digital Solutions Korea Ltd.	Philips & Lite-On Digital Solutions Korea Ltd.	South Korea	Sale of optical disc drives	15,376	15,376	18	100.00	33,032	KRW 18,842	-	Subsidiary
	LEOTEK, PSC	Jordan	Production, manufacture energy-saving lights	JOD 30	JOD 30	30	60.00	JOD 32	JOD 46	-	Subsidiary
LITE-ON TECHNOLOGY USA, INC.	LITE-ON, INC.	USA	Sales data processing business of optoelectronic products and power supplies	US\$ 3,000	US\$ 3,000	3,000	100.00	US\$ 6,334	US\$ 548	-	Subsidiary
	LITE-ON TRADING USA, INC.	California, USA	Sale of optical products	US\$ 31,500	US\$ 31,500	315	100.00	US\$ 38,627	US\$ 1,861	-	Subsidiary
	LEOTEK ELECTRONICS USA LLC	USA	Sale of LED products	US\$ 5,792	US\$ 5,792	-	100.00	US\$ 13,734	US\$ 1,130	-	Subsidiary
	POWER INNOVATIONS INTERNATIONAL, INC.	USA	Development, design and manufacture of power controls and energy management	US\$ 15,756	US\$ 15,756	12,916	95.25	US\$ 17,328	US\$ 684	-	Subsidiary
	Lite-On Sales & Distribution, Inc.	USA	Sale of optical disc drives	US\$ 4,765	US\$ 4,765	1	100.00	-	US\$ 1,158	-	Subsidiary (Note 5)
	LITE-ON TECHNOLOGY SERVICE, INC.	USA	After-sales services of optical products	US\$ 1,500	US\$ 1,500	1	100.00	US\$ 1,828	US\$ 38	-	Subsidiary
Lite-On International Holding Co., Ltd.	LITE-ON CHINA HOLDING CO., LTD.	British Virgin Islands	Manufacture and sale of computer cases	US\$ 427,342	US\$ 421,242	427,342	100.00	US\$ 679,233	US\$ 61,476	-	Subsidiary
LITE-ON SINGAPORE PTE. LTD.	LiteStar JV Holding (BVI) Co., Ltd.	British Virgin Islands	Investment activities	US\$ 27,000	US\$ 27,000	2	17.59	US\$ 23,824	\$ (120,475)	-	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\$ 90	US\$ 50	3	1.00	US\$ 77	MXN 34,126	-	Subsidiary
LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED	India	Manufacture and sale of phone chargers and power supplies	INR 10,341	INR 4,080	1,034	1.00	US\$ 91	INR (193,935)	-	Subsidiary
	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 24,736	CNY (5,341)	-	Subsidiary
LTC GROUP LTD.	TITANIC CAPITAL SERVICES LTD.	British Virgin Islands	Investment activities	\$ 529,106	\$ 529,106	8,655	100.00	US\$ 571	US\$ (4)	-	Subsidiary
	LTC INTERNATIONAL LTD.	British Virgin Islands	Manufacture and sale of system products	485,514	485,514	15,120	100.00	US\$ 13,484	US\$ (715)	-	Subsidiary
Lite-On Technology (Europe) B.V.	Lite-On (Finland) Oy	Finland	Manufacture and sale of mobile phone modules and design of assembly lines	EUR 76,674	EUR 76,674	3	100.00	EUR 19,702	EUR (650)	-	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	100.00	EUR 19,412	EUR (649)	-	Subsidiary
LITE-ON CHINA HOLDING CO., LTD.	LITE-ON ELECTRONICS COMPANY LIMITED	Hong Kong	Investment activities	US\$ 375,760	US\$ 375,760	3,083,467	100.00	US\$ 638,941	HK\$ 402,513	-	Subsidiary
	YET FOUNDATE LIMITED	Hong Kong	Manufacture of plastic and computer peripheral products	CNY 73,220	CNY 73,220	68,430	100.00	US\$ 18,770	CNY 2,335	-	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2019			Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Note
				December 31, 2019	December 31, 2018	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
LITE-ON CHINA HOLDING CO., LTD.	I-SOLUTIONS LIMITED	British Virgin Islands	Sale of specialized electronic products	US\$ 1,500	US\$ 1,500	1,500	100.00	US\$ 1,500	\$ -	\$ -	Subsidiary
	FORDGOOD ELECTRONIC LIMITED	Hong Kong	Import and export and real estate business	US\$ 12,666	US\$ 12,666	100,150	100.00	US\$ 17,641	HK\$ 15,915	-	Subsidiary
	G&W TECHNOLOGY (BVI) LIMITED	British Virgin Islands	Real estate management	US\$ 3,900	US\$ 3,900	3,900	50.00	US\$ 3,915	US\$ 200	-	Subsidiary
G&W TECHNOLOGY (BVI) LIMITED	G&W TECHNOLOGY LIMITED	Hong Kong	Leasing business	US\$ 65	US\$ 65	500	100.00	US\$ 196	US\$ 284	-	Subsidiary
Silitech Technology Corporation	Lite-On Japan Ltd.	Japan	Sale of LED optical products and power supplies	-	JPY 197,040	-	-	-	JPY 53,171	-	Subsidiary
	Silitech (BVI) Holding Ltd.	British Virgin Islands	Investment activities	US\$ 52,182	US\$ 95,182	52,182	100.00	\$ 2,080,253	US\$ 3,068	-	Subsidiary
Silitech (BVI) Holding Ltd.	Silitech (Bermuda) Holding Ltd.	Bermuda	Investment activities	US\$ 52,132	US\$ 95,132	52,132	100.00	US\$ 68,942	US\$ 2,552	-	Subsidiary
Silitech (Bermuda) Holding Ltd.	Silitech (Hong Kong) Holding Ltd. Silitech Technology Corporation Sdn. Bhd. Silitech Technology Corporation Limited	Hong Kong	Investment activities	US\$ 24,200	US\$ 77,200	24,200	100.00	US\$ 5,298	CNY 610	-	Subsidiary
		Malaysia	Manufacture of computer peripheral products	US\$ 5,632	US\$ 5,632	21,400	100.00	US\$ 16,478	MYR 15,838	-	Subsidiary
		Hong Kong	Manufacture of plastic and computer peripheral products	US\$ 8,000	US\$ 8,000	62,400	100.00	US\$ 19,325	CNY (13,424)	-	Subsidiary
Lite-On Japan Ltd.	L&K Industries Philippines, Inc.	Philippines	Import and export of electronic components	JPY 91,681	JPY 261,944	350	35.00	JPY 35,078	JPY (60,797)	-	Associate (Notes 9)
	Lite-On Japan (H.K.) Limited	Hong Kong	Import and export of electronic components	JPY 70,000	JPY 70,000	50	100.00	JPY 70,000	JPY 46,534	-	Subsidiary (Note 9)
	Lite-On Japan (Korea) Co., Ltd.	South Korea	Import and export of electronic components	JPY 22,593	JPY 22,593	20	100.00	JPY 22,593	-	-	Subsidiary (Note 9)
	LITE-ON JAPAN (Thailand) CO., LTD.	Thailand	Import and export of electronic components	JPY 65,939	JPY 65,939	200	100.00	JPY 65,939	JPY 41,971	-	Subsidiary (Note 9)
Lite-On Mobile Oyj	Lite-On Mobile Sweden AB	Sweden	Manufacture and sale of mobile phone modules and design of assembly lines	-	EUR 20,551	-	-	-	SEK (104)	-	Subsidiary (Note 2)
	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	2.97	EUR 514	BRL 20,148	-	Subsidiary
	LITE-ON MOBILE INDIA PRIVATE LIMITED	India	Manufacture and sale of mobile phone modules and design of assembly lines	-	EUR 4,436	-	-	-	INR 80,520	-	Subsidiary (Note 10)
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	97.03	US\$ 18,827	BRL 20,148	-	Subsidiary
		Singapore	Investment activities	US\$ 7,864	US\$ 7,864	10	100.00	US\$ 3,983	-	-	Subsidiary
	Yamada-Lom Fabricacao De Artefatos De Material Plastico Ltda.	Brazil	Manufacture and sale of mobile phone modules and design of assembly lines	US\$ 540	US\$ 540	-	25.00	US\$ 310	BRL 2,293	-	Associate
	LITE-ON MOBILE INDIA PRIVATE LIMITED	India	Manufacture and sale of mobile phone modules and design of assembly lines	-	EUR 47,239	-	-	-	INR 80,520	-	Subsidiary (Note 10)

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

Note 2 Liquidated in June 2019.

Note 3 Sold in June 2019.

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

Note 5 The carrying amount as of December 31, 2019 has been reclassified to disposal groups held for sale. Refer to Note 14 for further information.

Note 6 Liquidated in December 2019.

Note 7 Liquidated in November 2019.

Note 8 Liquidated in September 2019.

(Continued)

Note 9 The sub-subsidiary of the Parent company; the investment income/losses and adjustment for changes in equities are recognized by the Parent Company.

Note 10 Sold upon resolution of the board of directors in November 2019.

Note 11 Refer to Table 8 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, 2019

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

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

(Continued)

Investor Company	Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (Note 2)	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2019	Investment of Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2019	Net Income (Losses) of the Investee Company (Note 2)	Percentage of Ownership	Share of Profits/Losses (Note 2)	Carrying Amount as of December 31, 2019	Accumulated Inward Remittance of Earnings as of December 31, 2019	Note
						Outflow	Inflow							
Lite-On Technology Corporation	CHANGZHOU LEOTEK NEW ENERGY TRADE LIMITED	Wholesale, import, export and installation of street lights, signal lights, scenery lights and new-type electronic components	29,930 (US\$ 1,000)	a	29,930 (US\$ 1,000)	-	-	29,930 (US\$ 1,000)	(22,040) (CNY -4,908)	100.00	(22,040) (CNY -4,908)	(18,490) (CNY -4,295)	\$ -	
	LITEON OPTO TECHNOLOGY (GUANGZHOU) LTD.	Manufacture and sale of optical disc drives	1,286,990 (US\$ 43,000)	a	1,286,990 (US\$ 43,000)	-	-	1,286,990 (US\$ 43,000)	(86,929) (CNY -19,358)	100.00	(86,929) (CNY -19,358)	1,814,297 (US\$ 60,618)	-	
	LiteON Auto Electric Technology (Guangzhou) Ltd.	Manufacture and sale of optical disc drives	59,860 (US\$ 2,000)	a	59,860 (US\$ 2,000)	-	-	59,860 (US\$ 2,000)	(48,350) (CNY -10,767)	100.00	(48,350) (CNY -10,767)	81,050 (US\$ 2,708)	-	
	LITEON-IT OPTO TECH (BH) CO., LTD.	Manufacture and sale of optical disc drives	1,646,150 (US\$ 55,000)	a	1,646,150 (US\$ 55,000)	-	-	1,646,150 (US\$ 55,000)	170,778 (CNY 38,030)	100.00	170,778 (CNY 38,030)	4,113,040 (US\$ 137,422)	-	
	Lite-On (Guangzhou) Automotive Electronics Limited	Manufacture, sale and processing of electronic products	185,566 (US\$ 6,200)	a	175,689 (US\$ 5,870)	-	-	175,689 (US\$ 5,870)	43,707 (CNY 9,733)	100.00	43,707 (CNY 9,733)	1,745,931 (HK\$ 454,161)	-	
	LITE-ON AUTOMOTIVE (WUXI) CO., LTD.	Manufacture, sale and processing of electronic products	149,650 (US\$ 5,000)	a	149,650 (US\$ 5,000)	-	-	149,650 (US\$ 5,000)	(51,902) (CNY -11,558)	100.00	(51,902) (CNY -11,558)	520,876 (HK\$ 135,493)	-	
	HUIZHOU LI SHIN ELECTRONIC CO., LTD.	Manufacture of computer peripheral products	397,351 (US\$ 13,276)	a	190,864 (US\$ 6,377)	-	-	190,864 (US\$ 6,377)	181,344 (CNY 40,383)	100.00	181,344 (CNY 40,383)	1,359,989 (US\$ 45,439)	-	
	HUIZHOU FU TAI ELECTRONIC CO., LTD.	Manufacture of computer peripheral products	-	a	-	-	-	-	1,486 (CNY 331)	-	1,486 (CNY 331)	-	-	Note 5
	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Manufacture and sale of energy saving equipment	2,125,030 (US\$ 71,000)	a	2,125,030 (US\$ 71,000)	-	-	2,125,030 (US\$ 71,000)	(369,594) (CNY -82,304)	100.00	(369,594) (CNY -82,304)	2,252,053 (US\$ 75,244)	-	
	SUZHOU LITE-ON STORAGE CO., LTD.	Research, development, manufacture, sale of SSD and smart storage device (including high-speed with more than 100TB storage capacity) provide after-sales service and technical support; import and export as a principal or an agent, assorted products and technologies	2,993,000 (US\$ 100,000)	b	1,346,850 (US\$ 45,000)	-	-	1,346,850 (US\$ 45,000)	(4,978) (CNY -1,391)	45.00	(2,240) (CNY -626)	1,309,135	-	
	BEIJING LITE-ON MOBILE ELECTRONIC AND TELECOMMUNICATION COMPONENTS CO., LTD.	Manufacture and sale of mobile phone modules and design of assembly lines	478,880 (US\$ 16,000)	a	1,567,255 (US\$ 52,364)	-	-	1,567,255 (US\$ 52,364)	(50,088) (CNY -11,154)	100.00	(50,088) (CNY -11,154)	474,630 (US\$ 15,858)	-	
	GUANGZHOU LITE-ON MOBILE ENGINEERING PLASTICS CO., LTD.	Manufacture and sale of mobile phone modules and design of assembly lines	585,730 (US\$ 19,570)	a	2,712,466 (US\$ 90,627)	-	-	2,712,466 (US\$ 90,627)	49,082 (CNY 10,930)	100.00	49,082 (CNY 10,930)	1,808,011 (US\$ 60,408)	-	
	LITE-ON GREEN TECHNOLOGIES (NANJING) CORPORATION	Solar energy engineering	22,448 (US\$ 750)	a	22,448 (US\$ 750)	-	-	22,448 (US\$ 750)	(1,096) (CNY -244)	100.00	(1,096) (CNY -244)	(10,763) (CNY -2,500)	-	
	Changzhou Binhu Thin Film Solar Greenhouse Co., Ltd.	Manufacture and sale of solar energy engineering	430,500 (CNY 100,000)	a	89,700 (CNY 2,997)	-	-	89,700 (CNY 2,997)	-	19.90	-	4,190 (US\$ 140)	-	
	Epricrystal (Changzhou) Co., Ltd.	Design, manufacture and sale of light-emitting diode and related display	4,699,010 (US\$ 157,000)	a	808,110 (US\$ 27,000)	-	-	808,110 (US\$ 27,000)	(129,549) (CNY -28,849)	19.74	(25,569) (CNY -5,694)	856,531 (CNY 198,962)	-	
	DONGGUAN LITE-ON COMPUTER CO., LTD.	Manufacture and sale of computer hosts and components	59,860 (US\$ 2,000)	a	59,860 (US\$ 2,000)	-	-	59,860 (US\$ 2,000)	3,408 (CNY 759)	100.00	3,408 (CNY 759)	100,083 (CNY 23,248)	-	
	Dongguan Huaqiang Information Technology Co., Ltd.	Manufacture and sale of laser head and digital player machine core	86,100 (US\$ 20,000)	a	52,138 (US\$ 1,742)	-	-	52,138 (US\$ 1,742)	2,730 (CNY 608)	46.67	1,275 (CNY 284)	2,945 (CNY 684)	-	
NL (SHANGHAI) CO., LTD.	Import and export of electronic components	8,979 (US\$ 300)	a	4,430 (US\$ 148)	-	88,293 (US\$ 2,950)	92,723 (US\$ 3,098)	2,152 (JPY 7,602)	100.00	2,152 (JPY 7,602)	9,819 (JPY 35,655)	-		
Philips & Lite-On Digital Solutions Corporation	Philips & Lite-On Digital Solutions (Shanghai) Co., Ltd.	Sale of optical disc drives	29,930 (US\$ 1,000)	a	29,930 (US\$ 1,000)	-	-	29,930 (US\$ 1,000)	(37,568) (CNY -8,366)	100.00	(37,568) (CNY -8,366)	448,913	-	
Silitech Technology Corporation	Xurong Electronic (Shenzhen) Ltd.	Manufacture of automotive parts, touch panels and plastic and rubber assemblies	83,804 (US\$ 2,800)	a	203,354	-	-	203,354	(62,602) (CNY -13,948)	100.00	(62,602) (CNY -13,948)	519,932 (CNY 120,804)	-	
	Silitech Electronic (SuZhou) Co., Ltd.	Manufacture and sale of automotive parts	808,110 (US\$ 27,000)	a	2,334,540 (US\$ 78,000)	-	1,286,990 (US\$ 43,000)	1,047,550 (US\$ 35,000)	(2,684) (CNY -598)	100.00	(2,684) (CNY -598)	93,477 (CNY 21,719)	-	Note 6 Note 7

(Continued)

Investor Company	Accumulated Investment in Mainland China as of December 31, 2019	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Lite-On Technology Corporation	\$ 31,245,543 (US\$ 1,043,954)	\$ 39,540,463 (US\$ 1,321,098)	Note 8
Philips & Lite-On Digital Solutions Corporation	29,930 (US\$ 1,000)	29,930 (US\$ 1,000)	\$ 325,586 (Note 9)
Silitech Technology Corporation	1,340,694 (US\$ 38,000) (NT\$ 203,354)	2,774,491 (US\$ 85,905) (NT\$ 203,354)	6,864,740 (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 Parent Company.

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

Note 3: LITE-ON ELECTRONICS (GUANGZHOU) LIMITED merged with LITE-ON TECHNOLOGY (GUANGZHOU) LIMITED, LITE-ON (GUANGZHOU) PRECISION TOOLING LTD., LITEON COMMUNICATION (GUANGZHOU) COMPANY LIMITED, and LITEON ELECTRONICS AND WIRELESS (GUANGZHOU) LIMITED with 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 4: Liquidated in August 2019.

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

Note 6: The total paid-in capital of Silitech Electronic (SuZhou) Co., Ltd. was US\$78,000 thousand. On September 13, 2018, its board of directors resolved to return capital in the form of cash of US\$51,000 thousand to Silitech (Hong Kong) Holding Ltd. On January 3, 2019, the board of directors resolved to return capital in the form of cash of US\$53,000 thousand from Silitech (Hong Kong) Holding Ltd. to Silitech (Bermuda) Holding Ltd. In addition, between February 2019 and August 2019, the board of directors resolved to return capital in the form of cash of \$43,000 from Silitech (Bermuda) Holding Ltd. and Silitech (BVI) Holding Ltd. to respective shareholders.

Note 7: Deceased upon liquidation in January 2020 and has returned capital in the form of cash of CNY21,720 thousand to Silitech (Hong Kong) Holding Ltd.

Note 8: Under Order No. 10720403170 issued by the Ministry of Economic Affairs, R.O.C. on February 5, 2018, the Parent Company acquired a certification - approved by the Industrial Development Bureau and valid from January 31, 2018 to January 30, 2021 - of its status as operation headquarters in the ROC. Thus, the Parent Company has no limitation on the amount of investment in mainland China.

Note 9: Calculated based on 60% of Philips & Lite-On Digital Solutions Corporation's net worth.

Note 10: Calculated based on 60% of Silitech Technology Corporation's net worth or NT\$80 million, whichever is higher, plus accumulated inward remittance of share capital or earnings from subsidiaries.

(Concluded)

## LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
 FOR THE YEAR ENDED DECEMBER 31, 2019  
 (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	a.	Sales	\$ 10,565,362	Cost-plus pricing	6
		Philips & Lite-On Digital Solutions Corporation	a.	Trade receivables	2,842,027	Cost-plus pricing	2
		LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	a.	Purchases	2,055,279	Cost-plus pricing	1
		LITE-ON SINGAPORE PTE. LTD.	a.	Sales	3,192,713	Cost-plus pricing	2
		LITE-ON SINGAPORE PTE. LTD.	a.	Purchases	20,568,320	Cost-plus pricing	12
		LITE-ON SINGAPORE PTE. LTD.	a.	Trade payables	7,212,653	Cost-plus pricing	4
		LITE-ON TRADING USA, INC.	a.	Sales	4,644,202	Cost-plus pricing	3
		Lite-On Overseas Trading Co., Ltd.	a.	Trade receivables	2,893,649	Cost-plus pricing	3
		Lite-On Overseas Trading Co., Ltd.	a.	Purchases	72,983,316	Cost-plus pricing	41
		Lite-On Overseas Trading Co., Ltd.	a.	Trade payables	23,570,248	Cost-plus pricing	13
1	Philips & Lite-On Digital Solutions Corporation	Philips & Lite-On Digital Solutions USA, Inc.	a.	Sales	4,851,830	Cost-plus pricing	3
2	LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	Lite-On Overseas Trading Co., Ltd.	c.	Sales	17,859,519	Cost-plus pricing	10
3	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	c.	Sales	4,858,914	Cost-plus pricing	3
4	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	c.	Sales	14,313,345	Cost-plus pricing	8
		LITE-ON SINGAPORE PTE. LTD.	c.	Trade receivables	3,197,920	Cost-plus pricing	2
		Lite-On Overseas Trading Co., Ltd.	c.	Sales	7,218,171	Cost-plus pricing	4
5	LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	Lite-On Overseas Trading Co., Ltd.	c.	Sales	14,508,721	Cost-plus pricing	8
6	SILITEK ELEC. (DONGGUAN) CO., LTD.	Lite-On Overseas Trading Co., Ltd.	c.	Sales	10,951,104	Cost-plus pricing	6
		Lite-On Overseas Trading Co., Ltd.	c.	Trade receivables	2,698,607	Cost-plus pricing	1
7	HUIZHOU LI SHIN ELECTRONIC CO., LTD.	Lite-On Overseas Trading Co., Ltd.	c.	Sales	1,787,652	Cost-plus pricing	1
8	LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	Lite-On Overseas Trading Co., Ltd.	c.	Sales	24,153,431	Cost-plus pricing	14
		Lite-On Overseas Trading Co., Ltd.	c.	Trade receivables	5,819,214	Cost-plus pricing	3
9	LITEON-IT OPTO TECH (BH) CO., LTD.	Lite-On Overseas Trading Co., Ltd.	c.	Sales	8,023,676	Cost-plus pricing	5

(Continued)

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transaction			
				Financial Statements Item	Amount	Terms	% of Consolidated Net Revenue or Total Assets (Note 3)
10	Lite-On Electronics (Thailand) Co., Ltd.	LITE-ON SINGAPORE PTE. LTD.	c.	Sales	\$ 3,154,503	Cost-plus pricing	2
11	LITE-ON SINGAPORE PTE. LTD.	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD. LITE-ON ELECTRONICS H.K. LIMITED LITE-ON TRADING USA, INC. LITE-ON TRADING USA, INC.	c. c. c. c.	Sales Sales Sales Trade receivables	2,098,178 3,626,962 7,747,944 2,683,439	Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing	1 2 4 1
12	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. 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 Trade receivables	14,548,802 12,093,973 4,113,197 12,260,850 8,054,582 18,733,864 5,711,038 6,410,661 15,129,988 4,173,881	Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing	8 7 2 7 5 11 3 4 9 2
13	Lite-On (Guangzhou) Automotive Electronics Limited	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD. LITE-ON SINGAPORE PTE. LTD.	c. c.	Sales Sales	2,094,976 2,254,101	Cost-plus pricing Cost-plus pricing	1 1

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

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

Note 2: Nature of relationship is as follows:

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

Note 3: The percentage calculation is based on the consolidated total operating revenues or total assets. For balance sheet items, each item's period-end balance is shown as a percentage to consolidated total assets as of December 31, 2019. For profit or loss items, cumulative amounts are shown as a percentage to consolidated total operating revenues for the year ended December 31, 2019.

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)