

**LITEON<sup>®</sup>**

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ANNUAL  
REPORT



LITE-ON Technology Corporation

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**GDR and Related Information: N/a****LITE-ON Technology Corporation website:**

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Note :

1.The site is under reconstruction currently.

The image features a solid blue background. A horizontal row of six hexagons is positioned in the center. The first five hexagons are light blue with a thin white outline. The sixth hexagon on the right is dark blue and contains a bright white light source with several blue and white rays emanating from it. The word "LITEON" is written in white, bold, sans-serif capital letters across the middle of the hexagonal row. A small registered trademark symbol (®) is located to the upper right of the letter "N".

**LITEON<sup>®</sup>**







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# LETTER TO SHAREHOLDERS

## Dear Shareholders,

In 2021, LITEON has faced extreme challenges such as the COVID-19 pandemic in Taiwan and the obstruction of global supply chains. However, our employees have not only conquered all obstacles and increased the overall revenue of LITEON but also obtained new perspectives and abilities to face challenges, thereby bringing more resilience and competitiveness to the operations of LITEON. The company created record highs in profitability and net income per share for the year. The global consolidated gross revenue of LITEON in 2021 was NT\$164.828 billion, an increase of 5% compared to the year before. Benefiting from the optimization of product combinations along with the flexible and speedy global smart manufacturing and supply chain management, LITEON was able to enhance its operational efficiency and had a global gross margin of 18.5% and an operating profit margin of 7.9%. The operating profit was NT\$13.042 billion, an increase of 28% compared to the year before, and the profit after tax was NT\$13.887 billion with EPS at NT\$6.01, an increase of 39% compared to the year before. The profit growth rate of LITEON has apparently exceeded its increase in revenue, thus realizing the company's goal of high profit growth.

## Market-oriented growth strategy

Ever since the current management team took office in August 2020, it has been promoting a market-oriented growth strategy, leading LITEON back on the track of positive growth. With "opto-electronics, energy conservation, and environmental sustainability" as our main developmental theme, LITEON focuses on applications such as "smart homes", "smart electric vehicles", "5G telecommunication", "cloud computing", and "smart grid", hoping to use light and electricity to make the future lives of humanity smarter, more convenient, and more energy-saving, and in doing so realize the sustainability of both the company and the environment. In 2021, we invested a lot of money in research & development, having increased the overall budget by over 20%. This accounted for 3.7% of the company's revenue, an increase of 0.5% compared to the 3.2% in 2020. In 2022, we will continue to increase that number to 4.5%, which will mainly be invested in the development of opto-electronic semiconductors, power management solutions used in cloud computing, 5G, AIoT, and automotive electronics. In addition to the development of hardware, we will also invest in the development of a variety of software features. LITEON does not merely provide services for the design and manufacture of products according to the customer need; instead, our strategies are now more oriented towards the future needs of the market. Through the company's independent research and development, LITEON provides market systematic solutions to increase the value of products.

To achieve growth momentum and improve the planning of product deployment, our goal is to build a LITEON core business with a double-digit compound annual growth rate. By successfully adding new product lines and acquiring new customers in 2021, the opto-electronics department and the power products of the cloud computing department at LITEON saw massive increases in market share. The two departments have accounted for 47% of the company's revenue and will become the two main growth engines of LITEON for the coming three years. The new products and new customers these two departments have accumulated in the past few years have brought them large numbers of orders, and it is estimated that their revenue will both have double-digit annual growth rates.

The automotive electronics and 5G products of LITEON have completed the certifications necessary for cooperation with customers over the past two years, and as the market becomes mature, these products will start to grow this year. The automotive electronics department is built on a strong foundation of more than 40 years of experience. It provides LED lamp modules, head-up displays for self-driving vehicles, and the camera modules for Area View in and outside of vehicles, and has international automotive standard manufacturing processes and management systems such as IATF 16949, ISO 26262, and ASPICE. The customers of the automotive electronics department are all tier 1 automotive manufacturers from around the world. With the high global demand for electric



vehicles, LITEON satisfies the market's requirements with a full range of product lines, including the independently developed charging stations for electric vehicles based on a mature power inverter technology, which have been bought by the top three electric vehicle service providers and emerging automotive manufacturers in both Europe and America. As the number one supplier of optical coupling equipment in the world, LITEON has become the first AEC-Q102 certified optical coupling equipment supplier to satisfy the requirements for batteries and power management in electric vehicles. The field of 5G products represents a new battleground for corporations. LITEON has joined the O-RAN Alliance, and has introduced 5G small cells and solutions that support the O-RAN standard in 2021 to enter the global telecommunication market.

In mid-to long-term development, we continue to use the core technologies of light and electricity to invest in micro-grid solutions that mainly focus on power management for families in the future as our mid- to long-term strategy of ESG investment. This will not only contribute to environmental sustainability but also help build a second growth curve for LITEON, thereby implementing LITEON's business philosophy of energy conservation and environmental sustainability, and providing our shareholders a better investment efficiency. Furthermore, the strategic alliance between LITEON and Playnitride has increased the deployment of Micro LED display technology on high-tech wearable devices such as augmented reality (AR) and mixed reality (MR) devices. Moreover, the strategic cooperation with Kneron, an emerging company developing AI chips, has accelerated the realization of smart cities and the applications of auto-piloting.

### A corporate culture based on people

We believe talent is a key factor for LITEON to succeed in this competitive industry. We have strategies, and we devise plans to tie the development of business operation with the goal of sustainability, transforming LITEON into a corporation that can easily adapt to the digital age. In 2021, LITEON initiated the digital transformation project for the in-depth integration of company resources, transforming data we would not see in a conventional process into valuable information through digital tools, thus optimizing the management process and the efficiency of decision-making. Building on the goal of focusing on talent, the digital transformation of LITEON further includes assisting all employees to become digital workers, and also discover new talent who have strong potential in the process of transformation, who can help turn LITEON into a digital corporation. Furthermore, we also welcome all young talent who share our vision, so that together we may create an organization and corporate culture of diversity, open-mindedness, and tolerance, and providing a chance to fulfill our dreams together as well as a platform to attract outstanding personnel. For this purpose, LITEON initiated the employee stock ownership trust in 2021. Employees in Taiwan may choose to participate or opt out, and through the long-term ownership of LITEON stocks, employees are able to share the operational results of the company, resulting in the goals of talent recruitment, talent retainment, talent cultivation, and happy retirement, creating a three-way win for employees, shareholders, and LITEON.

### Supply chain carbon management

We will continue to closely cooperate with customers and suppliers, accelerating the global deployment as well as the flexible allocation of production management. In the face of global raw material shortages and uncertain prices of raw materials, LITEON has chosen to actively pursue co-beneficial solutions, thereby ensuring the overall resilience of supply chain. Not only do we focus on achieving the sustainable development goals of LITEON but we also care about how to bring our partners in the value chain to understand and help each other. This way, we may continuously enhance the overall industry together. As one of the eight founding members of the Taiwan Climate Partnership, LITEON has spoken out at the COP26 summit with the other seven members in 2021, pledging to facilitate zero carbon emissions in Taiwan. LITEON has set global Science Based Targets (SBTs) as its basis of calculation and has committed to reduce carbon emission per unit revenue by 39.3% in 2025 compared to the base year 2014. Other than reducing carbon emission on its own, LITEON is also influencing others and promoting the energy conservation assistance program for suppliers, combining external resources to assist suppliers with carbon reduction inspection. In 2021, a total of 77 concrete solutions were presented, potentially saving 10,930 thousand kWh of power. Furthermore, LITEON also commenced the sustainable supply chain green transformation, inviting members of the supply chain to engage in organizational green house gas emissions and inspections for carbon footprint of products, and continuously refining the carbon management of supply chain.

LITEON has received the highest rating in the CDP Supplier Engagement Rating Leaderboard for two years in a row and has won the silver award at the S&P Global Sustainability Yearbook 2022. As of 2021, LITEON has been listed as a constituent in DJSI for 11 years



consecutively, and is listed on world indexes and emerging markets indexes. LITEON was listed by MSCI and the ESG Leaders Index for 8 consecutive years, listed by FTSE4Good Emerging Markets Index and Taiwan Sustainability Index for 4 consecutive years, and has received “The Most Prestigious Sustainability Awards - Top Ten Domestic Corporates”, the “IT&IC Manufacturing Platinum Award” under the Corporate Sustainability Report Awards category, and under Best Performance of Specific Categories, the “Climate Leadership Awards”, the “Circular Economy Leadership Awards”, and the “Supply Chain Management Awards” at the 2021 TCSA.

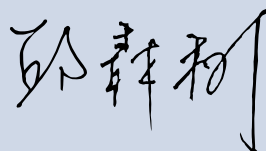
### LITEON is transforming

Different perspectives often lead to different results even if the differing perspectives are all on the same thing. LITEON had faced many unprecedented difficulties in 2021. But when we start to see things from a positive perspective and view challenges as opportunities for us to enhance our abilities, we will have created a chance to win in spite of all hindrances. A single change of perspective has not only led LITEON out of the woods, but has also led to the company achieving fine results. The employees of LITEON have worked side-by-side to overcome a wide array of challenges. They are not only colleagues to one another but also partners who can fulfill dreams together. To them, this is not just a job, but instead something meaningful and valuable which they identify with. With this sense of identity, we encourage our employees to set higher goals for themselves and challenge themselves to achieve unlikely victories together. Our cooperation with suppliers is also a partnership of mutual trust and mutual assistance. We believe that with this kind of corporate culture, LITEON will become a unique and dynamic corporation that is capable of quickly adapting to changes in the industry. LITEON has always emphasized integrity. Our word is our bond. This is our commitment.

We deeply appreciate the long-term trust and support from our shareholders, and we also sincerely invite our shareholders to actively take an interest in understanding the changes and growth of LITEON. Together we will welcome a new future through the transformation of LITEON.



**Tom Soong**  
LITEON Chairman



**Anson Chiu**  
LITEON President



## 2. Company Profile

### 2.1 Date of Incorporation: March 17, 1989

### 2.2 Company History:

#### 1975

- LITE-ON Electronics was established with a capital of NT\$1 million, and its first LED plant was set up in Zhonghe, Taiwan.

#### 1978

- Silitek Corp. was established to manufacture rubber products.

#### 1983

- LITE-ON Electronics received SFC approval for initial public offering. The company was given the stock code 2301 and became the first technology company on the Taiwan Stock Exchange.

#### 1989

- The LITE-ON Corporate Identify System (CIS) was introduced.
- LITE-ON Electronics (Thailand) was established in Bangkok to manufacture optoelectronic products. This is the first overseas production facility for LITE-ON affiliates.
- LITE-ON Technology Corp. was established to manufacture color monitors.

#### 1990

- LITE-ON Electronics set up LITE-ON Malaysia Plant in Penang, Malaysia to manufacture power supply units.
- Silitek Corp acquired Maxi Switch, the third largest U.S. keyboard manufacturer, to create more added value in the product lines.

#### 1991

- LITE-ON Electronics Inc. acquired the switching power supply plant of NPE UK, and started operating the plant under the name of LITE-ON Ltd.

#### 1992

- LITE-ON Electronics Inc. implemented IECQ/ISO 9000 certification.
- LITE-ON Technology Corp. established the subsidiary, LITE-ON (Germany) GmbH, in Kiel City, Germany.
- Silitek Corp. established the branch, LITE-ON Peripherals Ireland Ltd., in Limerick City, United Kingdom.

#### 1994

- LITE-ON Technology Corp. established the subsidiary, LITE-ON Technology International Inc., in California, United States.

#### 1995

- LITE-ON Technology Corp. received SFC approval for listing on the Taiwan Stock Exchange under the stock code 2346.

#### 1996

- LITE-ON Technology Corp set up a holding company and a product development center in Singapore and started building plants in China.

#### 1997

- Silitek Corp's "wireless keyboard" received a gold award at the 5<sup>th</sup> National Awards of Excellence.
- Five new construction projects started and the number of manufacturing facilities worldwide rose to 38 in order to provide services globally in a more timely manner.

#### 1998

- LITE-ON Electronics Tianjin Plant and LITE-ON Technology Corp. Shijie Plant started operations in June.

#### 1999

- LITE-ON Technology Corp spun off its optoelectronics business into an independent company, LITE-ON IT Corp.
- LITE-ON Group acquired GVC Corporation.
- The LITE-ON Building received a building permit. The groundbreaking ceremony was held on September 22.
- LITE-ON Group donated more than NT\$31 million to the victims of the 921 earthquake.

#### 2000

- LITE-ON Electronics, Silitek Corp., LITE-ON IT Corp., and LITE-ON Enclosure entered a joint venture to invest in the Guangzhou Science Park in China.
- LITE-ON Group donated NT\$24 million to establish a Taiwanese elementary school in Dongguan, China to provide a good learning environment for the children of LITE-ON employees on expatriate assignments.

## 2001

- LITE-ON Electronics received a gold award at the Global Business Excellence Awards hosted by the Ministry of Economic Affairs.
- LITE-ON Technology Corp. acquired LITE-ON Communications Corp., whose operations were allocated to the System Business Unit and the Networking Business Unit.
- Silitek Corp. developed successfully a 3-in-1 multi-function printer (MFP).
- LITE-ON IT Corp. received SFC approval for Class II stock listing on the GreTai Securities Market under the stock code 8008.
- Silitech Technology Corporation was established to manufacture mobile phone keypad products.
- The first LITE-ON Awards attracted more than 500 university and college students, and served to encourage academic and industry research and innovation.

## 2002

- Silitek Corp. and Silitech Technology Corp. signed a split-up plan and agreed that Silitech would assume all liabilities of Silitek Corp.
- Four listed companies in the LITE-ON Group merged on November 4. LITE-ON Electronics, Silitek Corp., LITE-ON Technology Corp. and GVC merged with LITE-ON Technology Corp. as the surviving company. The company continued to trade under the stock code 2301, the symbol of LITE-ON Technology Corp's pioneering ambitions as Taiwan's first listed technology company.

## 2003

- Ranked 61<sup>st</sup> on IT 100 by Business Week of the United States.
- Ranked 6<sup>th</sup> in the Computer Sector of 2003 Commonwealth Magazine Most Admired Companies in Taiwan.
- Received HP Best Supplier Award.
- Chairman Raymond Soong was named one of 2002 Top 10 Excellence People of the Year by Excellence Magazine.
- LITE-ON moved its business headquarters to the LITE-ON Building in the Neihu Science Park in Taipei.
- The 3<sup>rd</sup> LITE-ON Awards extended eligibility to overseas Chinese candidates.

## 2004

- Ranked 21<sup>st</sup> on IT 100 by Business Week of the United States.

- Ranked 1<sup>st</sup> in the Optoelectronics Sector of 2003 Taiwan Top 1000 Manufacturers by Business Weekly and 10<sup>th</sup> on the Largest Public Companies.
- Ranked 3<sup>rd</sup> in the Computer Peripherals and Components Sector of 2003 Taiwan Top 1000 Manufacturers by Commonwealth Magazine.
- Ranked 6<sup>th</sup> in the Computer Sector of 2004 Commonwealth Magazine Most Admired Companies in Taiwan.
- LITE-ON Technology acquired LITE-ON Enclosure Inc.
- LITE-ON Technology entered into a white LED patent cross-licensing agreement with Osram of Germany.
- Winner of Best Supplier Award from Inventec.
- The affiliate, LITE-ON IT Corp., received SFC approval for moving from Class II stock listing to TWSE listing under the stock code 8008.
- The affiliate, Silitech Technology Corp., received SFC approval for listing on the Taiwan Stock Exchange under the stock code 3311.

## 2005

- Named one of Forbes Asia's Fabulous 50 for the first time.
- Named one of IT 100 by Business Week of the United States.
- Ranked 2<sup>nd</sup> in the Optoelectronics Sector of 2004 Taiwan Top 1000 Manufacturers by Business Weekly.
- Ranked 2<sup>nd</sup> in the Computer Peripherals and Components Sector of 2004 Taiwan Top 1000 Manufacturers by Commonwealth Magazine.
- Ranked 6<sup>th</sup> in the Computer Sector of 2005 Commonwealth Magazine Most Admired Companies in Taiwan.
- Received 1<sup>st</sup> prize in Tech Group A of 1st Corporate Social Responsibility Award from Global Views Magazine.
- The indefinite suspension of the handset assembly business was announced as part of the strategy to pursue profitable growth.
- The investment in DragonJet Corporation was made to strengthen technical capabilities in key parts and components.
- LITE-ON Automotive International Co., Ltd. was established as a wholly owned subsidiary.

## 2006

- Named one of Forbes Asia's Fabulous 50.
- Ranked 24<sup>th</sup> of companies from Taiwan on Forbes Global 2000.

- Named one of IT 100 by Business Week of the United States.
- Ranked 10<sup>th</sup> in the Manufacturing Sector of 2005 Taiwan Top 1000 Listed Companies by Business Weekly.
- Ranked 1<sup>st</sup> in the Computer Peripherals and Components Sector of 2005 Taiwan Top 1000 Manufacturers by CommonWealth Magazine.
- Ranked 5<sup>th</sup> in the Computer Sector of 2006 CommonWealth Magazine Most Admired Companies in Taiwan.
- Winner of 2<sup>nd</sup> Corporate Social Responsibility Award by Global Views Magazine.
- The LITE-ON Building, winner of the General Design Honor Award from American Society of Landscape Architects, was the only building in Taiwan to receive the award.
- LITE-ON IT Corp. acquired BenQ Corporation's optical storage OEM and manufacturing business, including product and production related technologies and patents and licenses, to become the world's second largest optical disc drive manufacturer. The scope of collaboration with Philips was extended into the in-vehicle disc drive market.
- LITE-ON Technology acquired a 100% stake in LITE-ON Automotive Corp. as part of the expansion into automotive electronics.

## 2007

- Named one of Forbes Global 2000.
- Ranked 2<sup>nd</sup> in the Computer Peripherals and Components Sector of Taiwan Top 1000 Manufacturers by CommonWealth Magazine.
- Received DELL Best Quality Award.
- Winner of 3<sup>rd</sup> Corporate Social Responsibility Award by Global Views Magazine.
- A special shareholders' meeting approved a capital reduction by cash of NT\$8.73 billion, or 30.34%, that would return NT\$3 per share to shareholders.
- A special shareholders' meeting approved the acquisition of a 100% stake in Li Shin International Enterprise Corporation by stock swap. The acquisition was an aggressive step towards integration of power supply product resources to enable quick entry into LCD TV power supply units and other new products.
- LITE-ON completed a tender offer for the world's largest handset casing maker, Perlos, to create a more developed mobile phone supply chain that would provide one-stop shopping for mobile phone parts and components.

## 2008

- The Digital Display Business Unit was sold to keep the focus on core businesses such as optoelectronics and green technologies.
- Named one of Forbes Global 2000.
- Winner of 4<sup>th</sup> Corporate Social Responsibility Award by Global Views Magazine.
- Ranked 4<sup>th</sup> and was recognized as company with largest improvement at the 2<sup>nd</sup> Corporate Citizen Award by CommonWealth Magazine.
- Ranked 1<sup>st</sup> in the Computer Peripherals and Components Sector of 2007 Taiwan Top 1000 Manufacturers by CommonWealth Magazine.
- Named one of Top 50 on 2007 Top 1000 Companies in Greater China by Business Weekly.
- The LITE-ON Cultural Foundation received the Social Education Public Service Award and the Outstanding Family Education Campaigner Award from the Ministry of Education, the Outstanding Social Education Campaigner Award from the Education Department of Taipei County Government, the Excellent Contribution to Social Welfare Award from the Taoyuan County Government, and the gold award at the 12th Outstanding Volunteer Award by the Taipei City Government.
- The Council of Indigenous Peoples of Executive Yuan presented the 1<sup>st</sup> Angel Customer Award to LITE-ON in recognition of the company's support for development of tourism in indigenous tribes.

## 2009

- LITE-ON Technology opened officially the East China Regional Headquarters in Wujin, Changzhou. The headquarters would be a significant contributor to better supply chain management and higher cost efficiency.
- Named one of Forbes Global 2000.
- Winner of 5<sup>th</sup> Corporate Social Responsibility Award by Global Views Magazine.
- Ranked 4<sup>th</sup> at the 3<sup>rd</sup> Corporate Citizen Award by CommonWealth Magazine.
- Ranked 1<sup>st</sup> in the Electronics Sector of 2008 Taiwan Top 1000 Manufacturers by CommonWealth Magazine.
- Ranked 1<sup>st</sup> in Electronic Parts and Components on 2008 Top 1000 Companies in Greater China by Business Weekly.
- LITE-ON Technology was recognized for invention and creativity at the 2009 National Invention and Creation Award. It received a contribution award for "excellent value-oriented patent strategy and performance" and an invention award for the slim MFP patent.



- Received the 8<sup>th</sup> National Public Service Award.

## 2010

- The "LITE-ON Hall," funded by LITE-ON's donations, opened at National Chiao Tung University.
- The AGM approved the distribution of a NT\$2.3 dividend per common share with a 72% payout ratio.
- LITE-ON Technology successfully built Asia's first environmental-friendly high-power solar-electric power system for commercial sightseeing boats on the Love River in Kaohsiung.
- Received 5-Star award in Listed Tech Companies Group A of 6<sup>th</sup> Corporate Social Responsibility Award from Global Views Magazine.
- Recognized at the Corporate Citizen Award by Commonwealth Magazine for 4<sup>th</sup> consecutive year, and ranked 1<sup>st</sup> in the Electronics Sector of 2009 Taiwan Top 1000 Manufacturers by Commonwealth Magazine.
- LITE-ON Mobile/Perlos and Young Fast Optoelectronics entered a joint venture into touch panel modules.
- LITE-ON completed the Fritz Walter World Cup Football Stadium PV Roof Project, which had the world's largest solar power capacity.
- The investment in Epyon Power, a supplier of intelligent fast-charging solutions, gave LITE-ON a technological advantage.
- The LITE-ON CSR Report was prepared in compliance with GRI G3 and received SGS Taiwan GRI G3 Application Level A+, effectively validating the company's implementation of international CSR standards.
- LITE-ON Technology completed the world's first Optoelectronic Semiconductor Product Carbon Footprint Declaration and Type III Environmental Product Declaration.
- LITE-ON's annual sales reached NT\$230.05 billion with a 24% YOY growth. The EPS after taxes hit another historic high at NT\$4.05.

## 2011

- LITE-ON Changan Plant received 11 Product Liability Insurance AAA certifications by ACE.
- Ranked 1<sup>st</sup> in the Electronics Sector of Taiwan Top 1000 Manufacturers by Commonwealth Magazine for third consecutive year and 2<sup>nd</sup> in large companies of Corporate Citizen Award by Commonwealth Magazine for fifth consecutive year.
- Included in the Dow Jones Sustainability Index (DJSI) for the first time, and pushed immediately to the top of the

global electronic components and equipment category.

- Received the Best CSR Report Disclosure by Listed Companies Award from TWSE.
- Received silver award at the 2011 Taiwan CSR Report Awards by Taiwan Institute for Sustainable Energy.
- Ranked 2<sup>nd</sup> in the Electronics Sector of the Most Admired Company Survey by Commonwealth Magazine for third consecutive year.
- LITE-ON was ahead of its peers in completing the world's first Product Category Rules for Circuit Boards.

## 2012

- LITE-ON Technology joined force with National Taiwan University of Science and Technology in setting up the LITE-ON & NTUST Power Electronics Center.
- Received first prize in overall performance and named Exemplar of the Year in education at the 8<sup>th</sup> Global Views Magazine CSR Award 2012.
- Included in the Dow Jones Sustainability Index (DJSI) for second consecutive year, and remained at the top of the global electronic components and equipment category.
- Ranked 3<sup>rd</sup> in large companies of Corporate Citizen Award by Commonwealth Magazine for sixth consecutive year.
- Ranked 1<sup>st</sup> in the Electronics Sector of Taiwan Top 1000 Manufacturers by Commonwealth Magazine for fourth consecutive year.

## 2013

- The board of directors approved a tender offer for LITE-ON IT Corporation. As of December 31, 2013, the company held directly 456,618,114, or 99.13%, of LITE-ON IT Corporation's shares.
- The acquisition of Power Innovations of the United States strengthened core competencies in cloud applications and power management solutions.
- Included in the Dow Jones Sustainability Index (DJSI) for third consecutive year, and named the Global Industry Leader of Computer Hardware.
- Recognized at Corporate Citizen Award by Commonwealth Magazine for seventh consecutive year.
- Named Exemplar of the Year in education again at the 9<sup>th</sup> Global Views Magazine CSR Award 2013.
- Received Product Liability Insurance AAA Certification from ACE of the United States. LITE-ON received the honor for different plants for three consecutive years.

## 2014

- LITEON launched the One LITE-ON campaign and continued to integrate wholly owned subsidiaries, including LITE-ON IT, Leotek, Li Shin, LITE-ON Clean Energy Technology, and LITE-ON Mobile as well as Pionstep Electronic Technology and SCH Electronics in Dongguan, China, into eight business segments.
- The board of directors approved the acquisition of a 100% stake in LarView Technologies as part of an ongoing effort to strengthen core competencies in high-end camera modules.
- The board of directors approved the short-form merger with LITE-ON Automotive Corp. as part of an ongoing effort to strengthen the group's presence in the automotive market.
- Skyla®, a LITE-ON biomedicine brand, introduced its first clinical chemistry analyzer into the global biomedicine market, and donated advanced medical equipment and services to six cities in Taiwan.
- LITEON Group donated NT\$5 million to victims of the Kaohsiung gas explosion, and installed LED streetlights to facilitate the recovery effort.
- Recognized at 2014 Corporate Citizen Award by Commonwealth Magazine for eighth consecutive year.
- Included in the Dow Jones Sustainability Index (DJSI) as an industry leader for fourth consecutive year.
- With the largest LED streetlight market share in Taiwan, LITE-ON was ranked 1st in the New Taipei City's Invitation for Private Sector Participation in Installation and Maintenance of Energy Saving Streetlights, and undertook the project to install and maintain more than 100,000 LED streetlights in South District of New Taipei City.
- Named one of Taiwan Top 10 Sustainable Companies and received gold award in the Large Electronics Companies Group II of 2014 Taiwan Top 50 CSR Reports from Taiwan Institute for Sustainable Energy.
- Included in the MSCI Global Sustainability Indexes.
- In 2014, LITEON was selected as part of the Climate Disclosure Leadership Index in the Carbon Disclosure Project.

## 2015

- Received Product Liability Insurance AAA Certification from ACE of the United States at 12 plants over six consecutive years between 2010 and 2015.
- Rated A++ for second consecutive year by the Securities and Futures Institute at the 12<sup>th</sup> Information Disclosure Evaluation.
- Winner of 2015 Corporate Social Responsibility Award from Global Views Magazine for 8<sup>th</sup> time.

- Recognized at 2015 Corporate Citizen Award by Commonwealth Magazine for 9<sup>th</sup> consecutive year.
- National Tsing Hua University and LITE-ON Group established a joint R&D center to explore new blue sea strategies in knowledge.
- Named a leading company in the Climate Disclosure Leadership Index (CDLI) for second consecutive year.
- Included in the Dow Jones Sustainability Index (DJSI) for fifth consecutive year.
- Received gold award in the electronics and IT manufacturing sector at the Taiwan CSR Report Awards by Taiwan Institute for Sustainable Energy.
- Named one of Top 20 Asian companies in Channel NewsAsia Sustainability Ranking.

## 2016

- LITEON Group donated NT\$10 million to victims of the earthquake in Southern Taiwan.
- LITEON Group biomedicine established the Biomedical Research and Development Centre in Singapore.
- Ranked in Top 5% listed companies in the 2<sup>nd</sup> Corporate Governance Evaluation by Taiwan Stock Exchange.
- Announced to set up an operation center in Kaohsiung, opening new facility in the Nanzih Export Processing Zone.
- Recognized at 2016 Corporate Citizen Award by Commonwealth Magazine for 10<sup>th</sup> consecutive year.
- Included in the Dow Jones Sustainability Index (DJSI) for sixth consecutive year.
- Included in the MSCI Global Sustainability Indexes for third consecutive year.
- Ranked Taiwan's 1<sup>st</sup> and Asia's 3<sup>rd</sup> in Channel NewsAsia Sustainability Ranking.
- LITE-ON Technology received Gold Award at the Taiwan Corporate Sustainability Awards.

## 2017

- Recognized at Corporate Citizen Award by Commonwealth Magazine for 11<sup>th</sup> consecutive year.
- Included in the Dow Jones Sustainability Index (DJSI) for seventh consecutive year.
- Included in the MSCI Global Sustainability Indexes for fourth consecutive year.
- Received Gold Award in the electronics and IT manufacturing sector at the 2017 Taiwan CSR Report Awards by Taiwan Institute for Sustainable Energy.

## 2018

- Honored by Thomson Reuters with inclusion in 2018 Top 100 Global Technology Leaders.
- The transfer of mobile camera module business and the share sale of mobile mechanical business would facilitate more efficient business and profit models, thereby increasing long term gains for shareholders, customers, and employees.
- Received Platinum Award Winner in 2018 Corporate Sustainability Report Awards from TCSA.
- Included in the Dow Jones Sustainability Index (DJSI) for eighth consecutive year.
- Awarded Corporate Citizen Award by CommonWealth Magazine for 12<sup>th</sup> consecutive year.
- Ranked Top 5% in 2018 Corporate Governance Evaluation Survey by Taiwan Stock Exchange.
- Included in the FTSE4Good Index.

## 2019

- Received 2019 Corporate Social Responsibility Award from Global Views Magazine.
- Acquired 100% of LOJ through tender offer to integrate group resources and synergies.
- Extraordinary General Meeting of Shareholders approved the spin off Solid State Storage Business Unit to "SOLID STATE STORAGE CORPORATION."
- Recognized at Corporate Citizenship Award by CommonWealth Magazine for 13<sup>th</sup> straight year.
- Selected as a member of 2019 DJSI for 9 consecutive years.
- Awarded the Most Prestigious Sustainability-Top 10 Domestic Corporates, Climate Leadership and Corporate Sustainability Report Platinum Awards by TCSA.
- Received 2019 CSR Organization of Excellent Governance Award from SGS.

## 2020

- Named on CDP 'A List', the highest rank for leading effort against climate change
- Won the First Prize of 2020 Corporate Social Responsibility Award from Global Views Magazine
- Ranked Top 5% in 2019 Corporate Governance Evaluation Survey by Taiwan Stock Exchange
- Completed the Transfer of Solid State Drives Business (SSD) to KIOXIA Holdings Corporation
- The Board Elected Tom Soong as Chairman and Anson Chiu as President

- Won the "Corporate Citizenship" Award from Common Wealth Magazine for 14th Straight Year
- Selected as a member of 2020 DJSI for 10 consecutive years
- Included in the Constituent MSCI ESG Leaders Indexes for seven consecutive years
- Won Seven Awards Including Top 10 Domestic Companies Sustainability Model from TCSA
- Included in the Constituent of the FTSE4Good TIP Taiwan ESG Index.

## 2021

- Awarded "Bronze Class" in the 2021 Sustainability Yearbook published by S&P Global.
- Received the highest rating of "Leaderboard" in the 2020 CDP Supplier Engagement Rating (SER)
- Won the First Prize of 2021 Corporate Social Responsibility Award from Global Views Magazine
- Rolled out Employee Stock Ownership Trust (ESOT) to increase proportion of employees holding company shares
- Joined the O-RAN Alliance and launched 5G small cells, marching into global market
- Received the 2021 TSAA Sustainability Action Gold Award for its unique marine waste solution
- LITEON Ocean Recycled Plastic first to be certified on both ECVP 2809 & 746D by UL
- Named as 2021 TOP 10 Sustainability Model of Taiwan Corporates for excellence in driving low-carbon value chain by TCSA
- Included on the Dow Jones Sustainability Indices for eleven consecutive years and ranked among the 2021 DJSI World Index and Emerging Markets Index
- Included in the Constituent MSCI ESG Leaders Indexes for 8 consecutive years
- Included in the Constituent of the FTSE4Good TIP Taiwan ESG Index for 4 consecutive years
- Won the "Corporate Citizenship" Award from Common Wealth Magazine for 15<sup>th</sup> Straight Year.

## 2022

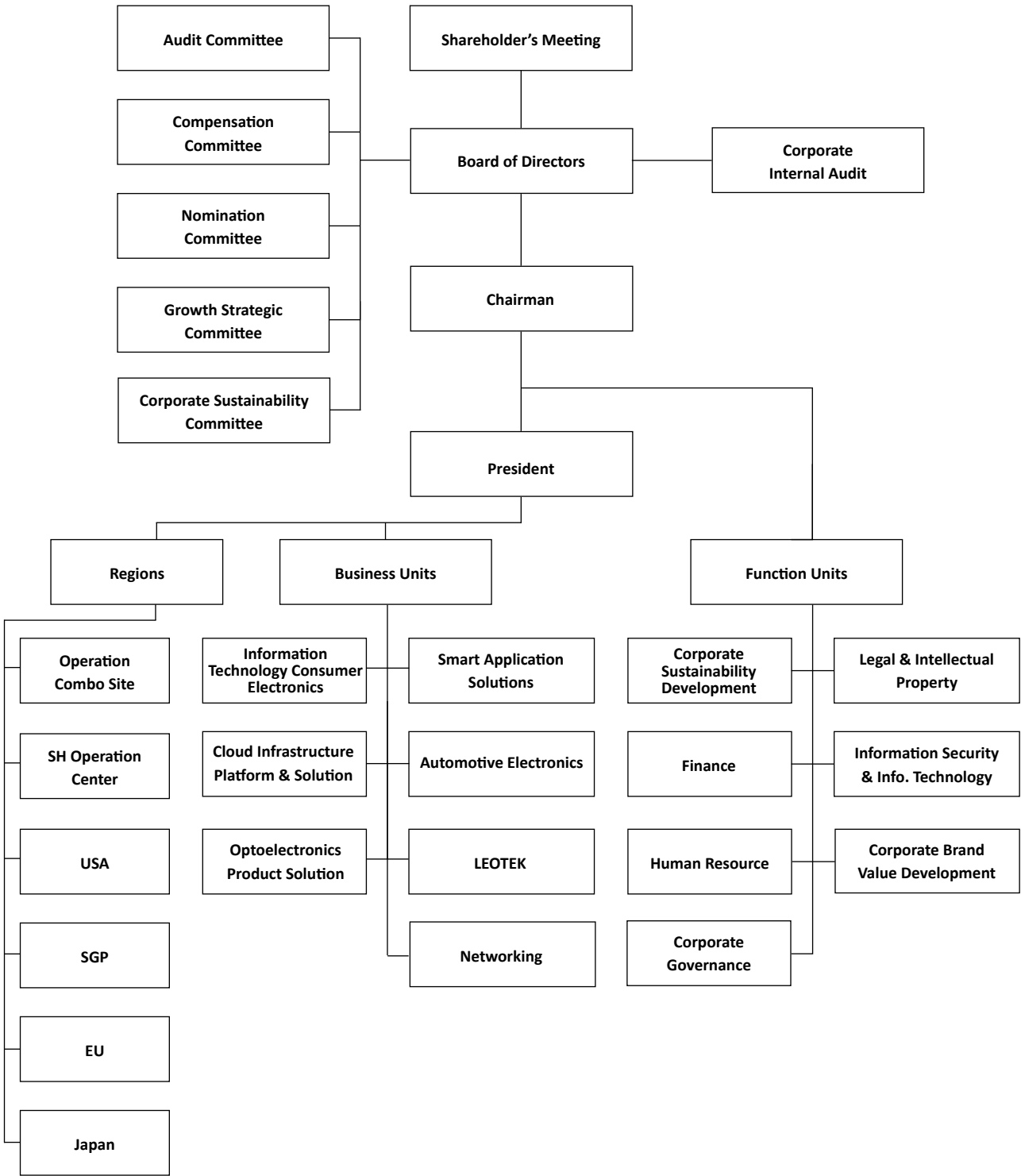
- Awarded "Silver Class" in the 2022 Sustainability Yearbook published by S&P Global.
- Received the highest rating of "Leaderboard" in the 2021 CDP Supplier Engagement Rating (SER).



### 3. Corporate Governance Report

#### 3.1 Organization

##### 3.1.1 Organizational Chart



### 3.1.2 Major Corporate Functions

| Departments                          | Responsibilities and Functions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|--------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Corporate Internal Audit             | To facilitate the board of directors and the management to check and evaluate the effectiveness of internal controls; to provide timely recommendations for improvement to help the company achieve internal control targets; to ensure the continuity of implementation; and to provide a basis for review and modification of the internal controls system. In addition, the report investigation task force reports investigation results directly to the Audit Committee on a regular basis. The system prevents internal fraud and eliminates unethical behaviors to ensure an effective ethical management policy.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Corporate Sustainability Development | Establish the company's ESG targets, strategies, and implementation plans. Follow issues of concern to different stakeholders, and coordinate internal and external communication to take more action towards sustainable development of the company and deliver regular status updates to the Corporate Sustainability Committee.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Finance                              | Provide professional finance, accounting, tax, credit insurance, and investment and merger services to support profit growth for the divisions; implement rigorous risk controls; increase transparency of the company's operations in good faith; and effectively execute the finance plans and engage the capital market in order to protect the shareholders' rights.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Human Resource                       | To, as part of the company's strategic development, plan and execute strategies for the organization and human resources to facilitate continuing improvement and training for the company's human assets and to ensure sustainable development. To establish performance management and training policies and regulations to enhance the organization's performance and core competencies. According to the company's labor health and safety policies, provide employee services and to create a better employer-employee relationship.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Corporate Governance                 | <ul style="list-style-type: none"> <li>• Formulating company policies and an appropriate organizational structure to facilitate independence of the board of directors, transparency of the company, and effective implementation of compliance, internal audit and internal control.</li> <li>• Enforce corporate governance and ensure that shareholders meetings and board meetings are called in compliance with applicable regulations and corporate governance principles.</li> <li>• Keep board members informed of the latest regulatory changes and developments regarding the company's areas of business and corporate governance.</li> <li>• Inspecting the disclosure of material information passed by the board of directors after a board meeting or shareholders meeting in order to ensure the legality and accuracy of said material information and protect parity of investor information.</li> <li>• Create yearly study plans or enroll in courses based on the characteristics of the company's business activities and the education and experience of respective directors.</li> <li>• Provide information on the company to the directors and facilitate effective communication between the directors and the division heads.</li> <li>• Provide assistance in arranging meetings between the independent directors and the Chief Audit Officer or the CPAs to facilitate understanding of the company's financial operations.</li> </ul> |

| Departments                             | Responsibilities and Functions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|-----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Legal & Intellectual Property           | <ul style="list-style-type: none"> <li>• To be responsible for handling contracts, disputes, litigation, mergers and acquisitions, and intellectual property rights related legal affairs and to manage legal risks. To provide compliance guidelines and risk management measures to facilitate business decisions and to direct and coordinate external attorneys, when necessary, in order to ensure the company's compliance and build up the company's business advantages in the legal aspects of the business.</li> <li>• To be responsible for application and maintenance of patents, trademarks and other intellectual property rights and to make plans for and utilization of the company's intellectual property rights. To increase the value of the company's intangible assets and to strengthen the company's commercial status through strategic management of intellectual property rights.</li> </ul> |
| Information Security & Info. Technology | <p>To plan, construct, maintain, and operate the company's information management systems and satisfy the user demand for system implementation in order to ensure maximized returns on information related investments and reduce information and operating risks for the company while making the company more competitive. Key tasks include:</p> <ul style="list-style-type: none"> <li>• To achieve full conversion to digital operations.</li> <li>• To provide accurate business management information in real-time.</li> <li>• To develop the network infrastructure and information security management.</li> <li>• To achieve the company's vision of smart manufacturing and digital transformation.</li> </ul>                                                                                                                                                                                               |
| Corporate Brand Value Development       | <p>The well-designed branding strategy aims to shape and transform LITEON's brand image in the minds of internal and external audiences. PR, CSR, and MarCom work in sync to enhance the company's brand value. Together they help a tech firm like LITEON to not only have more depth, but become more human and more recognizable and therefore better equipped to continue the LITEON legacy.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

## 3.2 Board Members and Management Team

### 3.2.1 Information Regarding Board Members

#### 3.2.1.1 Board Members

2022/02/28

| Title/Name                | Nationality | Gender<br>Age | Date of<br>appointment<br>(office) | Tenure<br>(year) | Date of initial<br>appointment | Proportion of<br>shareholding at the time<br>of appointment |       | Proportion of<br>shareholding at present |       | Proportion of<br>shareholding by spouse<br>and underage children |       | Proportion of<br>shareholding<br>under the title of a<br>third party |    | Important experience<br>(education)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Other<br>positions of<br>the company<br>or other<br>companies | member of the Board<br>of Directors had a<br>spouse or relative<br>within two degrees of<br>consanguinity serving as<br>a manager or director at<br>LITE-ON. | Note 1 |
|---------------------------|-------------|---------------|------------------------------------|------------------|--------------------------------|-------------------------------------------------------------|-------|------------------------------------------|-------|------------------------------------------------------------------|-------|----------------------------------------------------------------------|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|
|                           |             |               |                                    |                  |                                | Quantity                                                    | %     | Quantity                                 | %     | Quantity                                                         | %     | Quantity                                                             | %  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                               |                                                                                                                                                              |        |
| Chairman<br>Tom Soong     | R.O.C.      | Male<br>41-50 | 2019.06.21                         | three            | 2017.10.19                     | 5,420,287                                                   | 0.23% | 12,120,287                               | 0.52% | 401,708                                                          | 0.02% | 0                                                                    | 0% | Education:<br>International Business Program Attendance,<br>NTU-FUDAN EMBA<br>Electrical Engineering, University of South<br>California, USA<br>Experience:<br>Special Assistant to Chairman& Vice<br>Chairman, LITEON<br>CEO, LITEON Smart Life and Applications<br>Business Group<br>General Manager, LITEON Shanghai<br>Operational Center<br>CEO, LITEON New Mechanical Competence<br>Business Group<br>General Manager, LITEON Mechanical<br>Competence Business Group<br>General Manager, LITEON Networking Access<br>Business Unit<br>General Manager, China Bridge Express<br>Trading Co., Ltd. | Note 2                                                        | Raymond Soong,<br>Director, father-child<br>relationship                                                                                                     | N.A.   |
| Director<br>Raymond Soong | R.O.C.      | Male<br>71-80 | 2019.06.21                         | three            | 1992.05.20                     | 79,302,560                                                  | 3.37% | 79,302,560                               | 3.37% | 16,966,064                                                       | 0.72% | 0                                                                    | 0% | Education:<br>Bachelor of Electronic Engineering, Taipei<br>College of Technology<br>Experience:<br>Chief Engineer, Texas Instruments Taiwan Ltd.<br>Chairman & Founder of LITEON Group and<br>Lite-On Cultural Foundation<br>Member of Board of Councilors, the<br>Doctorate College of Technology, South<br>California (USC)<br>Honor:<br>Fellow, Industrial Technology Research<br>Institution<br>Honorary PhD in Management, National<br>Chiao Tung University<br>Honorary PhD in Management, National<br>Taipei University of Technology                                                           | Note 3                                                        | Tom Soong, Chairman,<br>father-child relationship                                                                                                            | N.A.   |
| Director<br>Warren Chen   | R.O.C.      | Male<br>71-80 | 2019.06.21                         | three            | 1998.05.19                     | 7,349,116                                                   | 0.31% | 7,349,116                                | 0.31% | 4,631,218                                                        | 0.20% | 0                                                                    | 0% | Chemical Engineering, Chinese Culture<br>University<br>Vice Chairman and GCEO of Lite-On<br>Technology Corp.<br>GCEO of LITEON Group and CEO of Lite-On<br>Technology Corp.<br>President, Lite-On Electronic Co.<br>Manufacturing Super-Intendant, Texas<br>Instrument                                                                                                                                                                                                                                                                                                                                  | Note 4                                                        | None                                                                                                                                                         | N.A.   |



| Title/Name                                                                    | Nationality | Gender<br>Age | Date of<br>appointment<br>(office) | Tenure<br>(year) | Date of initial<br>appointment | Proportion of<br>shareholding at the time<br>of appointment |             | Proportion of<br>shareholding at present |             | Proportion of<br>shareholding by spouse<br>and underage children |          | Proportion of<br>shareholding<br>under the title of a<br>third party |          | Important experience<br>(education)                                                                                                                                                                                                                                                                                                                                                                                                                               | Other<br>positions of<br>the company<br>or other<br>companies | member of the Board<br>of Directors had a<br>spouse or relative of<br>within two degrees of<br>consanguinity serving as<br>a manager or director at<br>LITE-ON. | Note 1 |
|-------------------------------------------------------------------------------|-------------|---------------|------------------------------------|------------------|--------------------------------|-------------------------------------------------------------|-------------|------------------------------------------|-------------|------------------------------------------------------------------|----------|----------------------------------------------------------------------|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|
|                                                                               |             |               |                                    |                  |                                | Quantity                                                    | %           | Quantity                                 | %           | Quantity                                                         | %        | Quantity                                                             | %        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                               |                                                                                                                                                                 |        |
| Director<br>Ta-Sung Investment<br>Co., Ltd.<br>Representative:<br>Keh-Shew Lu | R.O.C.      | Male<br>71-80 | 2019.06.21                         | three            | 1998.05.19<br>2002.09.01       | 47,088,399<br>0                                             | 2.00%<br>0% | 47,088,399<br>0                          | 2.00%<br>0% | 0<br>0                                                           | 0%<br>0% | 0<br>0                                                               | 0%<br>0% | Bachelor, EE, National Cheng Kung University<br>Master, EE, Texas Institute of Technology<br>Honorary Doctorate of National Cheng Kung University<br>PhD, EE, Texas Institute of Technology<br>Asian Regional President, Senior VP, Texas Instruments<br>Director, VArmour Corp. Ltd.<br>Chairman, LedEngin<br>Chairman, Lorentz                                                                                                                                  | Note 5                                                        | None                                                                                                                                                            | N.A.   |
| Director<br>Ta-Sung Investment<br>Co., Ltd.<br>Representative :<br>CH Chen    | R.O.C.      | Male<br>71-80 | 2019.06.21                         | three            | 1998.05.19<br>2004.06.15       | 47,088,399<br>0                                             | 2.00%<br>0% | 47,088,399<br>0                          | 2.00%<br>0% | 0<br>0                                                           | 0%<br>0% | 0<br>0                                                               | 0%<br>0% | Bachelor, Dept of Mechanical Engineering,<br>National Taiwan University<br>Vice CEO, Texas Instruments Taiwan Ltd.<br>Chairman, Co-tech Copper Foil Corporation<br>Chairman, On-Bright Electronics Incorporated<br>Co., Ltd.<br>Vice Chairman, Lite-On Semiconductor Corp.<br>Director, representative of DYNA IMAGE<br>Corp.<br>Director, Actron Technology Corp.                                                                                                | Note 6                                                        | None                                                                                                                                                            | N.A.   |
| Independent<br>Director<br>Harvey Chang                                       | R.O.C.      | Male<br>61-70 | 2019.06.21                         | three            | 2007.6.21                      | 0                                                           | 0%          | 0                                        | 0%          | 0                                                                | 0%       | 0                                                                    | 0%       | MBA, The Wharton School, Pennsylvania<br>State University<br>Bachelor, Dept of Geology, National Taiwan<br>University<br>Chairman of TVBS<br>Chairman of Catchplay Media Holdings Ltd.<br>President and CEO, Taiwan Mobile<br>Senior VP and CFO, TSMC<br>Chairman, China Securities Investment Trust<br>Corp.<br>President, China Development Trust Co. Ltd.<br>President, Grand Cathay Securities<br>Manager, Trust Dept, International Dept,<br>Chiao Tung Bank | Note 7                                                        | None                                                                                                                                                            | N.A.   |

| Title/Name                             | Nationality | Gender<br>Age | Date of<br>appointment<br>(office) | Tenure<br>(year) | Date of initial<br>appointment | Proportion of<br>shareholding at the time<br>of appointment |    | Proportion of<br>shareholding at present |    | Proportion of<br>shareholding by spouse<br>and underage children |    | Proportion of<br>shareholding<br>under the title of a<br>third party |    | Important experience<br>(education)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Other<br>positions of<br>the company<br>or other<br>companies | member of the Board<br>of Directors had a<br>spouse or relative<br>within two degrees of<br>consanguinity serving as<br>a manager or director at<br>LITE-ON. | Note 1 |
|----------------------------------------|-------------|---------------|------------------------------------|------------------|--------------------------------|-------------------------------------------------------------|----|------------------------------------------|----|------------------------------------------------------------------|----|----------------------------------------------------------------------|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|
|                                        |             |               |                                    |                  |                                | Quantity                                                    | %  | Quantity                                 | %  | Quantity                                                         | %  | Quantity                                                             | %  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                               |                                                                                                                                                              |        |
| Independent<br>Director<br>Edward Yang | U.S.        | Male<br>71-80 | 2019.06.21                         | three            | 2007.6.21                      | 0                                                           | 0% | 0                                        | 0% | 0                                                                | 0% | 0                                                                    | 0% | Stanford Executive Program (SEP), Stanford University, USA;<br>Master of EE, Oregon State University, USA;<br>Bachelor of EE, National Cheng Kung University;<br>Independent Director, Focal Tech.<br>Independent Director, Silicon Storage Technology<br>Independent Director, Pericom Semiconductor<br>Commissioner, Advanced Research Advisory Committee, ITRI<br>Commissioner, Research & Development Advisory committee, Institute for Information Industry<br>Commissioner, Advisory Committee of Engineer Department, San Jose State University.<br>VP and CTO, Personal System Product Division, HP Corporation;<br>VP and CTO, Corporate System Product Division, HP Corporation;<br>President, Singapore Network and Telecommunications Business Unit, HP Corporation;<br>Managing Director, Monte Jade Science and Technology<br>Association Managing Director, China Institute of Engineering;<br>Managing Director, Information Service Association of R.O.C.<br>Director, U-System Inc.<br>Director, Optovue Inc | Note 8                                                        | None                                                                                                                                                         | N.A.   |

| Title/Name                              | Nationality | Gender<br>Age | Date of<br>appointment<br>(office) | Tenure<br>(year) | Date of initial<br>appointment | Proportion of<br>shareholding at the time<br>of appointment |    | Proportion of<br>shareholding at present |       | Proportion of<br>shareholding by spouse<br>and underage children |    | Proportion of<br>shareholding<br>under the title of a<br>third party |    | Important experience<br>(education)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Other<br>positions of<br>the company<br>or other<br>companies | member of the Board<br>of Directors had a<br>spouse or relative<br>within two degrees of<br>consanguinity serving as<br>a manager or director at<br>LITE-ON. | Note 1 |
|-----------------------------------------|-------------|---------------|------------------------------------|------------------|--------------------------------|-------------------------------------------------------------|----|------------------------------------------|-------|------------------------------------------------------------------|----|----------------------------------------------------------------------|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|
|                                         |             |               |                                    |                  |                                | Quantity                                                    | %  | Quantity                                 | %     | Quantity                                                         | %  | Quantity                                                             | %  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                               |                                                                                                                                                              |        |
| Independent<br>Director<br>Albert Hsueh | R.O.C.      | Male<br>61-70 | 2019.06.21                         | three            | 2016.6.24                      | 0                                                           | 0% | 0                                        | 0%    | 0                                                                | 0% | 0                                                                    | 0% | MBA, Bloomsburg University, Pennsylvania, U.S.A.<br>Master of Accounting, Soochow University<br>Chairman of PricewaterhouseCoopers Taiwan<br>Director, Corporate Governance Association in Taiwan<br>Member of the Committee in charge of the examination affairs and qualification screening for professional and technologies, Examination Yuan<br>Professor, National Tsinghua University of College of Technology Management<br>Professor, National Taiwan University of Science and Technology, School of Management | Note 9                                                        | None                                                                                                                                                         | N.A.   |
| Independent<br>Director<br>Mike Yang    | R.O.C.      | Male<br>61-70 | 2019.06.21                         | three            | 2019.06.21                     | 0                                                           | 0% | 0                                        | 0%    | 0                                                                | 0% | 0                                                                    | 0% | Arizona State University Master of Science<br>Associate Vice President, ADI Corp.<br>Procurement Dept.                                                                                                                                                                                                                                                                                                                                                                                                                    | Note 10                                                       | None                                                                                                                                                         | N.A.   |
| Independent<br>Director<br>MK Lu        | R.O.C.      | Male<br>71-80 | 2021.08.26                         | three            | 2021.08.26                     | 0                                                           | 0% | 200,000                                  | 0.01% | 0                                                                | 0% | 0                                                                    | 0% | Legal Person, Chairman of Tatung Company<br>Chairman of Sino-American Silicon Products Inc.<br>President of Lite-On Semiconductor Corp.<br>President of Vishay Lite-On Power Semiconductor Corp.<br>Vice President of Silitek Corp.                                                                                                                                                                                                                                                                                       | Note 11                                                       | None                                                                                                                                                         | N.A.   |

Note 1: Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (e.g. increasing the number of independent directors provided there be a majority of the members of the board of directors who are not employees or managers).

Below notes of other positions of the company or other companies only display public offering companies and important subsidiaries.

Note 2: (Chairman Tom Soong)

- Chairman and Corporate Sustainability Development Division Chief Sustainability Officer (CSO), Lite-On Technology Corp.
- Director, Co-tech Development Corp., Lite-On Singapore Pte. Ltd., Lite-On China Holding Co. Ltd., Lite-On International Holding Co., Ltd., Lite-On Electronics Co., Ltd. (HK)
- Director, representative of Silitech Technology Corp.

Note 3: (Director Raymond Soong)

- Chairman, representative of Co-tech Development Corp.
- Director, Lite-On Technology Corp.

Note 4: (Director Warren Chen)

- Director, Lite-On Technology Corp.
- Independent Director, Diodes Inc.(US)

Note 5: (Director Keh-Shew Lu)

- Chairman, Diodes Incorporated Co., Ltd.
  - Director, representative of Lite-On Technology Corp., Nuoton Technology Corp.
  - President and CEO of Diodes Incorporated Co., Ltd.
- Note 6: (Director CH Chen)
- Vice Chairman, Diodes Incorporated Co., Ltd.
  - Director, representative of Lite-On Technology Corp., Kwong Lung Enterprise Co, Ltd.
- Note 7: (Independent Director Harvey Chang)
- Independent Director, Lite-On Technology Corp.
- Note 8: (Independent Director Edward Yang)
- Chairman, GVT fund
  - Independent director, Lite-On Technology Corp.
  - Director, Sifotonics Technologies, Bandwidth 10, Neurostim OAB, Soovu Labs, Inc
  - Partner, iD Ventures America, LLC
- Note 9: (Independent Director Albert Hsueh)
- Independent director, Lite-On Technology Corp., Yuanta Financial Holding Co., Ltd. and Yuanta Bank, Walsin Lihwa Corp. and TTY Biopharmaceutical Manufacturers Association
- Note 10: (Independent Director Mike Yang)
- Independent Director, Lite-On Technology Corp.
  - Senior Vice President of Quanta Computer Inc. Cloud Computing Business Unit and Director and President of Quanta Cloud Technology Inc.
- Note 11: (Independent Director MK Lu)
- Chairman of Actron Technology Corporation
  - Independent Director, Lite-On Technology Corp.
  - Director of Sino-American Silicon Products Inc.
  - Director, representative of GlobalWafers Co., Ltd



### 3.2.1.2 Major Shareholders of the Institutional Shareholders

2022/2/28

| Name of Institutional Shareholders | Major Shareholders                                                                                               |
|------------------------------------|------------------------------------------------------------------------------------------------------------------|
| Ta-Sung Investment Co., Ltd.       | Tom Soong (31.27%), Alice Soong (21.2%), Katy Soong (21.2%)<br>Raymond Soong (13.33%), Soong Juan, Feng-Ing(13%) |

### 3.2.1.3 Major Shareholders of the Company's major Institutional Shareholders: Not Applicable.

### 3.2.1.4 Professional qualifications of Directors and independence of Independent Directors

2022/02/28

| Qualification<br>Name                                          | With at least 5 years of working experience and the following professional designations                                                                                 | Eligibility of independent status<br>(Note)                                                                                                                                                                 | Number of other public companies in which the director also serves concurrently as an independent director |
|----------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|
| Tom Soong                                                      | Extensively experienced in talent selection and corporate management                                                                                                    | Not an independent director                                                                                                                                                                                 | 0                                                                                                          |
| Raymond Soong                                                  | The founder of LITEON is also a pioneer in Taiwan's optoelectronic technology industry                                                                                  |                                                                                                                                                                                                             | 0                                                                                                          |
| Warren Chen                                                    | Possesses an abundance of management experience in the electronics technology industry                                                                                  |                                                                                                                                                                                                             | 1                                                                                                          |
| Ta-Sung Investment Co., Ltd.<br>Representative:<br>Keh-Shew Lu | Extensive management experience in semiconductors                                                                                                                       |                                                                                                                                                                                                             | 0                                                                                                          |
| Ta-Sung Investment Co., Ltd.<br>Representative:<br>CH Chen     | Abundant experience in the Asian semiconductor industry                                                                                                                 |                                                                                                                                                                                                             | 0                                                                                                          |
| Harvey Chang                                                   | Well versed in salary management, the financial profession, and business operations                                                                                     | All independent directors are in compliance with Article 3 of " Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", please refer to Note 2 for details | 0                                                                                                          |
| Edward Yang                                                    | Extensive industry experience and strategic planning skills                                                                                                             |                                                                                                                                                                                                             | 0                                                                                                          |
| Albert Hsueh                                                   | Expertise in financial accounting and corporate governance with professional qualifications as accountants and part-time professors of university schools of management |                                                                                                                                                                                                             | 3                                                                                                          |
| Mike Yang                                                      | Well versed in refinement of cloud management and deployment and in coordination of global 5G and AI networks                                                           |                                                                                                                                                                                                             | 0                                                                                                          |
| MK Lu                                                          | Has earned the nickname "the Merger King"                                                                                                                               |                                                                                                                                                                                                             | 0                                                                                                          |

Note 1: (1) None of the provisions in Article 30 of the Company Law is applicable to the members of the board.

(2) For description of the expertise of independent directors, see the diversity status of the members of the board (p. 21~22 of the Annual Report)

Note 2: Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies

(1) The person, the spouse, and relative within the second degree of kinship, who not an employee, director or supervisor of the company or the affiliates of the company.

(2) The person, the spouse, and underage children, who not hold more than 1% of the shares or who is among the top-10 natural person shareholders.

(3) Not a manager listed in (1) or a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship or closer to anyone listed in (2).

(4) Not a director or supervisor of the Company or the affiliates of the Company.

(5) Not a professional who provides audit or receives no more than NT\$500,000 in cumulative compensation in the last two years for commercial, legal, financial, or accounting services to the company or its affiliates, nor is an owner, partner, director, supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides such services to the company or its affiliates.

### 3.2.1.5 Diversity and Independence of the Board of Directors

#### Board Diversity

In the interest of board diversity, LITEON strengthens the board of directors and the roles of directors by creating a Nomination Committee. The committee enables a stronger director election mechanism, and builds a board with better professionally trained members from various backgrounds. The committee is responsible for setting the criteria for qualified directors and executive officers. These criteria provide the basis for searching and nominating candidates, establishing and developing the organizational structure for the board and its committees, and devising and regularly reviewing continuing training plans for directors and director and executive officer succession plans.

The board of directors of the company must be composed of experts and scholars from industry, finance, business, investment, information, and communications. Over half of the board members must have industry experience, and there is at least one person in each professional field covering operational judgment, salary management, corporate governance, business management, information security, risk management, and sustainable development management; it is actively looking for one female director.

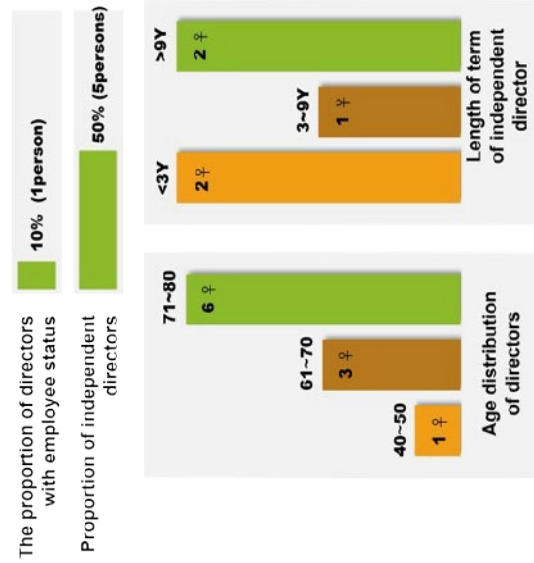
The board consists of 10 members, including three natural-person directors, two institutional investor and five independent directors. The board is diverse, and individual members are equipped with various core competencies. They are assisted by independent directors from various professional backgrounds to ensure they fulfill their duties effectively. These members have been given the duty to exercise proper governance of the board of directors, to supervise/appoint/instruct the management, and to oversee the company's financial, social, and environmental performance in ways that maximize stakeholders' interests.

(1) Board diversity is achieved through education and work experience as well as training and related backgrounds of board members as follows:

| Diversity Items<br><br>Name |                                                             | Basic Component |        |                            |       |       |                               | Diversity Situation |           |                                       |                                                      |                                              |                                      |                           |                                     |                 |                                  |                 |   |
|-----------------------------|-------------------------------------------------------------|-----------------|--------|----------------------------|-------|-------|-------------------------------|---------------------|-----------|---------------------------------------|------------------------------------------------------|----------------------------------------------|--------------------------------------|---------------------------|-------------------------------------|-----------------|----------------------------------|-----------------|---|
|                             |                                                             | Nationality     | Gender | An employee of the Company | Age   |       | Independent directors' tenure |                     |           | Ability to make operational judgments | Ability to perform accounting and financial analysis | Ability to conduct management administration | Ability to conduct crisis management | Knowledge of the industry | An international market perspective | Ability to lead | Ability to make policy decisions | Risk Management |   |
|                             |                                                             |                 |        |                            | 40~50 | 61~70 | 71~80                         | Less than 3 years   | 3~9 years | Over 9 years                          |                                                      |                                              |                                      |                           |                                     |                 |                                  |                 |   |
|                             | Tom Soong                                                   | R.O.C.          | Male   | V                          | V     |       |                               |                     |           |                                       | V                                                    |                                              | V                                    | V                         | V                                   | V               | V                                | V               | V |
|                             | Raymond Soong                                               | R.O.C.          | Male   |                            |       |       | V                             |                     |           |                                       | V                                                    |                                              | V                                    | V                         | V                                   | V               | V                                | V               | V |
|                             | Warren Chen                                                 | R.O.C.          | Male   |                            |       |       | V                             |                     |           |                                       | V                                                    |                                              | V                                    | V                         | V                                   | V               | V                                | V               | V |
|                             | Representative of Ta-Sung Investment Co., Ltd.: Keh-Shew Lu | R.O.C.          | Male   |                            |       |       | V                             |                     |           |                                       | V                                                    |                                              | V                                    | V                         | V                                   | V               | V                                | V               | V |
|                             | Representative of Ta-Sung Investment Co., Ltd.: CH Chen     | R.O.C.          | Male   |                            |       |       | V                             |                     |           |                                       | V                                                    |                                              | V                                    | V                         | V                                   | V               | V                                | V               | V |
|                             | Harvey Chang                                                | R.O.C.          | Male   |                            |       | V     |                               |                     |           | V                                     | V                                                    | V                                            | V                                    | V                         | V                                   | V               | V                                | V               | V |
|                             | Edward Yang                                                 | U.S.            | Male   |                            |       |       | V                             |                     |           | V                                     | V                                                    | V                                            | V                                    | V                         | V                                   | V               | V                                | V               | V |
|                             | Albert Hsueh                                                | R.O.C.          | Male   |                            |       | V     |                               |                     | V         |                                       | V                                                    | V                                            | V                                    | V                         | V                                   | V               | V                                | V               | V |
|                             | Mike Yang                                                   | R.O.C.          | Male   |                            |       | V     |                               | V                   |           |                                       | V                                                    | V                                            | V                                    | V                         | V                                   | V               | V                                | V               | V |
|                             | MK Lu                                                       | R.O.C.          | Male   |                            |       |       | V                             | V                   |           |                                       | V                                                    | V                                            | V                                    | V                         | V                                   | V               | V                                | V               | V |

- (2) The independent directors possess training in accounting and audit, corporate governance, strategy, information technology, and information security:
- ① Albert Hsueh is an independent director and the convener of the Audit Committee who is trained in financial accounting and corporate governance and has extensive experience in corporate governance and management as well as skills in financial statement analysis and application.
  - ② Harvey Chang is an independent director who is an expert in finance and corporate management and has plenty of experience in salary and performance management, corporate development and related investments, all of which contribute to the company's expansion and financial planning activities.
  - ③ Edward Yang is an independent director who has the strategic planning know-how and practical experience in the company's business, and is able to give forward-looking insights and analysis on the industry's future, which provide strategic guidance in development of new products and expansion planning for new markets for the company.
  - ④ Mike Yang is an independent director who has an extensive background in IT and infosec. As the director of a Quanta operation center, Mike Yang has at least 30 years of practical management experience in overseeing computer system design and development, production management planning and implementation, global business expansion, innovative technology integration and application, worldwide branch establishment, international process management, and threat analysis and risk assessment for international trade and public opinion. Mike Yang is in charge of devising and promoting Internet service security and digital data protection measures to counter issues arising from innovation and quality change of business operations. Mike Yang has plenty of experience in leading and managing a team to build a management framework inside the organization, develop a safety culture, handle risk management, and propose solutions.
  - ⑤ MK Lu is an independent director who had been with Texas Instruments, LITEON, and Sino-American Silicon, and founded Actron Technology. He has been the lead in more than a dozen of mergers and succeeded in turning around many companies. His success in corporate management has earned him the nickname "the Merger King".

(3) Composition of Board members



### Board Independence

The company actively implements the corporate governance system. In the operation and arrangement of the corporate governance system, the board of directors exercises its functions and powers in accordance with laws. The company respects the professional competencies of the directors, and all motions are discussed thoroughly before the board meetings, and the directors are consulted beforehand on major motions or other projects, and their professional advice is also sought during the meetings, which effectively raises the effectiveness of decision-making on motions and creates a good board meeting culture.

There are 5 independent directors of the company, the number of seats is more than half of the seats of directors, and the consecutive terms of 3 independent directors are not more than three consecutive terms, and they exercise their powers objectively. They review the management and control of the Company's existing or potential risks, etc., so as to supervise the effective implementation of the Company's internal control, the selection (dismissal) of certified public accountants and their independence, and the fair preparation of financial statements.

According to the Company's "Rules for Election of Directors", the cumulative voting system and candidate nomination system are adopted for the selection of directors and independent directors, and shareholders are encouraged to participate. Shareholders who hold a certain number of shares or more may submit a list of director candidates. Qualification review and confirmation of any violations listed in Article 30 of the Company Act shall be conducted and announced in accordance with the law to protect the rights and interests of shareholders, and maintain independence.

There are 2 directors who are spouses or relatives within the second degree of kinship among the directors of the company, and complies with the provisions of Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act.



### 3.2.2 Information Regarding Management Team

2022/02/28

| Title                                                         | Nationality | Name          | Gender | Date of appointment (office) | Proportion of shareholding |       | Proportion of shareholding by spouse and underage children |       | Proportion of shareholding under the title of a third party |    | Major Background Information                                                                                                                                               | Other positions of other companies                                                                                                                                                                       | Manager who is the spouse or kin within the 2 <sup>nd</sup> tier of the Civil Code |      |              | Remarks (Note) |
|---------------------------------------------------------------|-------------|---------------|--------|------------------------------|----------------------------|-------|------------------------------------------------------------|-------|-------------------------------------------------------------|----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|------|--------------|----------------|
|                                                               |             |               |        |                              | shares                     | %     | shares                                                     | %     | shares                                                      | %  |                                                                                                                                                                            |                                                                                                                                                                                                          | Title                                                                              | Name | Relationship |                |
| President                                                     | R.O.C.      | Anson Chiu    | Male   | 2013.08.19                   | 550,000                    | 0.02% | 0                                                          | 0%    | 0                                                           | 0% | Department of Industrial Management, Lunghwa University of Science and Technology Procurement Specialist, Crownpo Technology Inc. SBG CEO, Lite-On Technology Corporation. | Director, Lite-On International Holding Co., Ltd., LITE-ON CHINA HOLDING CO. LTD., LITE-ON ELECTRONICS COMPANY LIMITED, LITE-ON SINGAPORE PTE. LTD., Silitech Technology Corporation and Dragonjet Corp. | None                                                                               | None | None         | None           |
| SBU General Manager                                           | R.O.C.      | Jerry Hsu     | Male   | 2020.10.30                   | 591,258                    | 0.03% | 303,057                                                    | 0.01% | 0                                                           | 0% | Department of Electronic, Lunghwa University of Science and Technology Engineer of power support design, ALITECH CO., LTD                                                  | None                                                                                                                                                                                                     | None                                                                               | None | None         | None           |
| SBU General Manager                                           | R.O.C.      | Henry Chen    | Male   | 2020.10.30                   | 42,901                     | 0%    | 0                                                          | 0%    | 0                                                           | 0% | Graduate Institute of Electrical Engineering, Tatung University Project Manager, Mustek Systems                                                                            | None                                                                                                                                                                                                     | None                                                                               | None | None         | None           |
| SBU General Manager                                           | R.O.C.      | Steven Liao   | Male   | 2020.07.16                   | 61,978                     | 0%    | 97                                                         | 0%    | 0                                                           | 0% | Master of Institute of EO Engineering, National Chiao Tung University AVP, Lite-On Technology Corporation.                                                                 | None                                                                                                                                                                                                     | None                                                                               | None | None         | None           |
| SBU General Manager                                           | R.O.C.      | John Chang    | Male   | 2020.10.30                   | 0                          | 0%    | 0                                                          | 0%    | 0                                                           | 0% | EMBA, National Chiao Tung University AVP, Lite-On Technology Corporation.                                                                                                  | None                                                                                                                                                                                                     | None                                                                               | None | None         | None           |
| Vice President Corporate Governance Officer Board Secretariat | R.O.C.      | Jean Hong     | Female | 2015.09.07                   | 0                          | 0%    | 0                                                          | 0%    | 0                                                           | 0% | MBA, Preston University AVP, Finance Dept, Lite-On Technology Corporation.                                                                                                 | None                                                                                                                                                                                                     | None                                                                               | None | None         | None           |
| CFO                                                           | R.O.C.      | Patricia Chou | Female | 2022.01.03                   | 10,000                     | 0%    | 0                                                          | 0%    | 0                                                           | 0% | MBA, University of California at Berkeley Group CFO, ASM Pacific Technology Ltd.                                                                                           | None                                                                                                                                                                                                     | None                                                                               | None | None         | None           |

This table of other positions of the company or other company only displays offering companies and important subsidiaries.

Note : When the general manager or equivalent (the highest manager) is the same person as the chairman, is a spouse or a relative of each other, the reasons, rationality, necessity, and corresponding measures (such as increasing the number of independent directors, and should have More than half of the directors did not concurrently serve as employees or managers).

### 3.3 Remuneration Paid during the Most Recent Fiscal Year to Directors and Management Team

#### 3.3.1 Remuneration of Directors, Independent Directors and Management Team

##### 3.3.1.1 Remuneration of Directors and Independent Directors

Unit:NT\$ thousands

| Title                | Name                                                     | Remuneration (Note 1) |                                  |                   |                                  |                            |                                  | Total Remuneration (A+B+C+D) and Ratio of Total Remuneration to Net Income (%) |                                  | Relevant Remuneration Received by Directors Who are Also Employees |                                  |                   |       | Total Compensation (A+B+C+D+E+F+G) and Ratio of Total Compensation to Net Income (%) |       | Compensation Paid to Directors from the Invested Company Other than the Company's Subsidiary |             |                                  |
|----------------------|----------------------------------------------------------|-----------------------|----------------------------------|-------------------|----------------------------------|----------------------------|----------------------------------|--------------------------------------------------------------------------------|----------------------------------|--------------------------------------------------------------------|----------------------------------|-------------------|-------|--------------------------------------------------------------------------------------|-------|----------------------------------------------------------------------------------------------|-------------|----------------------------------|
|                      |                                                          | Base Compensation (A) |                                  | Severance Pay (B) |                                  | Directors Compensation (C) |                                  | Allowances (D)                                                                 |                                  | Salary, Bonuses, and Allowances (E)                                |                                  | Severance Pay (F) |       | Employee Compensation (G)                                                            |       |                                                                                              | The company | From All Consoli- dated Entities |
|                      |                                                          | The company           | From All Consoli- dated Entities | The company       | From All Consoli- dated Entities | The company                | From All Consoli- dated Entities | The company                                                                    | From All Consoli- dated Entities | The company                                                        | From All Consoli- dated Entities | Cash              | Stock | Cash                                                                                 | Stock |                                                                                              |             |                                  |
| Chairman             | Tom Soong                                                |                       |                                  |                   |                                  |                            |                                  |                                                                                |                                  |                                                                    |                                  |                   |       |                                                                                      |       |                                                                                              |             |                                  |
| Director             | Raymond Soong                                            |                       |                                  |                   |                                  |                            |                                  |                                                                                |                                  |                                                                    |                                  |                   |       |                                                                                      |       |                                                                                              |             |                                  |
| Director             | Warren Chen                                              |                       |                                  |                   |                                  |                            |                                  |                                                                                |                                  |                                                                    |                                  |                   |       |                                                                                      |       |                                                                                              |             |                                  |
| Director             | Ta-Sung Investment Co., Ltd. Representative: Keh-Shew Lu | 6,750                 | 6,750                            | 0                 | 0                                | 132,272                    | 132,272                          | 1,530                                                                          | 1,530                            | 0                                                                  | 0                                | 0                 | 0     | 0                                                                                    | 0     | 0                                                                                            | 60          |                                  |
| Director             | Ta-Sung Investment Co., Ltd. Representative: CH Chen     |                       |                                  |                   |                                  |                            |                                  |                                                                                |                                  |                                                                    |                                  |                   |       |                                                                                      |       |                                                                                              |             |                                  |
| Independent Director | Harvey Chang                                             |                       |                                  |                   |                                  |                            |                                  |                                                                                |                                  |                                                                    |                                  |                   |       |                                                                                      |       |                                                                                              |             |                                  |
| Independent Director | Edward Yang                                              |                       |                                  |                   |                                  |                            |                                  |                                                                                |                                  |                                                                    |                                  |                   |       |                                                                                      |       |                                                                                              |             |                                  |
| Independent Director | Albert Hsueh                                             | 0                     | 0                                | 0                 | 0                                | 41,708                     | 41,708                           | 1,320                                                                          | 1,320                            | 0                                                                  | 0                                | 0                 | 0     | 0                                                                                    | 0     | 0                                                                                            | 0           |                                  |
| Independent Director | Mike Yang                                                |                       |                                  |                   |                                  |                            |                                  |                                                                                |                                  |                                                                    |                                  |                   |       |                                                                                      |       |                                                                                              |             |                                  |
| Independent Director | Mk Lu                                                    |                       |                                  |                   |                                  |                            |                                  |                                                                                |                                  |                                                                    |                                  |                   |       |                                                                                      |       |                                                                                              |             |                                  |

1. Please describe the policy, system, standard, and structure of independent director remuneration, and describe the factors, including responsibilities, risks, and time invested, and their links to amounts of remuneration: According to Article 20-2 of the LITE-ON Articles of Incorporation, remuneration of directors of the company is determined by the board of directors by accepting the Remuneration Committee's recommendations and taking into account of each director's participation in management of the company and contribution as well as the industry standards worldwide. Moreover, Article 23 of the LITE-ON Articles of Incorporation requires that the company pay a director bonus at no more than 1.5% of the profit before tax and employee and director remuneration for the current year. Therefore, the amounts of remuneration for the company's independent directors, being based on personal performance and the company's business results and linked to future operational risks, should be considered reasonable.

2. Remuneration paid to directors for their services from the Company, all consolidated entities, and the invested companies except the above-mentioned figures: None.

1. Please describe the policy, system, standard, and structure of independent director remuneration, and describe the factors, including responsibilities, risks, and time invested, and their links to amounts of remuneration: According to Article 20-2 of the LITE-ON Articles of Incorporation, remuneration of directors of the company is determined by the board of directors by accepting the Remuneration Committee's recommendations and taking into account of each director's participation in management of the company and contribution as well as the industry standards worldwide. Moreover, Article 23 of the LITE-ON Articles of Incorporation requires that the company pay a director bonus at no more than 1.5% of the profit before tax and employee and director remuneration for the current year. Therefore, the amounts of remuneration for the company's independent directors, being based on personal performance and the company's business results and linked to future operational risks, should be considered reasonable.

2. Remuneration paid to directors for their services from the Company, all consolidated entities, and the invested companies except the above-mentioned figures: None.

## Range of Remuneration to directors

| Range of Remuneration          | Name of Directors                                                                                                                                       |                                                                                                                                                         |                                    |                                                                                                                                                         |                                                                                                                                                         |
|--------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                | Total of (A+B+C+D)                                                                                                                                      |                                                                                                                                                         | From All Consolidated Entities (H) | Total of (A+B+C+D+E+F+G)                                                                                                                                |                                                                                                                                                         |
|                                | The company                                                                                                                                             |                                                                                                                                                         |                                    | The company                                                                                                                                             | From All Consolidated Entities and Invested Companies (I)                                                                                               |
| NT\$0 ~ NT\$999,999            |                                                                                                                                                         |                                                                                                                                                         |                                    |                                                                                                                                                         |                                                                                                                                                         |
| NT\$1,000,000 ~ NT\$1,999,999  |                                                                                                                                                         |                                                                                                                                                         |                                    |                                                                                                                                                         |                                                                                                                                                         |
| NT\$2,000,000~ NT\$3,499,999   | MK Lu                                                                                                                                                   |                                                                                                                                                         |                                    | MK Lu                                                                                                                                                   | MK Lu                                                                                                                                                   |
| NT\$3,500,000~ NT\$4,999,999   |                                                                                                                                                         |                                                                                                                                                         |                                    |                                                                                                                                                         |                                                                                                                                                         |
| NT\$5,000,000~ NT\$9,999,999   | Raymond Soong , Warren Chen, Ta-Sung Investment Co., Ltd. (Representative: Keh-Shew Lu and CH Chen), Harvey Chang, Edward Yang, Albert Hsueh, Mike Yang | Raymond Soong , Warren Chen, Ta-Sung Investment Co., Ltd. (Representative: Keh-Shew Lu and CH Chen), Harvey Chang, Edward Yang, Albert Hsueh, Mike Yang |                                    | Raymond Soong , Warren Chen, Ta-Sung Investment Co., Ltd. (Representative: Keh-Shew Lu and CH Chen), Harvey Chang, Edward Yang, Albert Hsueh, Mike Yang | Raymond Soong , Warren Chen, Ta-Sung Investment Co., Ltd. (Representative: Keh-Shew Lu and CH Chen), Harvey Chang, Edward Yang, Albert Hsueh, Mike Yang |
| NT\$10,000,000~ NT\$14,999,999 |                                                                                                                                                         |                                                                                                                                                         |                                    |                                                                                                                                                         |                                                                                                                                                         |
| NT\$15,000,000~ NT\$29,999,999 |                                                                                                                                                         |                                                                                                                                                         |                                    |                                                                                                                                                         |                                                                                                                                                         |
| NT\$30,000,000~ NT\$49,999,999 |                                                                                                                                                         |                                                                                                                                                         |                                    |                                                                                                                                                         |                                                                                                                                                         |
| NT\$50,000,000~ NT\$99,999,999 |                                                                                                                                                         |                                                                                                                                                         |                                    |                                                                                                                                                         |                                                                                                                                                         |
| Over NT\$100,000,000           | Tom Soong                                                                                                                                               | Tom Soong                                                                                                                                               |                                    | Tom Soong                                                                                                                                               | Tom Soong                                                                                                                                               |
| Total                          | 10                                                                                                                                                      | 10                                                                                                                                                      | 10                                 | 10                                                                                                                                                      | 10                                                                                                                                                      |

Note1: Please refer to the LITE-ON TECHNOLOGY CORP.'s official site for The Rules for Evaluating Board of Directors and Functional Committee Performance.

### 3.3.1.2 Remuneration of Supervisors

Not applicable. The company has established the Audit Committee on June 21, 2007.

3.3.1.3 Compensation Paid to Management Team

| Unit: New Taiwan Dollar      |                                                |             |              |                                      |              |                            |            |                                     |       |             |   |                                                                                |                                                                                              |
|------------------------------|------------------------------------------------|-------------|--------------|--------------------------------------|--------------|----------------------------|------------|-------------------------------------|-------|-------------|---|--------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|
| Title                        | Name                                           | Salary (A)  |              | Severance Pay and Pensions (B)(Note) |              | Bonuses and Allowances (C) |            | Employees' Profit Sharing Bonus (D) |       |             |   | Total Compensation (A+B+C+D) and Ratio of Total Compensation to Net Income (%) | Compensation Paid to Directors from the Invested Company Other than the Company's Subsidiary |
|                              |                                                | Stand-alone | Consolidated | Stand-alone                          | Consolidated | Stand-alone                |            | Consolidated                        |       |             |   |                                                                                |                                                                                              |
|                              |                                                |             |              |                                      |              | Cash                       | Stock      | Cash                                | Stock |             |   |                                                                                |                                                                                              |
| President                    | Anson Chiu                                     |             |              |                                      |              |                            |            |                                     |       |             |   |                                                                                |                                                                                              |
| SBU General Manger           | Jerry Hsu                                      |             |              |                                      |              |                            |            |                                     |       |             |   |                                                                                |                                                                                              |
| SBU General Manger           | Henry Chen                                     |             |              |                                      |              |                            |            |                                     |       |             |   |                                                                                |                                                                                              |
| SBU General Manger           | Steven Liao                                    |             |              |                                      |              |                            |            |                                     |       |             |   |                                                                                |                                                                                              |
| SBU General Manger           | John Chang                                     |             |              |                                      |              |                            |            |                                     |       |             |   |                                                                                |                                                                                              |
| Vice President               | Jean Hong                                      |             |              |                                      |              |                            |            |                                     |       |             |   |                                                                                |                                                                                              |
| Corporate Governance Officer |                                                |             |              |                                      |              |                            |            |                                     |       |             |   |                                                                                |                                                                                              |
| Board Secretariat            |                                                |             |              |                                      |              |                            |            |                                     |       |             |   |                                                                                |                                                                                              |
| CFO                          | Patricia Chou<br>(On board on January 3, 2022) | 25,095,920  | 25,095,920   | 1,465,811                            | 1,465,811    | 20,491,920                 | 20,491,920 | 134,878,138                         | 0     | 134,878,138 | 0 | Amount :<br>181,931,789<br>Ratio : 1.31%                                       |                                                                                              |
| CFO                          | Brownson Chu<br>(Resigned on January 3, 2022)  |             |              |                                      |              |                            |            |                                     |       |             |   | Amount :<br>181,931,789<br>Ratio : 1.31%                                       |                                                                                              |
| SBU General Manger           | Nelson Wu<br>(Resigned on September 30, 2021)  |             |              |                                      |              |                            |            |                                     |       |             |   | 15,000                                                                         |                                                                                              |

Note: Pensions funded according to applicable law.

## Range of compensation to management executives

| Range of compensation to management executives | Name of management executives         |                                                          |  |
|------------------------------------------------|---------------------------------------|----------------------------------------------------------|--|
|                                                | On a stand-alone basis                | From All Consolidated Entities and Invested Companies(E) |  |
| NT\$0 ~NT\$ 999,999                            | Patricia Chou                         | Patricia Chou                                            |  |
| NT\$1,000,000-NT\$2,999,999                    |                                       |                                                          |  |
| NT\$2,000,000-NT\$3,499,999                    |                                       |                                                          |  |
| NT\$3,500,000-NT\$4,999,999                    | Nelson Wu , Brownson Chu              | Nelson Wu , Brownson Chu                                 |  |
| NT\$5,000,000-NT\$9,999,999                    |                                       |                                                          |  |
| NT\$10,000,000-NT\$14,999,999                  | Jean Hong                             | Jean Hong                                                |  |
| NT\$15,000,000-NT\$29,999,999                  | Henry Chen , Steven Liao , John Chang | Henry Chen , Steven Liao , John Chang                    |  |
| NT\$30,000,000-NT\$49,999,999                  | Jerry Hsu                             | Jerry Hsu                                                |  |
| NT\$50,000,000-NT\$99,999,999                  | Anson Chiu                            | Anson Chiu                                               |  |
| Over NT\$100,000,000                           |                                       |                                                          |  |
| Total                                          | 9                                     | 9                                                        |  |

\* The definition of remuneration disclosed in this table is not identical to that of income under the Income Tax Act. Hence, this table is intended for disclosure purpose only, and should not be used for tax returns.



### 3.3.1.4 Employees' Profit Sharing Bonus Paid to Management Team

As of February 28, 2022

| Title                                                               | Name                                           | Stock bonus | Cash bonus  | Total       | As a % of net profit |
|---------------------------------------------------------------------|------------------------------------------------|-------------|-------------|-------------|----------------------|
| President                                                           | Anson Chiu                                     | 0           | 134,878,138 | 134,878,138 | 0.97%                |
| SBU General Manager                                                 | Jerry Hsu                                      |             |             |             |                      |
| SBU General Manager                                                 | Henry Chen                                     |             |             |             |                      |
| SBU General Manager                                                 | Steven Liao                                    |             |             |             |                      |
| SBU General Manager                                                 | John Chang                                     |             |             |             |                      |
| Vice President<br>Corporate Governance Officer<br>Board Secretariat | Jean Hong                                      |             |             |             |                      |
| CFO                                                                 | Patricia Chou<br>(On board on January 3, 2022) |             |             |             |                      |
| CFO                                                                 | Brownson Chu<br>(Resigned on January 3, 2022)  |             |             |             |                      |
| SBU General Manager                                                 | Nelson Wu<br>(Resigned on September 30, 2021)  |             |             |             |                      |

### 3.3.1.5. The Individual Remuneration Paid to each of its Top Five Management Personnel (listed individually by name and payment type): Not Applicable.

### 3.3.2 Analysis Results for the Ratio of Total Remuneration to the Net Income

Respectively describe and compare the analysis results for total remunerations paid to the directors and management team in the last two years as a percentage of the net income; and describe the relevance between the remuneration policy, standards and combinations, remuneration setting procedures, and business performance:

1. Analysis results for total remunerations paid to the directors and management team in the last two years as a percentage of the net income and the relevance to business performance:

| Item            | Total remunerations as a percentage of net income |              |        |              |
|-----------------|---------------------------------------------------|--------------|--------|--------------|
|                 | 2020                                              |              | 2021   |              |
|                 | LITEON                                            | Consolidated | LITEON | Consolidated |
| Directors       | 1.41%                                             | 1.41%        | 1.32%  | 1.32%        |
| Management team | 3.46%                                             | 3.46%        | 1.31%  | 1.31%        |

2. Relevance between remuneration policy for LITEON directors and management team and business performance and future risks:

Remuneration for LITEON directors is governed by Article 20-2 and Article 23 of the Articles of Incorporation and shall not exceed 1.5% of the current year profit. A reasonable amount based on the company's business performance and the contribution of individual directors to the business results should be made for the current year's remuneration for directors.

The policy of remuneration of management team follows the LITEON Compensation Management Guidelines. Remuneration is based on the average level of pay offered by competition for the same position, the authority and responsibility of the position, and the contribution to the company's business targets.

The procedure of setting remuneration is based on evaluation criteria in the LITEON "Rules for Evaluating Board of Directors and Functional Committee Performance" and the "Performance Management Guidelines". In addition to the company's overall business results and future operating risks and trends in the industry, the personal target completion rate and contribution to the company's business results are also taken into consideration in the calculation of a reasonable payment. Related performance evaluation and pay reasonableness is reviewed by the Compensation Committee and the board of directors. The remuneration system is reviewed as needed to reflect actual business performance and regulations and to maintain the balance between sustainable development and risk management.

3. Remuneration of supervisors: Not applicable. The Company has established the Audit Committee on June 21, 2007.

## 3.4 Implementation of Corporate Governance

### 3.4.1 Board of Directors

#### 3.4.1.1 Board Meetings Attendance

The Board held 10 meetings (A) in the recent period of time (from January 1st, 2021 to February 28th, 2022) with the attendance of the directors specified as below:

| Title                | Name                                                        | Attend (sit in) in person (B) | Attend by proxy | Attendance rate (%)<br>【 B / A 】 | Remarks                          |
|----------------------|-------------------------------------------------------------|-------------------------------|-----------------|----------------------------------|----------------------------------|
| Chairman             | Tom Soong                                                   | 10                            | 0               | 100                              |                                  |
| Director             | Raymond Soong                                               | 9                             | 1               | 90                               |                                  |
|                      | Warren Chen                                                 | 10                            | 0               | 100                              |                                  |
|                      | Ta-Sung Investment Co., Ltd.<br>Representative: Keh-Shew Lu | 8                             | 2               | 80                               |                                  |
|                      | Ta-Sung Investment Co., Ltd.<br>Representative: CH Chen     | 10                            | 0               | 100                              |                                  |
| Independent Director | Harvey Chang                                                | 10                            | 0               | 100                              |                                  |
|                      | Edward Yang                                                 | 10                            | 0               | 100                              |                                  |
|                      | Albert Hsueh                                                | 10                            | 0               | 100                              |                                  |
|                      | Mike Yang                                                   | 10                            | 0               | 100                              |                                  |
|                      | MK Lu                                                       | 5                             | 0               | 100                              | Newly appointed on Aug. 26, 2021 |

### 3.4.1.2 Annotations:

#### (1) Securities and Exchange Act §14-3 resolutions, and others

Minutes of Board meetings where Article 14-3 of the Securities and Exchange Act is applicable and contained information on the objection or qualified opinions of the independent directors on record or in writing: none.

#### (2) The Board Meeting Attendance Status of Independent Director

⊙ : Attend (sit in) in person    Δ : Attend by proxy- : Not yet appointed

| Board                                                          | Harvey Chang | Edward Yang | Albert Hsueh | Mike Yang | MK Lu |
|----------------------------------------------------------------|--------------|-------------|--------------|-----------|-------|
| In the 11th session of the 11th Board Meeting on Feb. 25, 2021 | ⊙            | ⊙           | ⊙            | ⊙         | -     |
| In the 12th session of the 11th Board Meeting on Apr. 16, 2021 | ⊙            | ⊙           | ⊙            | ⊙         | -     |
| In the 13th session of the 11th Board Meeting on Apr. 29, 2021 | ⊙            | ⊙           | ⊙            | ⊙         | -     |
| In the 14th session of the 11th Board Meeting on Jun. 22, 2021 | ⊙            | ⊙           | ⊙            | ⊙         | -     |
| In the 15th session of the 11th Board Meeting on Jul. 29, 2021 | ⊙            | ⊙           | ⊙            | ⊙         | -     |
| In the 16th session of the 11th Board Meeting on Sep. 06, 2021 | ⊙            | ⊙           | ⊙            | ⊙         | ⊙     |
| In the 17th session of the 11th Board Meeting on Oct. 28, 2021 | ⊙            | ⊙           | ⊙            | ⊙         | ⊙     |
| In the 18th session of the 11th Board Meeting on Dec. 08, 2021 | ⊙            | ⊙           | ⊙            | ⊙         | ⊙     |
| In the 19th session of the 11th Board Meeting on Jan. 03, 2022 | ⊙            | ⊙           | ⊙            | ⊙         | ⊙     |
| In the 20th session of the 11th Board Meeting on Feb. 24, 2022 | ⊙            | ⊙           | ⊙            | ⊙         | ⊙     |

#### (3) Recusals of Directors due to conflicts of interests: Two occasions

1. In the 11th session of the 11th Board Meeting, Chairman Tom Soong, Director Mr. Raymond Soong, Mr. Warren Chen and Mr. CH Chen avoided the discussion and did not vote the motion of donation to Lite-On Cultural Foundation.
2. In the 20th session of the 11th Board Meeting, Chairman Tom Soong, Director Mr. Raymond Soong, Mr. Warren Chen, Mr. CH Chen and Mr. MK Lu avoided the discussion and did not vote the motion of donation to Lite-On Cultural Foundation.

#### (4) Implementation of the performance evaluation of the board of directors and functional committees:

| Evaluation Cycle      | Period of Evaluation           | Scope of Evaluation          | Method of Evaluation                                                                                                                                           | Evaluation Content                                                                                                                                                                                                               |
|-----------------------|--------------------------------|------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Performed once a year | Jan. 01, 2021 to Dec. 31, 2021 | Board Performance Evaluation | The Company commissioned an external professional institution, the Taiwan Corporate Governance Association, to implement the 2021 board performance evaluation | <p>① Eight dimensions:<br/>The composition, guidance, authorization, supervision, communication, self-regulation, internal controls, and risk management of the board</p> <p>② Interviewed the relevant members face-to-face</p> |

1. The Company commissioned an external professional institution, the Taiwan Corporate Governance Association, to implement the 2021 board performance evaluation. The Association's board performance evaluation, by examining the eight dimensions, consulted open-ended questionnaires completed, and interviewed the relevant members face-to-face, and a performance assessment report was issued.
2. The Company reported the evaluation results in the next board meeting, which will be held in the first quarter Nomination Committee(Feb.23, 2022), Compensation Committee (Feb.23, 2022) and Board (Feb.24, 2022) meetings, the result will be as a reference for strengthening of the board's functions.

#### (5) Measures taken to strengthen the functionality of the Board Targets and performance of the board's functions for last year and most recent year:

1. For strengthening and accelerating the growth strategy of the Company and the whole business group, the Company has established the Growth Strategy Committee in 2010. The Committee is authorized by Board of Directors to direct and review the Company and the Group's overall growth strategies, and to preview the important investment projects, and periodically reports the resolutions to the Board of Directors.
2. The Company will continue to pursue sound corporate governance and the transparency, timeliness, and fairness of financial information disclosure. In 2015, Lite-On was rated A++ by the Securities and Futures Institute during its 12th Information Disclosure Evaluation. Meanwhile, LITEON was rated top 5% of listing company in 2nd session, 6%~20% in 3rd session, top 5% in 4th to 6th sessions, 6%~20% in 7th session of Corporate Governance Evaluation arranged by Taiwan Stock Exchange (TWSE).
3. To be in accordance with the international trend of sustainable governance, LITEON had passed the proposal to set up the Corporate Sustainability Committee that directly report to the Board. The committee is responsible for scheming up sustainable development policy, extended determination and supervision. ESG accountability provides the direction for operations in risk management, information security management, ethical corporate management, effective management of the RBA code of conduct, community involvement, sustainable supply chain management, sustainable product design, environmental sustainability, and stakeholder communication and information disclosure.
4. The Company formulated the "Risk Management Policy and Procedures" in February 2020 in view of strengthening corporate governance and improving the Company's management and control of risk; wherein it established risk management mechanisms which include early identification, accurate measurement, effective supervision, and rigorous controls. Within the scope of bearable risk, it prevents possible losses and continuously adjusts and improves best risk management practices based on changes in the internal and external environments, thus protecting the interests of employees, shareholders, partners, and clients, increasing the value of the Company, and achieving the principle of optimizing allocation of company resources. Furthermore, the annual risk management plan and operation were presented to the Corporate Sustainability Committee and the Audit Committee in 2021. The Audit Committee in turn presented the results to the board of directors.
5. In following the direction of corporate governance and strengthening the roles of the board, LITEON implemented the "Nomination Committee Charter" in February 2021 and passed the establishment of the "Nomination Committee". The Nomination Committee devises the criteria for directors and executive officers

and seeks and nominate candidates based on these criteria. The Nomination Committee establishes and develops the organizational structure of the board and its committees. It also conducts performance evaluation for the board of directors and its committees, performance evaluation for directors and executive officers, and independence assessment of independent directors. The Nomination Committee establishes and reviews regularly continuing training programs for director and succession plans of directors and executive officers.

## 3.4.2 The Operation of the Audit Committee

### 3.4.2.1 Audit Committee Meeting Status

The main function of the Audit Committee is to supervise the following matters:

- Fair presentation of the financial reports of Lite-On Technology Corporation.
- The hiring (and dismissal), independence, and performance of certificated public accountants of Lite-On Technology Corporation.
- The effective implementation of the internal control system of Lite-On Technology Corporation.
- Compliance with relevant laws and regulations by Lite-On Technology Corporation.
- Management of the existing or potential risks of Lite-On Technology Corporation.

The Audit Committee is responsible for reviewing the following:

- The adoption of or amendments to the internal control system.
- Assessment of the effectiveness of the internal control system.
- The adoption or amendment, of the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others.
- Matters in which a director is an interested party.
- Asset transactions or derivatives trading of a material nature.
- Loans of funds, endorsements, or provision of guarantees of a material nature.
- The offering, issuance, or private placement of equity-type securities.
- The hiring or dismissal of a certified public accountant, or their compensation.
- The appointment or discharge of a financial, accounting, or internal audit officer.
- Annual financial reports which are signed or sealed by the chairperson, managerial officer, and accounting officer.
- Proposals regarding business reports and profit distribution or loss replenishment.
- Other material matters as may be required by this Corporation or by the competent authority.

The Audit Committee held 10 meetings (A) in the recent period of time (from January 1, 2021 to February 28, 2022) with the attendance of the independence directors specified below:

| Title                | Name         | Attend (sit in) in person (B) | Attend by proxy | Attendance rate (%)<br>【 B / A 】 | Note                             |
|----------------------|--------------|-------------------------------|-----------------|----------------------------------|----------------------------------|
| Independent Director | Albert Hsueh | 10                            | 0               | 100                              |                                  |
|                      | Harvey Chang | 10                            | 0               | 100                              |                                  |
|                      | Edward Yang  | 10                            | 0               | 100                              |                                  |
|                      | Mike Yang    | 10                            | 0               | 100                              |                                  |
|                      | MK Lu        | 5                             | 0               | 100                              | Newly appointed on Aug. 26, 2021 |



### 3.4.2.2 Annotations:

#### (1) Resolutions related to Securities and Exchange Act §14-5, and others

1. Issues stated in Article 14-5 of the Securities and Exchange Act of the ROC passed by the Audit Committee:

| Audit Committee                                                 | Content of motion                                                                                                                                                                                                                                                                                                                                        | Article 14-5 of the Securities and Exchange Act of the ROC | Minutes of Audit Committee                               | Company reaction base on the opinion of Audit Committee |
|-----------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|----------------------------------------------------------|---------------------------------------------------------|
| In the 10th session of the 5th Audit Committee on Feb. 25, 2021 | 1. The results of it's operations for Fiscal Year 2020.<br>2. Dividend distribution.<br>3. 2020 Business Report.<br>4. Approving 2020 Statement of Internal Control System.                                                                                                                                                                              | V<br>V<br>V                                                | All attendees of Independent Directors have no objection | All attendees of Directors have no objection            |
| In the 11th session of the 5th Audit Committee on Apr. 16, 2021 | 1. Discuss the revision of "Procedures for the Acquisition and Disposal of Assets".<br>2. The Company Leases the office and parking lot of Xinzhuang HONHUI i-Tower.                                                                                                                                                                                     | V<br>V                                                     |                                                          |                                                         |
| In the 12th session of the 5th Audit Committee on Apr. 29, 2021 | 1. The company purchased LED patents.<br>2. The merger of shares with subsidiaries LITE-ON INC. and DYNA INVESTMENT CO., LTD.<br>3. No interim dividend distribution of 2021 1Q.                                                                                                                                                                         | V<br>V<br>V                                                |                                                          |                                                         |
| In the 13th session of the 5th Audit Committee on Jun. 22, 2021 | The stake sale of subsidiaries "SUZHOU LITE-ON STORAGE CO. LTD."                                                                                                                                                                                                                                                                                         | V                                                          |                                                          |                                                         |
| In the 14th session of the 5th Audit Committee on Jul. 29, 2021 | 1. Acknowledged the Company's 2021 Q2 consolidated financial statements.<br>2. The Company's interim dividend distribution of 2021 Q2 proposal.<br>3. The Company's 2021 Q2 business report.<br>4. Formulate the company's regulations of governing shares repurchase and transferring employees.<br>5. The proposal for repurchase LTC's common stocks. | V<br>V<br>V<br>V<br>V                                      |                                                          |                                                         |
| In the 15th session of the 5th Audit Committee on Sep. 06, 2021 | To dispose VIZIO HOLDING CORP common shares hold by subsidiary.                                                                                                                                                                                                                                                                                          | V                                                          |                                                          |                                                         |

| Audit Committee                                                 | Content of motion                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Article 14-5 of the Securities and Exchange Act of the ROC | Minutes of Audit Committee                               | Company reaction base on the opinion of Audit Committee |
|-----------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|----------------------------------------------------------|---------------------------------------------------------|
| In the 16th session of the 5th Audit Committee on Oct. 28, 2021 | 1. The budget for the construction of Zhonghe plant.<br>2. The company holds 100% of its subsidiary Lite-On Singapore Pte. Ltd. to apply for an internal loan Lite-On Mobile Pte. Ltd., the amount is US\$27 million.<br>3. No interim dividend distribution of 2021 3Q.<br>4. Proposal to evaluate the independence and competence of CPA.<br>5. Reviewing and approving the 2022 internal audit plan.                                                                                                   | V<br>V<br>V<br>V                                           | All attendees of Independent Directors have no objection | All attendees of Directors have no objection            |
| In the 17th session of the 5th Audit Committee on Dec. 08, 2021 | To participate in cash capital increase of PlayNitride Inc.                                                                                                                                                                                                                                                                                                                                                                                                                                               | V                                                          |                                                          |                                                         |
| In the 18th session of the 5th Audit Committee on Jan. 03, 2022 | Change of Chief Financial Officer of the Company.                                                                                                                                                                                                                                                                                                                                                                                                                                                         | V                                                          |                                                          |                                                         |
| In the 19th session of the 5th Audit Committee on Feb. 24, 2022 | 1. Reviewing the results of it's operations for Fiscal Year 2021.<br>2. The Company's 2021 profit distribution proposal.<br>3. Formulate the "Guideline for CPA Firm Selection and Services".<br>4. Amendment to the Company's "Regulation on Signature Authority Revision Table".<br>5. The certified public accountants reported to the Audit Committee the annual compensation of 2022<br>6. The Company's 2021 business report.<br>7. Passed the Company's 2021 Statement of Internal Control System. | V<br>V<br>V<br>V<br>V<br>V                                 |                                                          |                                                         |

2. Other issues not passed by the Audit Committee but resolved by more than two-thirds of the directors: none

## (2) Recusals of Independent Directors due to conflicts of interests

The act of the avoidance of the conflict of interest by the independent director: none.

## (3) The communications between the independent directors, the Chief Audit Officer and the certified public accountants:

1. Communications are established through Audit Committee or individually with independent directors via meetings or e-mails.
  - i. The Chief Audit Officer reported to the Audit Committee on the establishment and amendment to the internal control system.
  - ii. The Chief Audit Officer reported to the Audit Committee on the annual self- assessment of the implementation and results on the internal control systems.
  - iii. The Chief Audit Officer reported to the Audit Committee on the annual audit plan and the implementation of the plan quarterly.
  - iv. The Chief Audit Officer reported to the Chairman of Audit Committee on audit projects quarterly.
  - v. The Chief Audit Officer reported to the Audit Committee on the findings of each audit and the tracking of corrective actions and preventive actions.

- vi. The Chief Audit Officer provided information on the addition or amendment of laws governing securities and exchange to the Audit Committee.
  - vii. The Chief Audit Officer presented to the Audit Committee the report on the conduct of special audits prescribed by the committee and the findings.
  - viii. The certified public accountants reported to the Audit Committee the findings of their quarterly/annually review or audits on the Company's financial results, and also the communication of the relevant law and regulation or any other modified issues.
2. The Audit Committee consists entirely of independent directors. The Auditors reported to the Audit Committee on the major audit matters and audit results.

Three ways of communication between the Chief Audit Officer and independent directors as below :

- (1) Communication via the Audit Committee quarterly.
- (2) Communication with the Chairman of the Audit Committee via project meeting quarterly.
- (3) Audit reports and follow-up reports reviewed by the Audit Committee irregularly.

The communication channel between the independent directors and the Chief Audit Officer functioned well. The communication between independent directors and the internal auditors are listed in the table below.

a. Communication through the Audit Committee

| Meeting Dates | Communication matters                                                                                                                                                                                                                                                                                                             | Results                                                                                  |
|---------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|
| Feb. 25, 2021 | <ul style="list-style-type: none"> <li>1. Reviewing the internal auditor's report for the fourth quarter of 2020 (include reviewing regulatory developments).</li> <li>2. Reviewing report on self- assessment results for the year 2020.</li> <li>3. Reviewing the fraud audit report for the second half of 2020.</li> </ul>    | There are no comments at this meeting.                                                   |
| Apr. 29, 2021 | <ul style="list-style-type: none"> <li>1. Reviewing the internal auditor's report for the first quarter of 2021 (include reviewing regulatory developments).</li> <li>2. Reviewing the fraud audit report for the first quarter of 2021.</li> </ul>                                                                               | The internal auditors had followed the instructions and reported to the Audit Committee. |
| Jul. 29, 2021 | <ul style="list-style-type: none"> <li>1. Reviewing the internal auditor's report for the second quarter of 2021 (include reviewing regulatory developments).</li> <li>2. Reviewing the fraud follow-up report for the first quarter of 2021.</li> <li>3. Reviewing the fraud audit report for the first half of 2021.</li> </ul> | The internal auditors had followed the instructions and reported to the Audit Committee. |
| Oct. 28, 2021 | <ul style="list-style-type: none"> <li>1. Reviewing the internal auditor's report for the third quarter of 2021 (include reviewing regulatory developments)</li> <li>2. Reviewing and approving the 2022 internal audit plan</li> </ul>                                                                                           | There are no comments at this meeting.                                                   |
| Feb. 24, 2022 | <ul style="list-style-type: none"> <li>1. Reviewing the internal auditor's report for the fourth quarter of 2021 (include reviewing regulatory developments).</li> <li>2. Reviewing report on self- assessment results for the year 2021.</li> <li>3. Reviewing the fraud audit report for the second half of 2021.</li> </ul>    | There are no comments at this meeting.                                                   |

b. Project meeting between Chief Audit Officer and Chairman of Audit Committee

| Date/Quarter                                                 | Communication matters                                                                                                                                                                                                                                                                                                                        | Results                                                                                  |
|--------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|
| Jan. 28, 2021<br>the first quarter of 2021<br>(the 1st time) | 1.The structure of monthly issues reported to Chairman.<br>2.The management of ethic hotline feedback pipelines.<br>3.The project progress of "LITEON Audit digitization and smartization" proposed by Deloitte.<br>4.The diversion plan of COVID-19 epidemic for the internal auditors.<br>5.Power CZ HR case closed                        | The internal auditors had followed the instructions and reported to the Audit Committee. |
| Mar. 26, 2021<br>the first quarter of 2021<br>(the 2nd Time) | 1.The project progress of "LITEON Audit digitization and smartization" proposed by Deloitte.<br>2.The internal auditors should strengthen and hire more professional computer auditing manpower.<br>3.The issue related to HIS purchase discount case.                                                                                       | The internal auditors had followed the instructions and reported to the Audit Committee. |
| Sep. 23, 2021<br>the third quarter of 2021                   | 1.The audit finding issue of MES SBU- Case.<br>2.The project of "LITEON Audit digitization and smartization" proposed by Deloitte.<br>3.Effective design and execution of purchase rebate control point.                                                                                                                                     | The internal auditors had followed the instructions and reported to the Audit Committee. |
| Dec. 02, 2021<br>the fourth quarter of 2021                  | 1.Blacklisting the spams in the ethic hotline feedback mailbox.<br>2.Including "Risk Management Policies And Procedures" in the December work plan, and evaluating whether the operations are implemented.<br>3.The project progress of "LITEON Audit digitization and smartization" proposed by Deloitte.<br>4.Power CZ HR litigation case. | The internal auditors had followed the instructions and reported to the Audit Committee. |

c. Audit reports and follow-up reports review

| Period              | Communication matters                                                                                                                  | Results                                                                                                                                                           |
|---------------------|----------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Jan.01~Dec.31, 2021 | During Jan 1 to Dec,31, 2021, the internal auditors have sent the audit reports and follow-up reports to the Audit Committee 56 times. | The Chairman of the Audit Committee has commented on each audit report. The internal auditors have followed the instructions and reported to the Audit Committee. |
| Jan.01~Feb.28, 2022 | During Jan 1 to Feb.28, 2022, the internal auditors have sent the audit reports and follow-up reports to the Audit Committee 19 times. | The Chairman of the Audit Committee has commented on each audit report. The internal auditors have followed the instructions and reported to the Audit Committee. |

3. The communication channel between the independent directors and the certified public accountants functioned well. The communication between independent directors and the certified public accountants are listed in the table below.

The Audit Committee consists entirely of independent directors. The certified public accountants reported to the Audit Committee on the major matters and financial results of their quarterly reviews/annual audits, and also the communication of the updated regulations relating to the company's operation and finance. The certified public accountants will initiate direct communication with the committee when deemed necessary, and currently, communication is good between the parties.

| Meeting Dates | Communication matters                                                                                                                                                                                                                                                                                                                                                                                                                  | Results                                                                                                                                                                                                           |
|---------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Feb. 25, 2021 | The certified public accountants reported to the Audit Committee on the results and the major matters of consolidated and standalone financial reports of 2020.                                                                                                                                                                                                                                                                        | Consolidated and standalone financial reports of 2020 were reported to the Board of Directors after being approved by the Audit Committee, and was publicly announced and reported to the authority as scheduled. |
| Apr. 29, 2021 | 1. The certified public accountants reported to the Audit Committee on the results and major review matters of 2021 Q1 consolidated financial report.<br>2. The certified public accountants introduced the newly amended law.                                                                                                                                                                                                         | Consolidated financial reports of 2021Q1 was reported to the Board of Directors after being approved by the Audit Committee, and was publicly announced and reported to the authority as scheduled.               |
| Jul. 29, 2021 | 1. The certified public accountants reported to the Audit Committee on the results and major review matters of 2021 Q2 consolidated financial report.<br>2. The certified public accountants introduced the newly amended law.                                                                                                                                                                                                         | Consolidated financial reports of 2021Q2 was reported to the Board of Directors after being approved by the Audit Committee, and was publicly announced and reported to the authority as scheduled.               |
| Oct. 28, 2021 | 1. The certified public accountants reported to the Audit Committee on the results and major review matters of 2021 Q3 consolidated financial report.<br>2. The certified public accountants reported to the Audit Committee on the planning key audit matters of 2021 Q4 and auditing planning of each period of 2022.<br>3. The certified public accountants reported to the Audit Committee on the execution of audit fee for 2021. | Consolidated financial reports of 2021Q3 was reported to the Board of Directors after being approved by the Audit Committee, and was publicly announced and reported to the authority as scheduled.               |
| Feb. 24, 2022 | The certified public accountants reported to the Audit Committee on the results and the major matters of consolidated and standalone financial reports of 2021.                                                                                                                                                                                                                                                                        | Consolidated and standalone financial reports of 2021 were reported to the Board of Directors after being approved by the Audit Committee, and was publicly announced and reported to the authority as scheduled. |

### 3.4.2.3 Attendance of Supervisors at Board Meetings:

The Company has established the Audit Committee on June 21 2007 to perform the functions of the supervisors as required by law.

### 3.4.3 Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies”

| Assessment Item                                                                                                                                                                                   | Implementation Status |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Non-implementation and Its Reason(s)            |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|
|                                                                                                                                                                                                   | Yes                   | No | Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                 |
| 1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies”?             | V                     |    | The company has established the LITE-ON Technology Corporation Corporate Governance Best Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies. The Company's Best Practice Principles have been passed and implemented by resolution of a board of directors meeting, and disclosed and made the principles available for download on the company website. In addition to compliance with the laws and regulations, the company's corporate governance practices are built within an effective corporate governance framework to protect the shareholders' rights, strengthen the board's functions, ensure respect for stakeholders' rights, and increase transparency.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | In compliance with the Best Practice Principles |
| 2. Shareholding Structure & Shareholders' Rights                                                                                                                                                  |                       |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | In compliance with the Best Practice Principles |
| (1) Does Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, has these procedures been implemented accordingly? | V                     |    | (1) The company has set up internal operation procedures and appointed a spokesperson, a deputy spokesperson, and representatives of legal department to handle shareholders' suggestions, concerns, disputes and litigation matters. The procedures have been implemented accordingly.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                 |
| (2) Does Company possess a list of major shareholders and beneficial owners of these major shareholders?                                                                                          | V                     |    | (2) The company is able to track shareholding by principal shareholders who hold 10% or more of the company's shares. The company also files the information with the authority as required.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                 |
| (3) Has the Company built and executed a risk management system and “firewall” between the Company and its affiliates?                                                                            | V                     |    | (3) The company has established the Subsidiary Management Guidelines and the Operating Procedures for Management, Business, and Financial Interactions between Affiliates to keep risks between the company and its affiliates under adequate control and create a sufficient firewall.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                 |
| (4) Has the Company established internal rules prohibiting insider trading on undisclosed information?                                                                                            | V                     |    | (4)A. The company has implemented “the Material Insider Information Procedures” (including major data processing, transmission, confidentiality, preservation, disclosure mechanisms and insider transaction prevention, laws and regulations, etc.), expressly stipulating that directors, managers and employees must not disclose Known internal material information to others, not to inquire or collect from companies who have knowledge of the company's internal material information. Company's undisclosed internal material information that is not related to his or her position, and to know the company's undisclosed internal material information for non-execution of business It must not be disclosed to others.<br><br>B. The Company arranges for its directors to take 6 hours of continuing education each year; it also educates current directors on laws and regulations related to prevention of insider trading at least once per year. The “Material Insider Information Procedures” is listed as an annual compulsory education and training for all colleagues (including new recruits). It is aimed at the major violations of the company's internal major information (such as insider trading), the huge impact that the behavior may have on the company, and the law Disciplinary regulations and other propaganda were conducted to guide colleagues to review the attitudes and legal procedures that should be followed when handling important information within the company. Course briefings and video files are placed in the internal staff system throughout the year, providing a variety of learning channels for all colleagues. |                                                 |



| Assessment Item                                                                                                                                                                                                                                                                                                                   | Implementation Status |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Non-implementation and Its Reason(s)            |
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|                                                                                                                                                                                                                                                                                                                                   | Yes                   | No | Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                 |
| 3. Composition and Responsibilities of the Board of Directors                                                                                                                                                                                                                                                                     |                       |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                 |
| (1) Has Board of Directors established a diversification policy and a specific management goal, and has it been implemented accordingly?                                                                                                                                                                                          | V                     |    | (1) The company has stated explicitly its board diversity policy in the Corporate Governance Best Practice Principles. The company considers the industry and professional background and the field of work and experience of individuals and selects candidates with the knowledge, skills, and disposition necessary to perform the duties to be its directors. The company's business operations and its overall development can derive benefits from the approach. And implement the specific management objectives of directors concurrently serving as company officers not exceed one-third of the total number of the board members.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | In compliance with the Best Practice Principles |
| (2) Does the company voluntarily establish other functional committees in addition to the Compensation Committee and the Audit Committee?                                                                                                                                                                                         | V                     |    | (2) In addition to establishing the Audit Committee(Set in 2007) and the Compensation Committee(Set in 2008) as required by law, the company has created below functional committees.<br><br>A. The Growth Strategy committee(Set in 2010) is authorized by board of directors to direct and review the company and the Group's overall growth strategies and to preview the important investment projects.<br><br>B. To be in accordance with the international trend of sustainable governance, LITEON had passed the proposal to set up the Corporate Sustainability Committee (Set in 2019) that directly report to the Board. The committee is responsible for scheming up sustainable development policy, extended determination and supervision. Nine subcommittees are comprised in the committee and in charge of the promotion and practice of the work in RBA, social involvement, sustainable supply chain management, environmental sustainability, green design, public relations, risk management, ethical operation and information security aspect according to the authority.<br><br>C. Nomination Committee(Set in 2021) enables a stronger director election mechanism, and builds a board with better professionally trained members from various backgrounds. The committee is responsible for setting the criteria for qualified directors and executive officers. These criteria provide the basis for searching and nominating candidates, establishing and developing the organizational structure for the board and its committees, and devising and regularly reviewing continuing training plans for directors and director and executive officer succession plans. |                                                 |
| (3) Has the Company established methodology for evaluating the performance of its Board of Directors, on an annual basis and submit the results of performance assessments to the board of directors and use them as reference in determining compensation for individual directors, their nomination and additional office term? | V                     |    | (3) The company has implemented the Rules for Evaluating Board of Directors and Functional Committee Performance, and has been performing board performance evaluation every year. The methods of evaluation include the internal evaluation of the board, self-evaluation by individual board members, and internal evaluation of the functional committee. External professional institutions or teams of experts and scholars are hired to perform evaluation every three years. The Company commissioned an external professional institution, the Taiwan Corporate Governance Association, to implement the 2021 board performance evaluation. The Company reported the evaluation results in the next board meeting, which will be held in the first quarter Nomination Committee (Feb.23, 2022), Compensation Committee (Feb.23, 2022) and Board (Feb.24, 2022) meetings, the result will be as a reference for strengthening of the board's functions.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                 |

| Assessment Item                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Implementation Status |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Non-implementation and Its Reason(s)            |
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| (4) Does the Company regularly evaluate its external auditors' independence?                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | V                     |    | <p>(4) The Audit Committee evaluates the independence and competency of the company's certified public accountants and require the certified public accountants provide "declarations of impartiality and independence" every year. The company has confirmed that apart from the certification and finance and tax related handling charges between the CPA and the company, there exist no financial interest or business relationship between any of the CPA and the company, and none of the CPA's family members is in violation of the independence requirement. The recent year's evaluation result of the CPA's independence was approved by the board of directors on October 28, 2021.</p> <p>The criteria for CPA independence review are detailed in Note.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                 |
| 4. Does the TWSE/TPEx listed company have in place an adequate number of qualified corporate governance officers and appoint a corporate governance supervisor to be responsible for corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with the laws, organizing board meetings and annual general meetings as required by law, and compiling minutes of board meetings and annual general meetings)? | V                     |    | <p>Through a company resolution passed by the board of directors meeting on February 26, 2019, the company appoints Jean Hong, vice president of the Finance Department and Board Secretariat, as the corporate governance officer responsible for protecting the shareholders' rights and making the board function more effectively. Ms. Jean Hong has a minimum of ten-year experience in conducting financial operations and business meetings in a management capacity in listed companies.</p> <p>The main duties are the following:</p> <ol style="list-style-type: none"> <li>1. Formulating company policies and an appropriate organizational structure to facilitate independence of the board of directors, transparency of the company, and effective implementation of compliance, internal audit and internal control.</li> <li>2. Reporting to the board of directors, directors, and the functional committees on the status of corporate governance practices in the company, and checking if shareholders meetings and board meetings are called in compliance with the applicable regulations and corporate governance principles.</li> <li>3. Inviting suggestions from directors prior to a board meeting to facilitate preparation of the meeting agenda; and giving a minimum of 7-day notice to all directors to attend a meeting and providing sufficient materials for the directors to familiarize themselves with the items. Giving prior notice to the individuals involved in the presence of items that involve stakeholder interest and require recusal.</li> <li>4. Registering the date of shareholders meeting and preparing and filing with the authority the shareholders meeting notice, agenda, and minutes by the statutory deadline every year; and completing the procedures after an amendment of the Articles of Incorporation or an election of directors.</li> <li>5. Inspecting the disclosure of material information passed by the board of directors after a board meeting or shareholders meeting in order to ensure the legality and accuracy of said material information and protect parity of investor information.</li> <li>6. Keeping board members informed of latest changes and developments in laws and regulations relevant to the company's field and regarding corporate governance.</li> <li>7. Create yearly study plans or enroll in courses based on the characteristics of the company's business activities and the education and experience of respective directors.</li> <li>8. Providing the directors with necessary company information; and maintaining an open communication channel between the directors and the department leaders.</li> <li>9. Providing assistance to arrange communication between the independent directors and the Chief Audit Officer and the certified public accountants to facilitate understanding of the company's financial operations.</li> </ol> | In compliance with the Best Practice Principles |

| Assessment Item | Implementation Status |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Non-implementation and Its Reason(s) |
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|                 | Yes                   | No | Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                      |
|                 |                       |    | <p>10. Other duties pursuant to the Articles of Incorporation or other contracts.</p> <p>2021 Corporate Governance Operating Status:</p> <ol style="list-style-type: none"> <li>1. Reporting to the board of directors, directors, and the functional committees on the status of corporate governance practices and making sure that shareholders and board meetings are called in compliance with the applicable regulations and corporate governance principles.</li> <li>2. Established the annual work plan and meeting agenda for the board of directors and functional committees, and prepared legislative proceedings. Inviting suggestions from directors prior to a board meeting to facilitate preparation of the meeting agenda; and giving 7-day notice to all directors to attend a meeting by e-mail and providing sufficient materials for the directors to familiarize themselves with the items. Gave prior notice to the individuals involved where there were items involving stakeholder interest and requiring recusal. Held 8 board meetings, 8 Audit Committee meetings, 3 Compensation Committee meetings, 4 Nomination Committee meetings, 3 Growth Strategy Committee meetings, and 2 Corporate Sustainability Committee meetings in 2021. The details of the above meetings are on the Company's website.</li> <li>3. Inspecting the disclosure of material information passed by the board of directors after a board meeting or shareholders meeting in order to ensure the legality and accuracy of said material information and protect parity of investor information.</li> <li>4. Keeping board members informed of latest changes and developments in laws and regulations relevant to the company's field and regarding corporate governance.</li> <li>5. Providing the directors with necessary company information; and assist directors and department heads to interact and communicate smoothly.</li> <li>6. Registered shareholder meeting date within the legally ordered period (2021 shareholder meeting was held on May 31, which was postponed to August 26 due to the epidemic), and the shareholders' meeting shall be completed within the time limit specified by the competent authority.</li> <li>7. Arranged 6 hours of educational training for the directors on "On the Blueprint of Corporate Governance 3.0 and Directors' Responsibilities" and "Practical operation of employee incentive tools for listed companies".</li> <li>8. Arranged communication between independent directors and internal auditors/Certified Public Accountants during Audit Committee meetings. Summaries can be found on the Company's website.</li> <li>9. On October 28, 2021, report the company's annual risk management operation and plan to the audit committee, and the audit committee will report to the board of directors, and arrange to report on the implementation of the integrity business to ensure the implementation of the Ethical Management Policy.</li> <li>10. Appoint the Taiwan Corporate Governance Association (TCGA) to complete the external board performance evaluation in December 2021, and the board will report the evaluation results in the first quarter of 2022.</li> </ol> |                                      |

| Assessment Item                                                                                                                                                                                                                                                                                                       | Implementation Status |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Non-implementation and Its Reason(s)            |
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| 5. Has the Company established a means of communicating with its Stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a Stakeholders Section on its Company website? Does the Company respond to stakeholders' questions on corporate social responsibilities? | V                     |    | <p>The company places great emphasis on maintaining balanced relationship and open communication with stakeholders, including shareholders, employees, customers, and suppliers.</p> <p>1. Shareholders: In addition to annual general meetings, the company discloses relevant information in the "Investors and Shareholders" section of the company website. Furthermore, shareholders can share their comments via email: LITEONTech.IR@liteon.com, where a dedicate contact window will response to these requests.</p> <p>2. Employees:</p> <p>(1) In terms of organization, an employee relations unit and HR representatives have been assigned the responsibility of improving employer-employee communication and interaction to make the communication mechanism be improved and perfected.</p> <p>(2) In terms of execution, in addition to regular communication meetings held by the chairman and general manager of all employees, each unit will also hold two-way communication seminars between senior managers and colleagues to encourage employee loyalty and identification with the company. An internal e-Bulletin, website and an employee hotline are in place to as means of open communication by delivering information on the company and related events while gathering feedback from employees to maintain smooth communication between the company and employees.</p> <p>3. Customers: In addition to day-to-day communication channels and regular meetings, the company utilizes the RBA-Online platform to disclose RBA self-assessment results from the factories to customers.</p> <p>4. Suppliers: In addition to day-to-day communication channels and regular meetings, the company hosts annual supplier conventions to convey the company's business performance and goals.</p> <p>5. Furthermore, the company organizes employees and suppliers' training on topics such as corporate social responsibility, the RBA code, and greenhouse gas emission as needed.</p> <p>The company has created the LITEON CSR and Investors section on the company website to provide information for stakeholders. It also offers an email address, Corporate Sustainability Committee &amp; ESG Office: <a href="mailto:liteontech.csr@liteon.com">liteontech.csr@liteon.com</a>, for comments.</p> <p>In 2021, the company has continued to use diversified communication channels to improve results and stimulate different social values with nine types of stakeholders. The identification of material topics at LITEON is conducted every three years The results of this survey were analyzed and reported to the Corporate Sustainability Committee directly under the Board of Directors.</p> | In compliance with the Best Practice Principles |
| 6. Has the Company appointed a professional registrar for its Shareholders' Meetings?                                                                                                                                                                                                                                 | V                     |    | The company has appointed Yuanta Securities Co., Ltd. as registrar for our Shareholders' Meetings.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | In compliance with the Best Practice Principles |

| Assessment Item                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Implementation Status |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Non-implementation and Its Reason(s)            |
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| 7. Information Disclosure                                                                                                                                                                                                                                                                                                                                                                                                                                              |                       |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                 |
| (1) Has the Company established a corporate website to disclose information regarding its financials, business and corporate governance status?                                                                                                                                                                                                                                                                                                                        | V                     |    | (1) The company has made full disclosure of product information, financial data, Sustainability reports, human resources and the company's latest news both in Chinese and English on the company website which are available for shareholders and stakeholders.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | In compliance with the Best Practice Principles |
| (2) Does the Company use other information disclosure channels (e.g. maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?                                                                                                                                                                                                                      | V                     |    | (2) The company has PR, finance and IR contacts in charge of gathering and disclosing information related to shareholders, legislations, investments, and markets. Meanwhile, the company has installed a spokesperson system to which it adheres. Presentations and videos from analyst meetings are also available on the website as reference for shareholders and stakeholders.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                 |
| (3) Does the company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating statements for each month before the specified deadline?                                                                                                                                                                          | V                     |    | (3) The Company published and reported the annual consolidated and standalone financial report within two months after the end of a fiscal year. And the Company published and reported the financial reports for the first, second and third quarters as well as the operating statements for each month before the specified deadline.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                 |
| 8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)? | V                     |    | <p>1. The company shares its profits with employees and provide benefits to encourage a balanced life. Employees are considered the company's most important partners. The company works to create a working environment that belongs to the "LITEON" corporate culture for employees. A portion of the profit is allocated to be shared with the employees every year. The company takes an active approach to supporting healthy activities and employee care programs. The aim is to create a work-life balance in the workplace and develop team spirit so that employees are able to create more value at work and at home.</p> <p>2. The company upholds the principle of equal opportunity. The recruitment process is open to all and does not discriminate against race, gender, age, religion, nationality, or political stance. Employees are assigned to positions according to their skills. Diversity is valued in the workplace. LITEON prohibits strictly any form of discrimination, inequality, or sexual harassment in the workplace. There are guidelines and complaint hotlines in place to maintain a friendly, healthy work environment.</p> <p>3. The company respects all customers and suppliers and treat them with fairness, respect, and dignity. The company also helps raise awareness of ethics and code of conduct among its employees/suppliers/customers.</p> <p>4. All of the company's directors and independent directors have expert knowledge and practical experience in the industry. The company organizes seminars and provides information on relevant regulations as needed. Some directors take the initiative to complete corporate governance courses, and ask the company to report their training online. Records of training completed by the directors are shown in Director Education and Training of the annual report (P.75).</p> <p>5. Directors and independent directors attend board meetings and give opinions on governance oversight and business decisions to achieve professional governance. The company has completed online filing of details and attendance for meetings of the board and the Audit Committee.</p> <p>6. Board meetings are conducted in compliance with the Company Act and related regulations regarding conflict of interest and recusal. Recusals of Directors due to conflicts of interests can refer to the annual report p.32.</p> | In compliance with the Best Practice Principles |

| Assessment Item                                                                                                                                                                                                                                                                                                                                                                                                                                              | Implementation Status |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Non-implementation and Its Reason(s) |
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|                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                       |    | <p>7. The company has purchased liability insurance for the company's directors, independent directors, and key persons.</p> <p>8. The company's risk management policy is to define each risk in accordance with the company's overall operating policy, establish a risk management mechanism to identify early, measure accurately, monitor effectively and control strictly, to prevent possible losses within the range of affordable risks. Based on changes in the internal and external environment, the Company will continue to adjust and improve the best risk management practices to protect the interests of employees, shareholders, partners and customers, increase the value of the company, and achieve the principle of optimizing the allocation of company resources.</p> <p>Furthermore, the annual risk management plan and operation were presented to the Corporate Sustainability Committee and the Audit Committee in 2021. The Audit Committee in turn presented the results to the board of directors.</p> |                                      |
| <p>9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures.</p> <p>The company has started taking actions and implementing measures according to the internal best-practice principles in response to the results of the Corporate Governance Evaluation.</p> |                       |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                      |

Note : Items for assessment of the CPA's independence are shown below.

| Evaluation Items                                                                                                                                                                                       | Evaluation Result | Compliant with Independence? |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|------------------------------|
| 1.Does the CPA have a direct or significant/ indirect relations with the Company in financial interests?                                                                                               | No                | Yes                          |
| 2.Does the CPA have financing or guarantee with the Company or its directors?                                                                                                                          | No                | Yes                          |
| 3.Does the CPA or members of the audit team hold the posts in the Company, such as the director, supervisor and officer or occupied a key position with significant influence on the auditing process? | No                | Yes                          |
| 4.Does the CPA offer non-audit service which could impact the auditing process for the Company?                                                                                                        | No                | Yes                          |
| 5.Does the CPA act as a broker for the shares or other securities issued by the Company?                                                                                                               | No                | Yes                          |
| 6.Does the CPA act as the Company's defense attorney or represent the Company to negotiate with any third party over any dispute?                                                                      | No                | Yes                          |
| 7.Does the CPA have kinship with the Company's director, supervisors, or officers or any post with significantly on the auditing work?                                                                 | No                | Yes                          |

### 3.4.4 Functional Committees

Audit committee can be found in Chapter 3. Corporate Government Report under 3.4.2 The Operation of the Audit Committee.

#### 3.4.4.1 Compensation Committee

The Compensation Committee was established in 2009 to strengthen corporate governance and align the company with international practices. The Compensation Committee deliberates the company's compensation policies. It was the first Compensation Committee in Taiwan to be granted powers second only to those of the board of directors among publicly-listed companies at that time, something which soon became the norm for all local companies.

Duties of the Compensation Committee extend beyond employees' incentives and bonuses, to cover performance appraisals and remuneration of directors and executive managers as well. It is regulated by the Remuneration Committee and LITEON's "Regulation of Performance appraisal for Board of Directors and Functional Committee", and regularly invites third-party professional consulting companies to conduct remuneration reviews, understand the level and trends of market competitiveness, formulate salary policies, and employee incentives and compensation plans. LITEON's Compensation Committee consists of five members; all of whom are chosen from independent directors to ensure objectivity, professionalism and fairness of the committee, while avoiding any conflicts of interest those members may have with the company.

The Compensation Committee reviews the company's remuneration policies and plans for a regular basis to ensure that they sufficient to attract, motivate and retain talent. The committee reviews the performance and remuneration of directors, and managers, and evaluates employee bonuses on a yearly basis. To ensure that its compensation packages are reasonable and competitive as a whole, the company regularly invites professional consultants to conduct overall comparison and analysis of the company's compensation packages and market rates. The results are duly submitted to the Compensation Committee.

Remuneration of directors, LITEON's highest level of the governing body, is distributed according to the duties and the independence of the directors and the duties associated with serving concurrently as the committee chairman. The members of this committee shall not participate in the discussion and voting on their own individual remuneration decisions. Furthermore, the total amount paid to the directors is linked to business performance by a percentage, and there is a limit on the amount of money. The amount will be reviewed by the Compensation Committee, and may not be implemented without the board's approval.

According to LITEON's "Compensation Committee Organizational Rules", the Compensation Committee convenes at least twice every year. A total of three Compensation Committee meetings were held in 2021.

#### 3.4.4.1.1 Compensation Committee Members' Professional Qualifications and Independent Analysis

| Identity                           | Qualification<br>Name | Relevant working years                                                                                          | Working experience and professional designations                                                                                                                                                                                                                                                                                                             | Eligibility of independent status | Number of Other Public Companies in Which the Individual is Concurrently Serving as an Compensation Committee Member |
|------------------------------------|-----------------------|-----------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|----------------------------------------------------------------------------------------------------------------------|
| Independent Director (Chairperson) | Harvey Chang          | All have more than 20 years of work experience in business, legal, financial, accounting or corporate business. | (1) Professional qualifications, experience and independence, please refer to pages 14-23 of the director's information<br>(2) Each member complies with Article 3 of the "Measures for the Establishment of Independent Directors of Public Offering Companies and Matters to be Followed" two years before their election and during their term of office. |                                   | 0                                                                                                                    |
| Independent Director               | Edward Yang           |                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                              |                                   | 0                                                                                                                    |
| Independent Director               | Albert Hsueh          |                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                              |                                   | 4                                                                                                                    |
| Independent Director               | Mike Yang             |                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                              |                                   | 0                                                                                                                    |
| Independent Director               | MK Lu                 |                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                              |                                   | 0                                                                                                                    |

Note1 : For the relevant working years, professional qualifications and experience and independence of each member, please refer to page 14-23 of the relevant content of the director's information.

Note2 : Independent Director Albert Hsueh is member of compensation committee of Yuanta Financial Holdings Co., Ltd., Yuanta Commercial Bank Co., Ltd., Walsin Lihwa Corp., and TTY Biopharm Co., Ltd.



### 3.4.4.1.2 Compensation Committee Meeting Status

- (1) The Compensation Committee consists of five members.  
(2) Tenure of the Compensation Committee: June 21, 2019 to June 20, 2022. The committee convened three times in 2021. (A)

| Title       | Name         | Attendance in person (B) | By proxy | Attendance ratio (%) (B / A) | Remarks                                                                                      |
|-------------|--------------|--------------------------|----------|------------------------------|----------------------------------------------------------------------------------------------|
| Chairperson | Harvey Chang | 3                        | 0        | 100%                         | None                                                                                         |
| Member      | Edward Yang  | 3                        | 0        | 100%                         |                                                                                              |
|             | Albert Hsueh | 3                        | 0        | 100%                         |                                                                                              |
|             | Mike Yang    | 3                        | 0        | 100%                         |                                                                                              |
|             | MK Lu        | -                        | -        | -                            | New appointment on September 6, 2021, no meeting was held during the new appointment in 2021 |

Annotations:

1. There was no recommendation of the Compensation Committee which was not adopted or was modified by the Board of Directors in 2021.
2. There were no written or otherwise recorded resolutions on which a member of the Compensation Committee had a dissenting opinion or qualified opinion.

### 3.4.4.1.3 2021 Main Points of Discussion by the Compensation Committee up to February 28, 2022

| Date of the meeting                          | Main Points of Discussion                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Resolution                 | Company reaction base on the opinion of Compensation Committee                       |
|----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|--------------------------------------------------------------------------------------|
| 10th meeting of 6th committee<br>Feb.23.2021 | 1.Revise the rules of remuneration for directors and employees' compensation followed by the discussion and decision making by Compensation Committee.<br>2.Reported 2021 proposal regarding distribution of 2020 remuneration for directors and employees' compensation followed by the discussion and decision making by Compensation Committee.<br>3.Revise the rules of remuneration for directors followed by the discussion and decision making by Compensation Committee. | Passed by a unanimous vote | Presented by the chairperson of the Compensation Committee to the board of directors |
| 11th meeting of 6th committee<br>Mar.12.2021 | 1.Reported 2021 proposal regarding distribution of 2020 remuneration for Chairman and Management Team followed by the discussion and decision making by Compensation Committee.<br>2.Reported 2021 proposal regarding distribution of 2020 remuneration for directors followed by the discussion and decision making by Compensation Committee.                                                                                                                                  | Passed by a unanimous vote | Presented by the chairperson of the Compensation Committee to the board of directors |
| 12th meeting of 6th committee<br>Jun.22.2021 | Reported Employee Stock Ownership Trust followed by the discussion and decision making by Compensation Committee.                                                                                                                                                                                                                                                                                                                                                                | Passed by a unanimous vote | Presented by the chairperson of the Compensation Committee to the board of directors |
| 13th meeting of 6th committee<br>Feb.23.2022 | 1.Reported 2022 Annual Board and Functional Committee Performance External Evaluation Report<br>2.Reported on the resolution and implementation of the previous remuneration committee meeting<br>3.Reported 2022 proposal regarding distribution of 2021 remuneration for directors and employees' compensation followed by the discussion and decision making by Compensation Committee.                                                                                       | Passed by a unanimous vote | Presented by the chairperson of the Compensation Committee to the board of directors |

### 3.4.4.2 Nomination Committee

In the interest of board diversity, LITEON strengthens the board of directors and the roles of directors by creating a Nomination Committee. The committee enables a stronger director election mechanism, and builds a board with better professionally trained members from various backgrounds. The committee is responsible for setting the criteria for qualified directors and executive officers. These criteria provide the basis for searching and nominating candidates, establishing and developing the organizational structure for the board and its committees, and devising and regularly reviewing continuing training plans for directors and director and executive officer succession plans.

The Committee shall call the committee meeting at least twice a year. A total of four Nomination Committee meetings were held in 2021.

#### 1. Information on the operation of the Nomination Committee

(1) 6 members of the Nomination Committee (including 5 independent directors).

(2) Tenure of the Nomination Committee: Feb 25, 2021 to June 20, 2022. The committee convened 6 meetings (A) in the recent period of time (from January 1st, 2021 to February 28th, 2022) with the attendance of the members specified as below:

| Title       | Name         | Professional qualifications and experience                                                                                                                                                  | Attendance in person (B) | By proxy | Attendance ratio (%) (B / A) | Remarks                                                  |
|-------------|--------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|----------|------------------------------|----------------------------------------------------------|
| Chairperson | Mike Yang    | More than 25 years of experience in IT and business management, specializing in simplifying cloud management and deployment, and leading the global layout of 5G and AI                     | 6                        | 0        | 100                          | Independent Director                                     |
| Member      | Tom Soong    | Worked for years as one of the company's key operations officers before becoming the chairman; extensively experienced in talent selection and corporate management                         | 6                        | 0        | 100                          |                                                          |
|             | Harvey Chang | Specialized in finance and corporate management with plenty of experience in salary and performance management, corporate development and related investments                               | 6                        | 0        | 100                          | Independent Director                                     |
|             | Albert Hsueh | Trained in financial accounting and corporate governance with extensive experience in corporate governance and management as well as skills in financial statement analysis and application | 6                        | 0        | 100                          | Independent Director                                     |
|             | Edward Yang  | Skilled in forward-looking analysis and opinions on the industry based on extensive industry experience and strategic planning skills                                                       | 6                        | 0        | 100                          | Independent Director                                     |
|             | MK Lu        | Headed more than a dozen of mergers and succeeded in turning around many companies. His success in corporate management has earned him the nickname "the Merger King".                      | 3                        | 0        | 100                          | Independent Director<br>August 26, 2021<br>Newly elected |

## 2. Main Points of Discussion by the Nomination Committee up to February 28, 2022

| Date                                                                | Main Points of Discussion                                                                                                                                                                                   | Resolutions                                                                                                                                                                                                                                                                                                                                                                                                  | Summary of LITEON's opinions on the Nomination Committee                                         |
|---------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|
| In the 1st session of the 1st Nomination Committee on Feb. 25, 2021 | The convener and chair for the first Nomination Committee were nominated.                                                                                                                                   | Nominations were passed unanimously. Independent Director Mike Yang was elected the convener and chair of the first Nomination Committee.                                                                                                                                                                                                                                                                    | The results were reported by the chairman of the Nomination Committee to the board of directors. |
| In the 2nd session of the 1st Nomination Committee on Mar.12, 2021  | Nomination of independent director candidates to the 11th board of directors                                                                                                                                | The nomination of MK Lu as an independent director candidate passed unanimously, and was submitted to the board of directors for approval.                                                                                                                                                                                                                                                                   | The results were reported by the chairman of the Nomination Committee to the board of directors. |
| In the 3rd session of the 1st Nomination Committee on Apr.16, 2021  | Presentation of the draft annual work plan for the Nomination Committee                                                                                                                                     | The annual work plan passed unanimously.                                                                                                                                                                                                                                                                                                                                                                     | The results were reported by the chairman of the Nomination Committee to the board of directors. |
| In the 4th session of the 1st Nomination Committee on Oct.22, 2021  | The training program for executive managers                                                                                                                                                                 | The program passed unanimously. Attending members of the committee also made suggestions for the management team.                                                                                                                                                                                                                                                                                            | The results were reported by the chairman of the Nomination Committee to the board of directors. |
| In the 5th session of the 1st Nomination Committee on Jan.03, 2022  | Review of new executive manager appointments                                                                                                                                                                | The review of the recommended appointment of Patricia Chou as the new chief financial officer (head of finance and accounting) passed unanimously, and was submitted to the board of directors for approval.                                                                                                                                                                                                 | The results were reported by the chairman of the Nomination Committee to the board of directors. |
| In the 6th session of the 1st Nomination Committee on Feb.23, 2022  | 1. The 2022 continuing education plan for directors<br>2. Discussion on the number of directors (including independent directors) to be elected to the 12th board of directors and candidate qualifications | The proposal passed unanimously.<br>1. Topics of the two continuing education sessions for directors this year<br>2. Recommendation and proposal to the board of directors:<br>(1) The 12th board of directors is to consist of eight directors (including 4 independent directors).<br>(2) The company will actively look for more trained professionals, especially women, to join the board of directors. | The results were reported by the chairman of the Nomination Committee to the board of directors. |

### 3.4.4.3 Growth Strategy Committee

In order to enhance and accelerate the growth policies of LITE-ON Technology and LITE-ON Group, the Growth Strategy Committee was established in 2010. The Committee is authorized by Board of Directors to direct and review the Company's and the Group's overall growth strategies, and to preview the Company's and the Group's important investment projects. It reports its resolutions regularly to the board of directors.

The Committee shall call the committee meeting at least once every six months. A total of three Growth Strategy Committee meetings were held in 2021.

#### 1. Information on the operation of the Growth Strategy Committee

- (1) 8 members of the Growth Strategy Committee (including 5 independent directors).
- (2) Tenure of the Growth Strategy Committee: June 21, 2019 to June 20, 2022. The committee convened three times (A) in the recent period of time (from January 1st, 2021 to February 28th, 2022) with the attendance of the members specified as below:

| Title       | Name         | Attendance in person (B) | By proxy | Attendance ratio (%) (B / A) | Remarks                                                 |
|-------------|--------------|--------------------------|----------|------------------------------|---------------------------------------------------------|
| Chairperson | Edward Yang  | 3                        | 0        | 100                          | Independent Director                                    |
| Member      | Tom Soong    | 3                        | 0        | 100                          |                                                         |
|             | Warren Chen  | 3                        | 0        | 100                          |                                                         |
|             | Keh Shew Lu  | 3                        | 0        | 100                          |                                                         |
|             | Harvey Chang | 3                        | 0        | 100                          | Independent Director                                    |
|             | Albert Hsueh | 3                        | 0        | 100                          | Independent Director                                    |
|             | Mike Yang    | 3                        | 0        | 100                          | Independent Director                                    |
|             | MK Lu        | 2                        | 0        | 100                          | Independent Director<br>Newly appointed on Aug.26, 2021 |

#### 2. Main Points of Discussion by the Growth Strategy Committee up to February 28, 2022

| Date                                                                     | Main Points of Discussion                                                                                       | Resolutions                                                                                          | LITEON's response to Growth Strategy Committee's opinions                                             |
|--------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|
| In the 4th session of the 4th Growth Strategy Committee on Apr. 27, 2021 | Discuss the strategic layout of the company's automotive electronics business and give feedback or suggestions. | All committee members participated in the discussion, and put forward ideas for the management team. | The results were reported by the chairman of the Growth Strategy Committee to the board of directors. |
| In the 5th session of the 4th Growth Strategy Committee on Oct.26, 2021  | The company's project execution report.                                                                         | All committee members participated in the discussion, and put forward ideas for the management team. | The results were reported by the chairman of the Growth Strategy Committee to the board of directors. |
| In the 6th session of the 4th Growth Strategy Committee on Oct.27, 2021  | Discuss the five-year plan of the company's CES division and give feedback or suggestions.                      | All committee members participated in the discussion, and put forward ideas for the management team. | The results were reported by the chairman of the Growth Strategy Committee to the board of directors. |

### 3.4.4.4 Corporate Sustainability Committee

To fulfill the vision of LITE-ON Technology Corporation ("the Company") of being "the best partner in opto-electronics, energy conservation and smart technologies" and to support and strengthen the sustainability and corporate social responsibility related corporate governance mechanisms in the Company. In April 2019, LITEON approved the Corporate Sustainability Committee(CSC), which is managed by the Board, as the highest level of governing body for LITEON's sustainable development.

In response to changes in the environment and the concerns of stakeholders, LITEON has developed nine subcommittees based on the company's capacity and incorporated them into daily operations, to achieve a more focused and precise sustainable responsibility criterion. Therefore, LITEON's CSC is divided into nine sub-committees, including Risk Management, Information Security, Ethical Operation, RBA Code of Conduct Enforcement Management, Social Involvement, Sustainable Supply Chain Management, Sustainable Product Design, Environmental Sustainability, and Stakeholders Relations.

The Corporate Sustainability Committee consists of no less than three board members appointed by the board of directors, and more than half are independent directors. They are responsible for setting the annual goals of corporate social responsibility in economic, environmental, and social aspects and regularly supervising the implementation status, leading LITEON sustainable development to improve and achieve various short, medium, and long-term goals, and regularly report implementation plans and results to the board of directors every year. The Committee shall convene at least twice a year following LITEON's "Organizational Rules for the Corporate Sustainability Committee." The Committee held two meetings in 2021.

#### 1. Corporate Sustainability Committee meeting status

- (1) The Corporate Sustainability Committee consists of 6 members (including 5 independent directors). The independent directors of the company have industry professional backgrounds and practical experience. Among them, Albert Hsueh is an independent director specializing in corporate governance, and Edward Yang is an independent director specializing in the company's innovative product development; Mike Yang is an independent director who has an extensive background in IT and infosec.
- (2) Tenure of the Corporate Sustainability Committee : June 21, 2019 to June 20, 2022, there have were 2 meetings(A) held from January 1, 2021 to February 28th, 2022 and members' attendance status is as follows:

| Title                | Name         | Attend(sit in) in person<br>(B) | Attend by proxy | Attendance rate (%)<br>(B / A) | Remarks                          |
|----------------------|--------------|---------------------------------|-----------------|--------------------------------|----------------------------------|
| Chairperson          | Tom Soong    | 2                               | 0               | 100                            |                                  |
| Independent Director | Mike Yang    | 2                               | 0               | 100                            |                                  |
|                      | Harvey Chang | 2                               | 0               | 100                            |                                  |
|                      | Albert Hsueh | 2                               | 0               | 100                            |                                  |
|                      | Edward Yang  | 2                               | 0               | 100                            |                                  |
|                      | MK Lu        | 1                               | 0               | 100                            | Aug. 26, 2021<br>New Appointment |

#### 2. Summary of the Corporate Sustainability Committee meetings for the most recent year (2021 to 2022/2/28)

| Date                                             | Meeting Minutes                                                                                                                                                                                                                                                                                                         | Resolution                                 | Follow Up                                                                                                              |
|--------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|------------------------------------------------------------------------------------------------------------------------|
| 5th meeting of 2nd CS Committee<br>Mar. 12, 2021 | <ul style="list-style-type: none"> <li>Work progress of each working group in 2021</li> <li>Energy Savings in Manufacturing Process Pilot Program</li> <li>ISO 31000 Risk Management System (ERM) introduction planning</li> </ul>                                                                                      | No objection from all the members present. | The chairman of Corporate Sustainability Committee reports implementation plans and results to the board of directors. |
| 6th meeting of 2nd CS Committee<br>Oct. 22, 2021 | <ul style="list-style-type: none"> <li>2021 ESG Performance Report</li> <li>Risk Management Project report</li> <li>Report of the current situation of zero-carbon trend and customer carbon reduction requirements</li> <li>Adjustments for several subcommittees of the Corporate Sustainability Committee</li> </ul> | No objection from all the members present. | The chairman of Corporate Sustainability Committee reports implementation plans and results to the board of directors. |

### 3.4.5 The State of the Company's Promotion of Sustainable Development, Any Variance from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance

| Promotion Item                                                                                                                                                                                                                                                                                                                                                     | Implementation Status |    | Non-implementation and Its Reason(s)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                    | Yes                   | No |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 1. Has the Company established and promoted a sustainable development governance structure and set up a dedicated (or non-dedicated) unit for the promotion of sustainable development, and has the Board of Directors authorized the senior management to handle relevant issues and does the Board supervise the state of affairs with respect to the preceding? | V                     |    | In April 2019, LITEON passed a resolution to set up the Corporate Sustainability Committee (CSC) directly under the board, as the highest designated unit to guide the sustainable governance of the Company. The CSC is chaired by the Chairman, who leads the executive management to drive sustainable strategies, review the effectiveness of sustainable implementation and formulate improvement plans. The Committee meets at least twice a year, and is divided into nine sub-committees, responsible for planning and formulating sustainable strategies and operations covering environmental, social and governance (ESG), and submitting meeting resolutions to the board of directors in accordance with organizational regulations, to strengthen the relationship between corporate governance and sustainability.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 2. Does the company conduct risk assessments of environmental, social and corporate governance issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?                                                                                                             | V                     |    | LITEON set up a Corporate Sustainability Committee (CSC) under the Board, and Risk Management Subcommittee, a part of functional teams, under CSC. Since 2020, LITEON has formulated Risk Management Policy and Procedures, which have been reviewed, approved, and implemented by the Board of Directors. The scope of the Policy covers LITEON and its subsidiaries, with its content defines clear organizational functions with its' liabilities and various risks in accordance with LITEON's overall operation policy to establish risk identification in advance, risk assessment more precisely, risk monitor more effectively and risk control more strictly. In addition, to ensure that comprehensive risk issues can be included in the risk identification process, LITEON's Risk Management Subcommittee divides risks into eight major categories based on economic (including corporate governance), environmental, social, and other aspects, including market risk, operation risk, investment risk, legal and regulatory risk, environmental risk, working hazards risks, human resource risks, and other risks. The aim is to prevent possible losses and to continue to adjust with improvements of the best possible risk management practices, according to the changes in the internal and external environment, under certain tolerable risks, and to protect the interests of LITEON's employees, shareholders, partners, and clients and to create more value and achieve optimal resource allocation for the company. |



| Promotion Item                                                                                                                   | Implementation Status |    | Non-implementation and Its Reason(s)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|----------------------------------------------------------------------------------------------------------------------------------|-----------------------|----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                  | Yes                   | No |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 3. Environmental Issues<br>(1) Has the Company set an Environmental management system designed to industry characteristics?      | V                     |    | <p>(1)LITEON continues to strengthen the company's sustainable governance functions to create a more sustainable environment. LITEON has established the Corporate Sustainability Committee directly under the board of directors as the highest guidance for LITEON's sustainable governance operations, and set goals and implement it gradually, and organize an Environmental Sustainability Subcommittee under it, with the top manager of the manufacturing department serving as the convener to improve environmental management performance and environmental risk control, to enhance the company's production department's emphasis on the environment, respond to the United Nations Sustainable Development Goals (SDGs), and set goals and gradually promote implementation.</p> <p>LITEON adheres the sustainable strategic blueprint on the low-carbon product and sustainable green operation as the main environmental management. In terms of environment, LITEON has continuously promote the management of energy, water resource and waste by implementing ISO 14001, ISO 45001 and ISO 50001 to reinforce the managing ability on environmental, OH&amp;S and energy. The efforts respond to the expectations of stakeholders on environmental issues and enhance LITEON's resilience in sustainable issues.</p>                                                                                                                                                                                                                                                                  |
| (2) Is the Company committed to improving energy efficiency and to the use of renewable materials with low environmental impact? | V                     |    | <p>(2)LITEON improves energy efficiency and implements energy conservation and carbon reduction programs by setting energy and environmental targets, and reduces its carbon footprint and greenhouse gas emissions through the use of recycled materials and the use of raw materials in product research and development. LITEON continues to utilize energy creation, energy conservation, and energy conversion as mitigation strategies, increases LITEON's renewable energy utilization rate, implements and improves the energy management system, optimizes the process and promotes plant operation improvement strategies, and adjusts internal carbon prices, strengthens carbon reduction investment decisions to fulfill LITEON's SBT commitment.</p> <p>In terms of setting targets, LITEON set a target for power supply products to increase 2% by 2023 compared to 2016 to reduce the product impact to the environment. The design of the LED products has introduced the concept of bio-friendly, such as improving LED product design to reduce the negative impact of lighting on biological behavior and reduce the impact of products on the environment. LITEON not only aims to improve the energy efficiency and biodiversity conservation of products but also conducts detailed research on the materials used in the products, such as the application of PCR plastic to 3C power module products, keyboards, mice and chassis, and increases the proportion of products made of recycled materials. The relevant data was disclosed in the 2021 Sustainability Report.</p> |

| Promotion Item                                                                                                                                                                         | Implementation Status      |           | Non-imple-<br>mentation<br>and Its<br>Reason(s)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |              |                            |      |       |      |                               |        |       |        |        |                               |         |         |         |         |                                                                      |      |      |      |      |                               |   |           |            |              |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|-----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|----------------------------|------|-------|------|-------------------------------|--------|-------|--------|--------|-------------------------------|---------|---------|---------|---------|----------------------------------------------------------------------|------|------|------|------|-------------------------------|---|-----------|------------|--------------|
|                                                                                                                                                                                        | Yes                        | No        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |              |                            |      |       |      |                               |        |       |        |        |                               |         |         |         |         |                                                                      |      |      |      |      |                               |   |           |            |              |
| (3) Has the company evaluated the potential risk and opportunity induced by climate change and deploy possible solutions to face the problem?                                          | V                          |           | <p>(3)Regarding climate change as an important risk and opportunity, LITEON supports the Task Force on Climate-Related Financial Disclosures (TCFD) and follows its climate-related financial disclosure proposal framework in its Sustainability Report. LITEON discloses climate change information and the risks and opportunities it brings, plans the countermeasures needed to face climate change, responds to the "Commit to Action" initiative jointly launched by CDP and the We Mean Business Coalition, and participate in the "Taiwan Climate Partnership" to reduce year by year Greenhouse gas emissions from organizations and products. LITEON has created a climate change risk working group which is responsible for the entity and transition risks and opportunities arising from climate change, identifying climate-related risks and opportunities, assessing the possibility of occurrence and analyzing the degree of impact, and discussing appropriate countermeasures based on the analyzed risks and opportunities. Major climate risk issues after the main analysis mainly come from important stakeholders such as clients and investors, issues including corporate greenhouse gas reduction and compliance with product energy efficiency standards. For the opportunities brought by climate change, LITEON's diversified and sustainable green products and service orientations are on the right track.</p>                                                                                          |              |                            |      |       |      |                               |        |       |        |        |                               |         |         |         |         |                                                                      |      |      |      |      |                               |   |           |            |              |
| (4) Did the company collect the data of the past two years on GHG emission, water consumption and the weight of waste as well as set up related environmental impact reduction policy? | V                          |           | <p>(4)LITEON adopted ISO 14064 reasonable assurance and AA1000AS then entrusted the third-party verification agency to conduct audits on GHG emission, including scope 1 to 3, water consumption and waste generation for managing the environmental impact from the company operation and practicing responsible production. The related information is provided on LITEON Sustainability Report and the website. The greenhouse gas inventory targets include plants with more than 1% of the company's revenue (including 21 global plant sites and Neihu headquarters) to effectively manage and reduce the environmental impact of operational activities and implement responsible production.</p> <table><tr><th>Year</th><th>2014<br/>(Baseline<br/>year)</th><th>2019</th><th>2020*</th><th>2021</th></tr><tr><td>Scope 1(tonCO<sub>2</sub>e)</td><td>11,241</td><td>9,119</td><td>11,947</td><td>10,081</td></tr><tr><td>Scope 2(tonCO<sub>2</sub>e)</td><td>275,714</td><td>227,485</td><td>213,791</td><td>217,083</td></tr><tr><td>Emission Intensity<br/>(tonCO<sub>2</sub>e/ million NTD<br/>revenue)</td><td>2.04</td><td>1.57</td><td>1.61</td><td>1.53</td></tr><tr><td>Scope 3(tonCO<sub>2</sub>e)</td><td>-</td><td>6,494,781</td><td>12,604,594</td><td>13,332,353**</td></tr></table> <p>* In 2020, the scope of greenhouse gas inspection was expanded, the Vietnam plant was added, and the Kaohsiung plant was expanded.</p> <p>** The verified data will be disclosed in LITEON's 2021 Sustainability Report.</p> | Year         | 2014<br>(Baseline<br>year) | 2019 | 2020* | 2021 | Scope 1(tonCO <sub>2</sub> e) | 11,241 | 9,119 | 11,947 | 10,081 | Scope 2(tonCO <sub>2</sub> e) | 275,714 | 227,485 | 213,791 | 217,083 | Emission Intensity<br>(tonCO <sub>2</sub> e/ million NTD<br>revenue) | 2.04 | 1.57 | 1.61 | 1.53 | Scope 3(tonCO <sub>2</sub> e) | - | 6,494,781 | 12,604,594 | 13,332,353** |
| Year                                                                                                                                                                                   | 2014<br>(Baseline<br>year) | 2019      | 2020*                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 2021         |                            |      |       |      |                               |        |       |        |        |                               |         |         |         |         |                                                                      |      |      |      |      |                               |   |           |            |              |
| Scope 1(tonCO <sub>2</sub> e)                                                                                                                                                          | 11,241                     | 9,119     | 11,947                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 10,081       |                            |      |       |      |                               |        |       |        |        |                               |         |         |         |         |                                                                      |      |      |      |      |                               |   |           |            |              |
| Scope 2(tonCO <sub>2</sub> e)                                                                                                                                                          | 275,714                    | 227,485   | 213,791                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 217,083      |                            |      |       |      |                               |        |       |        |        |                               |         |         |         |         |                                                                      |      |      |      |      |                               |   |           |            |              |
| Emission Intensity<br>(tonCO <sub>2</sub> e/ million NTD<br>revenue)                                                                                                                   | 2.04                       | 1.57      | 1.61                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 1.53         |                            |      |       |      |                               |        |       |        |        |                               |         |         |         |         |                                                                      |      |      |      |      |                               |   |           |            |              |
| Scope 3(tonCO <sub>2</sub> e)                                                                                                                                                          | -                          | 6,494,781 | 12,604,594                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 13,332,353** |                            |      |       |      |                               |        |       |        |        |                               |         |         |         |         |                                                                      |      |      |      |      |                               |   |           |            |              |

| Promotion Item                                                     | Implementation Status |           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Non-imple-<br>mentation<br>and Its<br>Reason(s) |      |      |       |                                    |           |           |           |                                                                    |       |       |       |             |        |        |        |                                           |       |       |       |      |
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|                                                                    | Yes                   | No        | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                 |      |      |       |                                    |           |           |           |                                                                    |       |       |       |             |        |        |        |                                           |       |       |       |      |
|                                                                    |                       |           | <p>To continuously achieve the carbon reduction targets set in each year, LITEON continues to implement the carbon reduction tracking. The reduction direction was carried out in the form of energy saving plans, purchase of renewable energy, and reduction of product life cycle emissions etc., with a cumulative power saving of 19 million kWh/year from 2019 to 2020, an estimated power saving of 8.67 million kWh/year in 2021, and the energy-saving method was implemented by heat recovery, process improvement etc., and purchased certified renewable energy, improved the use rate of renewable energy and achieved the energy-saving target set by the power supply product in advance.</p> <table><tr><th></th><th>2019</th><th>2020</th><th>2021*</th></tr><tr><td>Water Consumption(m<sup>3</sup>)</td><td>2,921,638</td><td>2,555,303</td><td>2,539,346</td></tr><tr><td>Water Consumption Intensity (m<sup>3</sup>/ million NTD revenue)</td><td>19.64</td><td>18.48</td><td>17.32</td></tr><tr><td>Waste (ton)</td><td>20,132</td><td>20,512</td><td>18,596</td></tr><tr><td>Waste Intensity (ton/million NTD revenue)</td><td>0.135</td><td>0.148</td><td>0.126</td></tr></table> <p>* The verified data will be disclosed in LITEON's 2021 Sustainability Report.</p> <p>LITEON has set targets of carbon emission (based on the SBT criteria), water consumption, and waste disposal targets:</p> <ul style="list-style-type: none"><li>• Carbon emission per NTD million of revenue to decrease by 39.3% by 2025 compared to the base year 2014</li><li>• Water consumption data set 2017 as the base year and aims to reduced water intensity by 10% in 2025</li><li>• Waste to decrease by 3,300 tons on an absolute basis by 2025 compared to the base year 2017</li><li>• Plastics in packaging to decrease by 300 tons by 2025 compared to the base year 2018</li></ul> |                                                 | 2019 | 2020 | 2021* | Water Consumption(m <sup>3</sup> ) | 2,921,638 | 2,555,303 | 2,539,346 | Water Consumption Intensity (m <sup>3</sup> / million NTD revenue) | 19.64 | 18.48 | 17.32 | Waste (ton) | 20,132 | 20,512 | 18,596 | Waste Intensity (ton/million NTD revenue) | 0.135 | 0.148 | 0.126 | None |
|                                                                    | 2019                  | 2020      | 2021*                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                 |      |      |       |                                    |           |           |           |                                                                    |       |       |       |             |        |        |        |                                           |       |       |       |      |
| Water Consumption(m <sup>3</sup> )                                 | 2,921,638             | 2,555,303 | 2,539,346                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                 |      |      |       |                                    |           |           |           |                                                                    |       |       |       |             |        |        |        |                                           |       |       |       |      |
| Water Consumption Intensity (m <sup>3</sup> / million NTD revenue) | 19.64                 | 18.48     | 17.32                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                 |      |      |       |                                    |           |           |           |                                                                    |       |       |       |             |        |        |        |                                           |       |       |       |      |
| Waste (ton)                                                        | 20,132                | 20,512    | 18,596                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                 |      |      |       |                                    |           |           |           |                                                                    |       |       |       |             |        |        |        |                                           |       |       |       |      |
| Waste Intensity (ton/million NTD revenue)                          | 0.135                 | 0.148     | 0.126                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                 |      |      |       |                                    |           |           |           |                                                                    |       |       |       |             |        |        |        |                                           |       |       |       |      |

| Promotion Item                                                                                                                                                  | Implementation Status |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Non-implementation and Its Reason(s) |
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|                                                                                                                                                                 | Yes                   | No | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                      |
| 4. Social Issues<br><br>(1) Does the Company set policies and procedures in compliance with regulations and internationally recognized human rights principles? | V                     |    | <p>The company's approach to maintaining fairness in the social good, including for employees, customers (and consumers), suppliers, and communities, is described as follows:</p> <p>(1) LITEON respects and supports internationally recognized human rights standards and principles, including the "Universal Declaration of Human Rights", the "United Nations Global Compact", and the "Declaration of Fundamental Principles and Rights at Work" of the International Labor Organization, and complies with local laws and regulations. According to the "UN Guiding Principles on Business and Human Rights", LITEON formulates our internal human right policy. In its implementing of human rights management, LITEON adopts the Responsible Business Alliance (RBA) Code of Conduct as the management framework in its operations and on the supply chain, which allows it to identify, prevent, and reduce impact relating to human rights. LITEON has established a process for due diligence, and investigation is carried out at least once every three years; the last such investigation was conducted in 2020. In addition, internal and external audits at our facilities are carried out on a regular basis in accordance with the RBA audit process. Achievements and improvements of various performance indicators, including those of labor, ethics, environment, safety, and health, are reviewed in the annual management review meeting.</p> | None                                 |

| Promotion Item                                                                                                                                                                                                               | Implementation Status |    | Non-implementation and Its Reason(s)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
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|                                                                                                                                                                                                                              | Yes                   | No |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| (2) Has the Company established appropriately managed employee welfare measures (include salary and compensation, leave and others), and link operational performance or achievements with employee salary and compensation? | V                     |    | <p>(2) Employees are the most important partners for LITEON sustainable development. In addition to protecting employees' work rights, we also provide market-competitive compensation and benefits. LITEON regularly invites professional third-party consultation companies to conduct compensation level review, understand the level and trend of market competitiveness, appropriately adjust salary levels of employees, and has established annual bonuses, incentive bouns and employee remuneration systems...ets to reward employees for contributions and outstanding performance in order to share operating profits with employees; also, the compensation system applies equally with respect to factors such as gender, age, and race, so that employees can express their personal value and contribute through use of their strengths in an equal workplace environment. In 2021, the proportion of female employees was 43.8%, and the proportion of female senior executives was 10.1%. There is no significant difference in remuneration ratio between men and women of the Company.</p> <p>LITEON launched its "employee stock ownership trust" in September 2021, and has invited employees to become LITEON shareholders; Taiwanese employees can choose to participate according to their personal intention. A fixed amount is allocated from the monthly salary of participants, and the Company will allocate a corresponding reward and deposit it into a special trust account. The trust allows employees the opportunity to share the operational results of the Company over the long term, accumulate wealth, and create a mutually beneficial partnership.</p> <p>Holidays are better than the Labor Standards Law. In addition to enjoying various leave in accordance with the law, there are also group vacations. LITEON makes contributions to employees' pension funds according to local regulations, regardless of where it operates in the world. Today, 100% of its employees have joined a pension plan.</p> <p>The other welfare measures are explained as follows, please see "V. Operational Highlights" of this Annual Report, which provides information on "Labor Relations":</p> <p>(I) On-site Services and Amenities</p> <p>LITEON provides staff restaurants, health centers and fitness centers. In addition to health professionals available daily to provide assistance, doctors on site visit the health center monthly to provide face-to-face medical consultations for employees. The center is also equipped with first-aid equipment for various emergencies. And the fitness center contains a variety of weight training equipment and treadmills. The company has hired an external sports consultant as personal trainers who provide services and instructions. In addition to professional fitness advice, the personal trainers offer regular sports courses that will help employees relieve stress and get fit.</p> |

| Promotion Item | Implementation Status |    | Non-implementation and Its Reason(s)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
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|                | Yes                   | No |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|                |                       |    | <p>Summary</p> <p>(II) Health Management Programs<br/>LITEON organizes employee health check-ups every year. Based on the yearly health check, employees will be divided into three classes, low, medium, and high risk, depending on the degree of deviation from the standard values. The hospitals and nurses on site will make corresponding tracking and coaching afterward. An employee may direct any question regarding his/her checkup to the family doctor stationed at the same plant so to get a better understanding of his/her own physical conditions.</p> <p>(III) Employee Assistance Programs<br/>LITEON has been introducing Employee Assistance Programs (EAPs) that provided every employee with free, 24-hour professional, multi-lateral and highly confidential consultation services in five main areas: mental health, business administration, legal affairs, health care and finance advice. In addition, each employee at LITEON has an EAP card that contains EAP contact information through which employees may obtain the most timely and professional assistance in an emergency situation.</p> <p>(IV) Employee Welfare Programs<br/>LITEON organizes a variety of employee activities in 2021, including 50 clubs, 24 physical and online lectures/live events, 4 festival physical and online events, etc.</p> <p>Furthermore, LITEON provides the benefits including: stationed physicians, commendation for long-time service, group insurance, wedding subsidy, child subsidy, education subsidy, hospitalization subsidy, funeral subsidy, personal travel subsidies, festive/birthday gifts and statutory employee benefits, to meet the needs of employees.</p> |

| Promotion Item                                                                                                               | Implementation Status |    | Non-implementation and Its Reason(s)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
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|                                                                                                                              | Yes                   | No |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| (3) Does the Company provide employees with a safe and healthy working environment, with regular safety and health training? | V                     |    | <p>(3)Occupational health and safety</p> <p>A. We follow local occupational health and safety regulations and provide pre-employment physical examinations and occupational safety and health education and training for new hires. Relevant health and safety education and training is also provided to active employees. The scope of such education and training covers occupational health and safety regulations, fire safety, use and management of hazardous chemicals, and first aid courses. Regarding employee health, one physical examination per year is provided above the regulatory requirements in addition to necessary health consultation and follow up. In order to prevent occupational diseases and occupational accidents, all plants have established EHS promotion task forces, which work in conjunction with internal audits and external audits. These task forces oversee environmental health and safety, and improvement actions, throughout the company. A zero workplace accident scorecard is a key operations and management indicator.</p> <p>B. ISO 45001 occupational health and safety management certification was organized at all plants in Taiwan and overseas in 2021 according to the local regulations or clients' requirements.</p> <p>C. A total of 40 occupational accidents worldwide occurred at LITEON in 2021. The ratio is 0.001% based on 40,019 employees in total. LITEON investigated every occupational accident and identified the root causes. The company also performed necessary construction or administrative improvement or provided necessary personal health and safety equipment. Mandatory health and safety education and training and campaigns were reinforced to reduce the risk of repeat accidents.</p> <p>(4)LITEON's training and development programs are guided by the company's vision, strategy, and values. The corporate culture is embedded at the core of a full-developed level- and skill-specific learning structure. The five aspects of LITEON's learning structure: Leadership, Domain Knowledge, Legal Compliance, Self-development, Talent development.</p> |
| (4) Has the Company established effective career development training plans?                                                 | V                     |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |



| Promotion Item                                                                                                                                                                                                                                                          | Implementation Status |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Non-implementation and Its Reason(s) |
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|                                                                                                                                                                                                                                                                         | Yes                   | No | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                      |
| (5) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer or customer protection and grievance policies? | V                     |    | <p>(5)</p> <p>A. LITEON continues to build on the cradle to grave approach in product life cycle thinking. The company approaches green product design by applying the concept of “reduce, reuse, and recycle” to product design, raw material procurement, production, distribution and shipping, product application, and waste recycling. and reduce the impact of products on the environment, effectively control environment-related substances, and actively develop and apply recycling sustainable materials, the process considers the effects of products on the safety of the human body and of the environment. In addition to adhering strictly to the applicable international regulations and guidelines, LITEON actively seeks to obtain safety certification for its products to provide safe, reliable products for its customers and users while expecting to carry out the circular economy.</p> <p>B. To implement the protection of personal data and privacy rights, the company has formulated a "Privacy Policy" and "Personal Data Protection Management Measures" as guidelines for personal data protection. In response to the European Union's General Data Protection Regulation (GDPR) and Taiwan's Personal Data Protection Law and other relevant requirements of the competent authorities in recent years, the company revised the personal data protection security policy and related management measures, while continuing to introduce information technology tools and continuously improve management mechanisms to effectively maintain information security and privacy protection.</p> <p>C. Customer satisfaction is one of LITEON's core values. All the business units have cross-function teams (CFTs) providing targeted services to individual customers. These teams are responsible for sales, product R&amp;D and manufacturing, quality, delivery, cost, and after-sales service. The CFTs can quickly propose response methods and overall solutions based on problems and feedback reported by customers. Furthermore, all LITEON business units have installed customer and consumer complaint channels to ensure consumer rights are protected.</p> | None                                 |

| Promotion Item                                                                                                                                                                                                                                                       | Implementation Status |    | Non-implementation and Its Reason(s)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
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|                                                                                                                                                                                                                                                                      | Yes                   | No |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| (6) Does the company formulate a supplier management policy that requires suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and the implementation?                              | V                     |    | <p>(6) LITEON sets the Sustainable Supply Chain Management Subcommittee under the Corporate Sustainability Committee. Based on traditional supply chain management, we also follow relevant domestic and international laws and regulations, supplemented by the industry benchmark such as the RBA Code of Conduct, etc., to consolidate sustainable supply chain management structure, and formulate LITEON's sustainable supply chain management policy accordingly. To ensure a safe working environment in the supply chain, respect and dignity for employees' human rights, environmental protection and ethical conduct in business operations, the relevant management regulations and ESG evaluation/audit of suppliers have been formulated and implemented to jointly fulfill corporate social responsibilities. The basic of LITEON's supply chain management mechanism is to formulate supplier green procurement standards, require suppliers to comply with LITEON's Supplier Code of Conduct, sign the "Supplier Executive Certification of Compliance" and "Integrity Commitment." In addition, LITEON proactively provides suppliers with training and counseling resources on issues of international highlight issues such as climate change, biodiversity, and responsible minerals. LITEON also conducts supply chain carbon inventory, energy-saving projects for suppliers, and responsible mineral due diligence, etc. The abovementioned implementations, are all for improving the effectiveness of sustainable supply chain management and reducing operational risks, to establish a permanent supplier partnership that continues to grow. For related information, please refer to: <a href="https://www.liteon.com/en-us/globalcitizenship/289">https://www.liteon.com/en-us/globalcitizenship/289</a></p> |
| 5. Does the company prepare sustainability reports and other reports that disclose non-financial information by following international reporting standards or guidelines? Does the company obtain third party assurance or certification for the reports above?     | V                     |    | <p>LITEON has been publishing Corporate Social Responsibility Reports (renamed to Sustainability Report from 2021) since 2007. The sustainability issues, as well as strategies, goals and practices of the Sustainability Report, are drafted based on GRI Standards published by Global Reporting Initiative while responding to Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, Sustainable Development Goals (SDGs) and ISO 26000 Guidance on Social Responsibility. Moreover, the contents of this report have been discussed and categorized using AA1000 APS-compliant procedures. An independent third party has been engaged to provide assurance for AA1000AS type-2, high-level accountability and GRI Standard disclosure in accordance with Comprehensive option. Please refer to: <a href="https://www.liteon.com/en-us/globalcitizenship/365">https://www.liteon.com/en-us/globalcitizenship/365</a></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 6. If the Company has established the sustainable development principles based on "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", please describe any discrepancy between the Principles and their implementation: No deviations. |                       |    | None                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

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| <p>7. Other important information to facilitate better understanding of the company's implementation of sustainable development:</p> <p><b>(1)International/Domestic ESG Ratings</b></p> <p>(I) Dow Jones Sustainability Indices (DJSI)</p> <p>Included on the Dow Jones Sustainability Indices for eleven consecutive years and ranks among the 2021 DJSI World Index and Emerging Markets Index</p> <p><b>Dow Jones Sustainability Indices</b><br/>Powered by the S&amp;P Global CSA</p> <p>(II) 2021 S&amp;P Sustainability Yearbook Award in Bronze Class and Industry Mover Distinction, and Silver Class in 2022</p> <p><b>Sustainability Award</b><br/>Bronze Class 2021<br/><b>S&amp;P Global</b><br/><b>S&amp;P Global</b></p> <p>(III) Inclusion in 2021 MSCI AWCI ESG Leaders Indexes</p> <p><b>2021</b><br/>MSCI ESG Leaders<br/>Indexes Constituent</p> <p>(IV) Inclusion in the FTSE4Good Emerging Index / FTSE4Good TIP Taiwan ESG Index</p> <p><br/>FTSE4Good</p> <p>(V) Awarded the "Prime Status" in ISS ESG Rating</p> <p><br/>Corporate ESG<br/>Performance<br/>ISS ESG Prime</p> <p>(VI) Received the highest rating of "Leaderboard" in the 2020 &amp; 2021 CDP Supplier Engagement Rating (SER)</p> <p><br/>CDP<br/>SUPPLIER<br/>ENGAGEMENT<br/>LEADER<br/>2021</p> <p>(VII) Recipient of the Commonwealth Corporate Citizen Award by the Commonwealth Magazine since 2007 for 15 consecutive years</p> <p>(VIII)Received Corporate Social Responsibility &amp; Social Enterprise Award by Global Views Magazine in 2021</p> <p>(IX) Awarded "The Most Prestige Sustainability Awards-Top 10 Domestic Corporates," Corporate Sustainability Report Platinum Awards, Circular Economy Leader Award, Climate Leader Award and Supply Chain Leadership Award in 2021 Taiwan Corporate Sustainability Awards (TCSA)</p> <p>(X) Awarded Gold Award in the 2021 Taiwan Sustainability Action Award (TSAA)</p> |                       |    |                                                 |

| Promotion Item                                                                                                                                                                                                                                                                | Implementation Status |    | Non-imple-<br>mentation<br>and Its<br>Reason(s) |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----|-------------------------------------------------|
|                                                                                                                                                                                                                                                                               | Yes                   | No |                                                 |
| <b>(2)ESG Related Certifications</b>                                                                                                                                                                                                                                          |                       |    |                                                 |
| (I) Reports are based on GRI and assured by third parties to meet the GRI Standards                                                                                                                                                                                           |                       |    |                                                 |
| (II) Emission reduction targets approved by Science Based Targets Initiative (SBTi)                                                                                                                                                                                           |                       |    |                                                 |
| (III) ISO 14001 environmental management system certification                                                                                                                                                                                                                 |                       |    |                                                 |
| (IV) OHSAS 18001 occupational health and safety certification                                                                                                                                                                                                                 |                       |    |                                                 |
| (V) ISO 14064-1 GHG inventory (reasonable level of assurance)                                                                                                                                                                                                                 |                       |    |                                                 |
| (VI) ISO 50001 Energy Management certification                                                                                                                                                                                                                                |                       |    |                                                 |
| (VII) QC 080000 hazardous substance process management certification                                                                                                                                                                                                          |                       |    |                                                 |
| (VIII)RoHS testing services and CNAS accreditation                                                                                                                                                                                                                            |                       |    |                                                 |
| (IX) A total of 24 factories received Product Liability Insurance AAA Certification                                                                                                                                                                                           |                       |    |                                                 |
| (X) Completed the formulation of four product category rules (PCR) to optoelectronic semiconductor, printed circuit board assembly, the chassis for products of information and communications technology and power supply                                                    |                       |    |                                                 |
| (XI) Taiwan I Sports certification by Sports Administration, Ministry of Education                                                                                                                                                                                            |                       |    |                                                 |
| (XII) Green Building Certification                                                                                                                                                                                                                                            |                       |    |                                                 |
| (XIII)Received UL ECV 2809 (UL Environmental Claim Validation Procedure, UL ECV) and UL 746D (UL Recycled Plastics Certification in Yellow Card), which makes LITEON the first company in the world to be certified both in the traceability and performance of ocean plastic |                       |    |                                                 |
| <b>(3) Product Inspection and Certification</b>                                                                                                                                                                                                                               |                       |    |                                                 |
| (I) ENERGY STAR energy efficiency label                                                                                                                                                                                                                                       |                       |    |                                                 |
| (II) Minimum Energy Performance Standard (MEPS)                                                                                                                                                                                                                               |                       |    |                                                 |
| (III) 80 PLUS energy efficiency labels                                                                                                                                                                                                                                        |                       |    |                                                 |
| (IV) China Energy Conservation Program (CECP certification)                                                                                                                                                                                                                   |                       |    |                                                 |
| (V) LITEON's photocoupler LTV-817, PLCC SMD LED LTV-089 series, desktop chassis G558L07B, and laptop power supply PA-1600-5A have been verified by a third party and obtained ISO 14040, ISO 14025 Product Environmental Footprint Declaration Compliance Statement.          |                       |    |                                                 |
| (VI) Server power products PF-1153, PS-2322 and LED car light modules also obtained ISO 14067 Product Carbon Footprint Declaration Compliance Statement                                                                                                                       |                       |    |                                                 |
| (VII) GuangZhou Site has obtained the IATF16949 certification of the mobile industry quality management system                                                                                                                                                                |                       |    |                                                 |
| (IX) LEOTEK "Smart Street Lighting & system", "Human-Centric Smart Lighting System" and "Dynamic Smart Lighting System" won the 29th and 30th Taiwan Excellence Award                                                                                                         |                       |    |                                                 |

### 3.4.6 The State of the Company's Performance in the Area of Ethical Corporate Management, Any Variance from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance

| Assessment Item                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Implementation Status |    | Non-implementation and Its Reason(s)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Yes                   | No |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 1. Establishment of ethical corporate management policies and programs<br>(1) Does the company have a clear ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?                                                 | V                     |    | (1) LITEON has stated in the LITEON Ethical Corporate Management Best Practice Principles approved by the board of directors (the "Ethics Code") that it abides by the operational philosophy of honesty, transparency and responsibility, bases policies on the principle of good faith and establishes good corporate governance and risk management mechanisms so to create a business environment for sustainable development. LITEON has also stated in the same document the commitment of the board of directors and the management team to thorough implementation of the above policies and to carrying out the policies in internal management and in business activities.                                                              |
| (2) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies? | V                     |    | (2) The Company set up the Corporate Sustainability Committee under the board of directors, and set up the "Ethical Operation Subcommittee" under the following. The Subcommittee regularly holds review meetings each year. Each team reports on the implementation plan and the improvement results thereof as well as analyzes and assesses the business activities at risk from unethical conduct. Preventive measures are separately established in accordance with the subparagraphs under Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and other operating activities that are within the scope of operations that entail rather higher risk from unethical conduct. |
| (3) Does the company clearly set out the operating procedures, behavior guidelines, punishment and appeal system for violations in the plan to prevent unethical conduct, implement it, and regularly review and revise the plan?                                                                                                                                                                                                                                | V                     |    | (3) LITEON has detailed ethical management practices and measures to prevent unethical behaviors in the Ethics Code, the Employee Handbook, and Code of Ethics for Practitioners. These practices and measures include operating procedures, code of conduct, education and training, whistleblowing procedures, and grievance and disciplinary procedures as well as their implementation. Meanwhile, regulations are regularly reviewed and amended through the integrity management team operating mechanism.                                                                                                                                                                                                                                  |

| Assessment Item                                                                                                                                                                                                                                                                                                                                             | Implementation Status |    | Non-implementation and Its Reason(s)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                             | Yes                   | No |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 2. Ethic Management Practice                                                                                                                                                                                                                                                                                                                                |                       |    | Compliant with the Ethical Corporate Management Best Practice Principles.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| (1) Does the company assess the ethics records of whom it has business relationship with and include business conduct and ethics related clauses in the business contracts?                                                                                                                                                                                 | V                     |    | (1) Other than the "Ethical Corporate Management Best Practice Principles", LITEON has announced the "Supplier Code of Conduct" and require all business activities of suppliers shall comply with such code of conduct. The suppliers are forbidden to offer or accept any improper benefits and to violate any laws, regulations and ethical rules. Meanwhile, we have put the relevant ethical clauses in the contracts as applicable and have signed a Code of Conduct with the counterparty.                                                                                                                                                                                                                                                |
| (2) Does the company set up a dedicated unit to promote ethical corporate management under the board of directors, and regularly (at least once a year) report to the board of directors on its ethical corporate management policy and plans to prevent unethical conduct and monitor implementation?                                                      | V                     |    | (2) The Company set up the Corporate Sustainability Committee under the board of directors, and set up the "Ethical Operation Subcommittee" under the following. The Subcommittee regularly holds annual review meetings each year. Each team reports on the implementation plan and the improvement results as well as analyzes and assesses the business activities at risk from unethical conduct. Preventive measures are separately established in accordance with the subparagraphs under Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and other operating activities that are within the scope of operations that entail rather higher risk from unethical conduct. |
| (3) Does the company establish policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly?                                                                                                                                                                                    | V                     |    | (3) LITEON has detailed ethical management practices and measures to prevent unethical behaviors in the Ethics Code, the Employee Handbook, and Code of Ethics for Practitioners. These practices and measures include operating procedures, code of conduct, education and training, whistleblowing procedures, and grievance and disciplinary procedures as well as their implementation. Meanwhile, regulations are regularly reviewed and amended through the Ethical Operation Subcommittee operating mechanism.                                                                                                                                                                                                                            |
| (4) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct or hire outside accountants to perform the audits? | V                     |    | (4) To ensure effective ethical management practices, LITEON has implemented a sound accounting system and internal controls. The Corporate Internal Audit follows the results of risk assessments to devise audit plans, and regularly reviews compliance with the procedures above to fulfill the ethical corporate management policy. In addition, accountants audit the performance of LITEON's internal controls every year.                                                                                                                                                                                                                                                                                                                |

| Assessment Item                                                                                                                                                                                                         | Implementation Status |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Non-implementation and Its Reason(s)                                      |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|
|                                                                                                                                                                                                                         | Yes                   | No | Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                           |
| (5) Does the company provide internal and external ethical corporate management training programs on a regular basis?                                                                                                   | V                     |    | (5) To ensure the practices are exactly followed, the company's orientation training has included the Ethics Code in the compulsory course content and frequently mentioned in meetings. It is included in the annual compulsory course content for all employees from Year 2019. For the complete course information, please refer to "Labor Relations", which provides information on "Employee education and training and implementation".                                                                                                                                                                                                                                                                                                                          |                                                                           |
| 3. Implementation of Complaint Procedures                                                                                                                                                                               |                       |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                           |
| (1) Does the company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received?                     | V                     |    | (1) LITEON has established the Corruption Reporting Guidelines and the Rewards and Violation Management Guidelines to govern related standard operating procedures for investigating, handling of investigating results, and disciplinary actions. There is a business unit created specifically to handle such matters by following the appropriate rules and procedures.                                                                                                                                                                                                                                                                                                                                                                                             | Compliant with the Ethical Corporate Management Best Practice Principles. |
| (2) Does the company establish standard operation procedures for investigating the complaints received, follow-up measures taken after investigating and ensuring such complaints are handled in a confidential manner? | V                     |    | (2) Violation of business integrity by the company or any of its employees or involvement in illegal activity can be reported as follows:<br><br>The principle of integrity requires the person filing a complaint or report to provide his/her real name and contact information for the company to accept the complaint or report. The company guarantees that the person filing a complaint or report and the information that he/she provides will be kept strictly confidential pursuant to the Personal Information Protection Act.<br><br>Contact information:<br>Mailbox: PO Box 156-21, Jiangnan Post Office, Neihu District, Taipei City 114956<br>Office of Chairman Reporting Mailbox<br>By email: ethic.hotline@liteon.com<br>Telephone: +886-2-8793 6833 |                                                                           |
| (3) Does the company adopt proper measures to prevent a complainant from retaliation for his/her filing a complaint?                                                                                                    | V                     |    | (3) The company has a dedicated person to handle complaints or report cases to ensure that the whistleblower is protected during the prosecution process and will not be punished for reporting.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                           |



| Assessment Item                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Implementation Status |    | Non-implementation and its Reason(s)                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Yes                   | No |                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 4. Strengthening Information Disclosure<br>Does the company disclose its ethical corporate management policies as well as the results of its implementation on its website and Market Observation Post System ("MOPS")?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | V                     |    | Information regarding business activities, organizational structures, and financial standing and performance is disclosed according to the applicable regulations and generally accepted industry conventions. LITEON follows the ethical management principles and discloses the measures it adopts and their performance on the company website and in the annual reports and prospectuses. The ethical management principles are also disclosed on the company website. |
| 5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation: No deviations.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                       |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 6. Other important information to facilitate a better understanding of the company's ethical corporate management policies (e.g., review and amend its policies):<br>(1) LITEON builds its ethical management practices on compliance with the Company Act, the Securities and Exchange Act, the Business Entity Accounting Act, and regulations governing TWSE listed companies or other business activities.<br>(2) LITEON has implemented the Material Insider Information Procedures. The procedures require explicitly that directors, managers and employees not disclose material insider information in their knowledge to other people; inquire or collect from persons with material insider information any undisclosed information unrelated to their duties; and not disclose to other people any undisclosed material insider information acquired not through performance of their duties. |                       |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

### 3.4.7 If the company has adopted corporate governance best-practice principles or related bylaws, disclose how these are to be searched:

Regarding information disclosure on the company website, the "Investors - Corporate Governance" section contains rules and regulations available for inquiry and download. The contents include Corporate Governance Best Practice Principles, Major Resolutions of Board Meetings, and Procedures for Handling Material Inside Information. The website URL is <https://www.liteon.com/en-us/investor/corporategovernance>. The "Procedures for Handling Material Inside Information" above and subsequent amendments will be announced, and the latest version will be published on the corporate intranet to be available to the employees. In addition, LITEON makes the "Procedures for Handling Material Inside Information" part of the orientation programs and e-learning courses on insider trading prevention to raise awareness.

### 3.4.8 Other Important Information Regarding Corporate Governance

#### 3.4.8.1 LITEON Technology Corporation Executive Succession Plan

The selection and training of successors is vital to the sustainable development of an enterprise. The purpose of the executive succession plan is to assure the corporate development link to the changes of operation environment, as well as the availability of the reserve capacity of the leaders and the management to provide human resources for the sustainable development of the organization. The executive succession plan of LITEON requires all members of the succession team (candidates) to be people of excellence in execution, and their values and personality traits must also match the expectation of the company including integrity, innovation, and the ability to earn customer satisfaction. High potential employees will be subject to rotation among different types of business, geographic regions, and functional organizations to examine their level of open-mindedness, learning capability, empathy, and performance excellence. Multilateral arrangement will also be made in different aspects of corporate management for the training of the prospective successors:

##### I. Executive development plan:

The curriculum for the development of executive managers (including executive managers of operation discipline) of all business units and functional units is designed through learning by doing with purpose in a systematic and organized manner in order to upgrade vision of the leaders through practical work to develop a team of leaders that could lead the emerging business. The training consists of 4 modules: leadership development, strategic innovation, organization structural transformation, and cultural value shaping. Through learning by doing, the team consisting of members across different business units and functions could develop companionship with peers of similar age or job grade, which in turn will consolidate into a leading team to take on challenges in the future. They could also establish the management language attuning to the changes in the environment over time, refine the organizational culture, and cultivate the foundation for sustainable development.

##### II. Executive succession plan:

Prospective candidates for leadership positions must be able to demonstrate their strategic mindset and professional capability in the function performed in their assigned duties, demonstrate responsible leadership and management capability, with outstanding results from operation and outperformed their competitors in business performance. They will meet with the top management of the company to share and exchange opinions regarding the setting of the annual objectives, three-year strategy, organizational and human resources development strategy, and also review year after year operation performance on a monthly and quarterly basis with proper action taken for improvement. Each member of the succession team will be tailored with an individual development program (IDP) on the basis of their individual competence and occupation needs to provide a diversified mode of training. They will engage in one-to-one meetings with the top leader at regular intervals to learn under coaching. This mode of training helps to guide the executive managers of the leading team to seek self-breakthrough and motivate them to set the objective of excellence. Furthermore, the executive leading team will also sort out their potential successors for relevant key positions. Good quality executive managers may also be recruited from outside to engage in agitating with the original management team for creativity to augment the reserve capacity of the successors.

The company seeks to broaden the management horizon of the succession team by introducing international training so that they could be ready to bear greater burden in corporate management thereby set out a list of key vacancies on the basis of the functional units of the corporate headquarters, business units, and overseas locations and assigns the candidates to different positions through job rotation to develop their multilateral view of corporate management. This will help them to adapt to the ceaseless changes and competitions in the operation environment. Through the series of training, these candidates could fortify themselves with leadership skills in corporate management, upgrade the strategic mindsets and executive capability, and eventually make the company the best business entity in the industry.

To execute the executive succession plan, the board of management have jointly agreed to appoint Mr. Tom Soong as the new Chairman, and also appoint Mr. Anson Chiu as the new President. To lead our organization into the next level to become an international leader.

#### 3.4.8.2 Other Important Information

In response to new or amended regulations promulgated by the securities governing authority and taking into consideration of the company's actual business needs, LITEON has completed establishment or amendment of the "Corporate Governance Best Practice Principles", the "Code of Conduct", the "Ethical corporate management best practice principles", the "Corporate Social Responsibility Best Practice Principles", the "Procedures for the Acquisition and Disposal of Assets", the "Risk Management Policy and Procedures", the "Regulation and Procedure for Board of Directors Meetings", the "Rules Governing the Election of Directors", the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees", the "Audit Committee Organizational Rules", and the "Rules and Procedures of Shareholders' Meeting". These rules and procedures are also disclosed and available for download on the company website.

### 3.4.9 Internal Control System Execution Status

#### 3.4.9.1 Statement of Internal Control System

##### Lite-On Technology Corporation Statement of Internal Control System

Date: February 24, 2022

Based on the findings of a self-assessment, Lite-On Technology Corporation (LOT) states the following with regard to its internal control system during the year 2021:

1. LOT is fully aware that establishing, operating, and maintaining an internal control system are the responsibilities of its Board of Directors and management. LOT has established such a system to provide reasonable assurance in achieving objectives related to the effectiveness and efficiency of operations (including profits, performance, and safeguarding of assets), reliability, timeliness, transparency, and regulatory compliance of reporting and compliance with applicable laws, regulations, and bylaws.
2. An internal control system has inherent limitations. An effective internal control system, no matter how perfectly designed, can provide only a reasonable assurance in the accomplishment of the three objectives mentioned above. Furthermore, the effectiveness of an internal control system may change along with changes in environment or circumstances. The internal control system of LOT contains self-monitoring mechanisms, and LOT takes corrective actions as soon as a deficiency is identified.
3. LOT evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (herein referred to as "Regulations"). The internal control system evaluation criteria stated in the Regulations classify internal control into five key elements based on the process of management control: 1. control environment, 2. risk assessment, 3. control activities, 4. information and communications, and 5. monitoring. Each component further contains several items. Please refer to the Regulations for details.
4. LOT has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of the evaluation mentioned in the preceding paragraph, LOT believes that as at December 31, 2021, its internal control system (including its supervision and management of subsidiaries), which encompasses internal controls for the knowledge of the degree of achieving operational effectiveness and efficiency objectives, reliability, timeliness, transparency, and regulatory compliance of reporting and compliance with applicable laws, regulations, and bylaws, was effectively designed and operated and reasonably assured the achievement of the above-stated objectives.
6. This Statement will form an integral part of LOT's Annual Report and Prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
7. This Statement has been passed by the LOT Board of Directors' Meeting on February 24, 2022, where all of the ten attending directors did not express any dissenting opinion and affirmed the content of this Statement.

Lite-On Technology Corporation

Tom Soong  
Chairman



Anson Chiu  
President



#### 3.4.9.2 If CPA was engaged to conduct a special audit of internal control system, provide its audit report: None.

### 3.4.10 Reprimands on the Company and its Staff

If there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder equity or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement: None.

### 3.4.11 Major Resolutions of Shareholders' Meeting and Board Meetings

#### 3.4.11.1 Major Resolutions of Shareholders' Meeting and Implementation Status

The Company held a regular session of the General Meeting of 2021 on Aug. 26, 2021 at the International Conference Center of Lite-On Technology Building located at No. 392, Rai Guang Road, 1/F, Neihu, Taipei. Major resolutions and the status of execution are shown below:

| Item | Major resolutions                                                   | status of execution                                                                                                                                                                                                                                                                                                                                      |
|------|---------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1    | Adoption of 2020 Financial Statements                               | The resolution had exceeded legal requirement of the voting numbers and been approved in the AGM.                                                                                                                                                                                                                                                        |
| 2    | Adoption of 2020 Earnings Distribution.                             | The resolution had exceeded legal requirement of the voting numbers and been approved in the AGM.<br>Ex-rights (ex-dividend) record date: Jul. 05, 2021<br>Dividend distribution date: Jul. 23, 2021 (Cash dividends NT\$ 3.4 per share)                                                                                                                 |
| 3    | Amendment to "Articles of Incorporation".                           | The resolution had exceeded legal requirement of the voting numbers and been approved in the AGM.<br>The revised version of "Articles of Incorporation" was implemented and announced on the Company website.                                                                                                                                            |
| 4    | Amendment to "Rules and Procedures of Shareholders' Meeting".       | The resolution had exceeded legal requirement of the voting numbers and been approved in the AGM.<br>The revised version of "Rules and Procedures of Shareholders' Meeting" was implemented and announced on the Company website.                                                                                                                        |
| 5    | Amendment to "Procedures for Acquisition and Disposal of Assets".   | The resolution had exceeded legal requirement of the voting numbers and been approved in the AGM.<br>The revised version of "Rules and Procedures of Shareholders' Meeting" was implemented and announced on the Company website.                                                                                                                        |
| 6    | Electing of one additional Independent Director.                    | The resolution had exceeded legal requirement of the voting numbers and been approved in the AGM.<br>Independent Director Elected: MK Lu<br>The Company Change Registration had been approved by Ministry of Economic Affairs, R.O.C. on Sep. 10, 2021. The nomination and voting method and election results has been announced on the Company website. |
| 7    | Proposal of release of directors from non-competition restrictions. | The resolution had exceeded legal requirement of the voting numbers and been approved in the AGM.<br>Announce the related resolution after AGM on Aug. 26, 2021.                                                                                                                                                                                         |

### 3.4.11.2 Major Resolutions of Board Meeting

|        |                                                                                                                                                                                                                                                                                                                                                                                           |
|--------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2021   | Major Resolutions                                                                                                                                                                                                                                                                                                                                                                         |
| Feb.25 | <ol style="list-style-type: none"> <li>1. The results of it's operations for Fiscal Year 2020.</li> <li>2. Dividend distribution.</li> <li>3. Donation to Lite-On Culture Foundation.</li> <li>4. The schedule and agenda of year 2021 shareholders' meeting.</li> </ol>                                                                                                                  |
| Apr.16 | <ol style="list-style-type: none"> <li>1. The Company Leases the office and parking lot of Xinzhuang HONHUI i-Tower.</li> <li>2. The schedule and agenda of year 2021 shareholders' meeting (Agenda new added).</li> </ol>                                                                                                                                                                |
| Apr.29 | <ol style="list-style-type: none"> <li>1. The merger of shares with subsidiaries LITE-ON INC. and DYNA INVESTMENT CO., LTD.</li> <li>2. No interim dividend distribution of 2021 1Q.</li> </ol>                                                                                                                                                                                           |
| Jun.22 | The stake sale of subsidiaries " SUZHOU LITE-ON STORAGE CO. LTD.".                                                                                                                                                                                                                                                                                                                        |
| Jul.29 | <ol style="list-style-type: none"> <li>1. Acknowledged the Company's 2021 Q2 consolidated financial statements.</li> <li>2. The Company's interim dividend distribution of 2021 Q2 proposal.</li> <li>3. Resolved to repurchase LTC's common stocks.</li> <li>4. To change the date of 2021 Annual Shareholders' Meeting in accordance with the instructions announced by FSC.</li> </ol> |
| Sep.06 | <ol style="list-style-type: none"> <li>1. To dispose VIZIO HOLDING CORP common shares hold by subsidiary.</li> <li>2. Adjust the members of the company's "Compensation Committee", "Growth Strategy Committee", "Corporate Sustainability Committee" and "Nomination Committee".</li> </ol>                                                                                              |
| Oct.28 | <ol style="list-style-type: none"> <li>1. The budget for the construction of Zhonghe plant.</li> <li>2. The Company's consolidated financial report of 2021Q3.</li> <li>3. No interim dividend distribution of 2021 3Q.</li> </ol>                                                                                                                                                        |
| Dec.08 | To participate in cash capital increase of PlayNitride Inc.                                                                                                                                                                                                                                                                                                                               |
| 2022   | Major Resolutions                                                                                                                                                                                                                                                                                                                                                                         |
| Jan.03 | <ol style="list-style-type: none"> <li>1. Change of Chief Financial Officer of the Company.</li> <li>2. Change of spokesperson of the Company.</li> </ol>                                                                                                                                                                                                                                 |
| Feb.24 | <ol style="list-style-type: none"> <li>1. The results of it's operations for Fiscal Year 2021.</li> <li>2. Dividend distribution.</li> <li>3. Donation to Lite-On Culture Foundation.</li> <li>4. The schedule and agenda of year 2022 shareholders' meeting.</li> </ol>                                                                                                                  |

**3.4.12 Major Issues of Record or Written Statements Made by Any Director Dissenting to Important Resolutions Passed by the Board of Directors during 2021 and as of the Date of this Annual Report: None.**

**3.4.13 Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit, Corporate Governance and R&D:**

2022/02/28

| Title | Name         | Date of Appointment | Date of Termination | Reasons for Resignation or Dismissal |
|-------|--------------|---------------------|---------------------|--------------------------------------|
| CFO   | Brownson Chu | 2004.10.22          | 2022.01.03          | Resignation                          |

Note: Mr. Brownson Chu resigned as CFO on January 3, 2022 and retired on January 31, 2022.

### 3.4.14 Continuing Education/Training

#### 3.4.14.1 Continuing Education/Training of Directors

| Title | Name                                 | Date         |              | Organizer                               | Course name                                                                                                             | Hours | Total hours |
|-------|--------------------------------------|--------------|--------------|-----------------------------------------|-------------------------------------------------------------------------------------------------------------------------|-------|-------------|
|       |                                      | Start date   | End date     |                                         |                                                                                                                         |       |             |
| 1     | Chairman<br>Tom Soong                | Apr.29, 2021 | Apr.29, 2021 | Taiwan Corporate Governance Association | On the Blueprint of Corporate Governance 3.0 and Directors' Responsibilities                                            | 3.0   | 6.0         |
|       |                                      | Oct.28, 2021 | Oct.28, 2021 | Taiwan Corporate Governance Association | Practical operation of employee incentive tools for listed companies                                                    | 3.0   |             |
| 2     | Director<br>Raymond Soong            | Apr.29, 2021 | Apr.29, 2021 | Taiwan Corporate Governance Association | On the Blueprint of Corporate Governance 3.0 and Directors' Responsibilities                                            | 3.0   | 12.0        |
|       |                                      | Aug.27, 2021 | Aug.27, 2021 | Taiwan Investor Relations Institute     | Commercial Event Trial Law                                                                                              | 3.0   |             |
|       |                                      | Sep.24, 2021 | Sep.24, 2021 | Taiwan Corporate Governance Association | Enterprise sustainability accelerator-CSR, ESG and SDGs                                                                 | 3.0   |             |
|       |                                      | Oct.28, 2021 | Oct.28, 2021 | Taiwan Corporate Governance Association | Practical operation of employee incentive tools for listed companies                                                    | 3.0   |             |
| 3     | Director<br>Warren Chen              | Apr.29, 2021 | Apr.29, 2021 | Taiwan Corporate Governance Association | On the Blueprint of Corporate Governance 3.0 and Directors' Responsibilities                                            | 3.0   | 6.0         |
|       |                                      | Oct.28, 2021 | Oct.28, 2021 | Taiwan Corporate Governance Association | Practical operation of employee incentive tools for listed companies                                                    | 3.0   |             |
| 4     | Director<br>Keh-Shew Lu              | Apr.29, 2021 | Apr.29, 2021 | Taiwan Corporate Governance Association | On the Blueprint of Corporate Governance 3.0 and Directors' Responsibilities                                            | 3.0   | 6.0         |
|       |                                      | Oct.28, 2021 | Oct.28, 2021 | Taiwan Corporate Governance Association | Practical operation of employee incentive tools for listed companies                                                    | 3.0   |             |
| 5     | Director<br>CH Chen                  | Apr.29, 2021 | Apr.29, 2021 | Taiwan Corporate Governance Association | On the Blueprint of Corporate Governance 3.0 and Directors' Responsibilities                                            | 3.0   | 6.0         |
|       |                                      | Oct.28, 2021 | Oct.28, 2021 | Taiwan Corporate Governance Association | Practical operation of employee incentive tools for listed companies                                                    | 3.0   |             |
| 6     | Independent Director<br>Harvey Chang | Apr.29, 2021 | Apr.29, 2021 | Taiwan Corporate Governance Association | On the Blueprint of Corporate Governance 3.0 and Directors' Responsibilities                                            | 3.0   | 6.0         |
|       |                                      | Oct.28, 2021 | Oct.28, 2021 | Taiwan Corporate Governance Association | Practical operation of employee incentive tools for listed companies                                                    | 3.0   |             |
| 7     | Independent Director<br>Edward Yang  | Apr.29, 2021 | Apr.29, 2021 | Taiwan Corporate Governance Association | On the Blueprint of Corporate Governance 3.0 and Directors' Responsibilities                                            | 3.0   | 6.0         |
|       |                                      | Oct.28, 2021 | Oct.28, 2021 | Taiwan Corporate Governance Association | Practical operation of employee incentive tools for listed companies                                                    | 3.0   |             |
| 8     | Independent Director<br>Albert Hsueh | Feb.25, 2021 | Feb.25, 2021 | Taiwan Corporate Governance Association | The turning point of the international century-old corporate strategy Learn from a century-old enterprise               | 3.0   | 31.0        |
|       |                                      | Apr.09, 2021 | Apr.09, 2021 | Taiwan Corporate Governance Association | 021 Global economic outlook                                                                                             | 3.0   |             |
|       |                                      | Apr.29, 2021 | Apr.29, 2021 | Taiwan Corporate Governance Association | On the Blueprint of Corporate Governance 3.0 and Directors' Responsibilities                                            | 3.0   |             |
|       |                                      | May 04, 2021 | May 04, 2021 | Taiwan Securities Association           | Money laundering prevention and anti-capital terrorism practices and case studies (including insider trading practices) | 1.0   |             |
|       |                                      | Aug.03, 2021 | Aug.03, 2021 | Taiwan Securities Association           | Challenges and Countermeasures of Information Security                                                                  | 3.0   |             |
|       |                                      | Aug.06, 2021 | Aug.06, 2021 | Taiwan Corporate Governance Association | Research on important economic and trade issues and sharing of practical cases of honest management                     | 3.0   |             |
|       |                                      | Sep.07, 2021 | Sep.07, 2021 | Taiwan Securities Association           | Sustainable financial innovation and management                                                                         | 3.0   |             |
|       |                                      | Oct.05, 2021 | Oct.05, 2021 | Taiwan Securities Association           | Introduction and Response of Financial Consumer Protection Law                                                          | 3.0   |             |
| 9     | Independent Director<br>Mike Yang    | Oct.28, 2021 | Oct.28, 2021 | Taiwan Corporate Governance Association | Practical operation of employee incentive tools for listed companies                                                    | 3.0   | 6.0         |
|       |                                      | Dec.22, 2021 | Dec.22, 2021 | Taiwan Corporate Governance Association | Corporate Governance Summit Forum-Practice ESG, implement governance and sustainable development                        | 6.0   |             |
|       |                                      | Apr.29, 2021 | Apr.29, 2021 | Taiwan Corporate Governance Association | On the Blueprint of Corporate Governance 3.0 and Directors' Responsibilities                                            | 3.0   |             |
|       |                                      | Oct.28, 2021 | Oct.28, 2021 | Taiwan Corporate Governance Association | Practical operation of employee incentive tools for listed companies                                                    | 3.0   |             |
| 10    | Independent Director<br>MK Lu        | Sep.01, 2021 | Sep.01, 2021 | Financial Supervisory Commission        | The 13th Taipei Corporate Governance Forum                                                                              | 3.0   | 6.0         |
|       |                                      | Oct.28, 2021 | Oct.28, 2021 | Taiwan Corporate Governance Association | Practical operation of employee incentive tools for listed companies                                                    | 3.0   |             |



### 3.4.14.2 Continuing Education/Training of Management

| Title                                              | Name         | Date       | Course name                                                                               | Hours |
|----------------------------------------------------|--------------|------------|-------------------------------------------------------------------------------------------|-------|
| President                                          | Anson Chiu   | 2021/4/29  | On the blueprint of Corporate Governance 3.0 and Directors' Responsibilities              | 3     |
|                                                    |              | 2021/10/28 | Practical operation of employee incentive tools for listed companies                      | 3     |
|                                                    |              | 2021/11/12 | National Taiwan University . Global Views ESG Corporate sustainability leadership lecture | 24    |
|                                                    |              | 2021/11/13 |                                                                                           |       |
|                                                    |              | 2021/11/19 |                                                                                           |       |
|                                                    |              | 2021/11/20 |                                                                                           |       |
| CFO                                                | Brownson Chu | 2021/11/09 | Lean Financial Management and Profit Reengineering                                        | 6     |
|                                                    |              | 2021/12/07 | Annual Budgeting Considerations for increasing income and reducing expenditure            | 6     |
| Chief Audit Officer                                | Lando Lin    | 2021/09/22 | Implementation of Internal Audit and Internal Control                                     | 6     |
|                                                    |              | 2021/11/02 | Practice and management of Fraud Risk Audit                                               | 6     |
| VP/ Corporate Governance Officer/Board Secretariat | Jean Hong    | 2021/01/26 | On the blueprint of Corporate Governance 3.0 and Directors' Responsibilities              | 3     |
|                                                    |              | 2021/04/29 | On the blueprint of Corporate Governance 3.0 and Directors' Responsibilities              | 3     |
|                                                    |              | 2021/08/20 | The Key to the success of failure of digital transformation-international case sharing    | 3     |
|                                                    |              | 2021/10/28 | Practical operation of employee incentive tools for listed companies                      | 3     |

### 3.4.15 Intellectual Property Strategy, Management, and Outcome Application

#### 1. Intellectual property management plan and goals

We actively encourage innovation and independent research and development. The priorities in our intellectual property strategy are focusing on core technologies, and developing high quality patents. We implement an intellectual property management plan and goals that are linked to business targets and key R&D plans, and conduct risk management as needed to reduce infringement risk. Meanwhile, moving toward creating added value in intellectual property rights, we strengthen R&D outcome commoditization and enhance our brand image by creating added value from intellectual property. We aim to operate in all areas of our business and maximize the value of intellectual property while managing and utilizing effectively our patents, trademarks, trade secrets, and copyrights.

#### 2. Intellectual property strategy and management system

As part of our ongoing commitment to intellectual property, we have implemented the Intellectual Property Management Procedure to regulate and manage the grant of right, maintenance, and utilization of patents, trademarks, trade secrets, copyright and other forms of intellectual property. The procedure serves to help LITEON compete in the market and protect the rights of itself and its shareholders.

##### Patent management measures:

We have implemented a sub-procedure, "Invention Application and Incentive Award Program", under the Intellectual Property Management Procedure. We have a well-established disclosures, review committee, and incentive program to encourage our employees to turn R&D outcomes into protected intellectual property. The effort will generate momentum for R&D and innovation in products and technologies. We also try to file good patents to build up powerful patent portfolio for the company as a whole and pave the way for the company to compete more effectively in the tech industry.

##### Trade secret management measures:

Our "Engineering Notebook Management Procedure" is designed to manage the entire intellectual property innovation process. It enables the R&D personnel to record their work outcomes in an easier and more effective manner for easier reference, access to supporting documents, and long term storage. The procedure protects LITEON's R&D results and trade secrets effectively in order to accumulate and pass on the company's entire R&D database and intellectual property. It also helps the company stand out more. The Engineering Notebook is developed

by combining LITEON's operating system and approval system. It allows the R&D personnel to record research outcomes on a computer and R&D supervisors to review and approve work electronically. The move from paper to electronic allows recording, approval, and storage without time and space constraints. The company is able to retain complete R&D outcomes more economically.

Meanwhile, for the purpose of protecting the company's intellectual property, employees joining the company are required to sign an employment agreement and related documents to agree, in addition to making their inventions created on the job as required by law of the intellectual property of the company, to undertake the duty to safeguard the confidentiality of the company's intellectual property rights and confidential information and other obligations for the duration of employment and after termination of employment.

Trademark management measures:

We also have a trademark management system. The system establishes the procedures for application, evaluation, acquisition, and maintenance of trademarks, and promotes the correct use of trademarks. It serves the purpose of protecting LITEON's intangible assets, establishing and maintaining LITEON's reputation, and protecting LITEON's brand interests by preventing from trademark squatting.

Furthermore, we perform regular internal audits of the R&D cycle every year in order to ensure the acquisition, maintenance, and utilization of the intellectual property are handled in accordance with LITEON's rules.

### 3.Implementation and outcome

We present one or more intellectual property management report to the board of directors every year. The last report was presented on October 28, 2021.

We have been working hard to develop the intellectual property management plan. Key activities in recent years are as follows:

(1)We had been building a system for various forms of intellectual property for the company. (The Intellectual Property Management Procedure Version 2, the Invention Application and Incentive Award Program Version I, and the Engineering Notebook Management Procedure Version 1 were revised in 2020.)

(2)We refined our intellectual property management plan. Improvements included the introduction of quality indicators for R&D personnel's patent applications, performance evaluation mechanisms and related reward programs. The objective is to focus on key R&D technologies effectively and generate effective protection for intellectual property rights.

(3)The patent management system was optimized.

(4)Several training sessions were held to raise awareness of basic ideas of intellectual property rights every year. In summary, our outcomes in intellectual property are the following:

**Patents:** As of the end of 2021, LITEON has a total of 2,500 patent applications and 2,100 granted patents, including 1,600 utility patents. These patents are spread across a number of major markets and countries and cover main places of manufacture and sale for related products. In particular, the technical field covers our core products, including LITEON's LED products, power supply units, servers and network communication parts, multifunction machines, computer input devices and chassis, automotive electronic parts and other core products. Core technologies included opto-electronics, cloud computing, AI, smart home, network communication, storage, smart lighting, smart automobile, imaging and 5G wireless system. A huge amount of patent data are handled systematically entirely by the LITEON patent database. The process makes it easier to track the status of patent applications and issued patents and subsequent maintenance.

**Trademarks:** So far LITEON has more than two hundred granted trademarks. In 2021, TIPO issued an official letter to recognize **LITEON®** as a famous trademark in Class 9 which covers several electrical products. **LITEON®** is majorly marketing trademark and spread across ten categories and registered in more than forty countries in order to ensure LITEON's products, including opto-electronics, information, automotive, lighting, and storage products can be protected by these trademarks. Meanwhile, to enhance the brand image and recognition, we place our trademarks not only on the products and the exterior packaging, but also on business documents, such as product catalogs and income certificates. In addition, we make it ongoing standard practice to use our trademarks in all domestic and international business activities and exhibitions. Furthermore, we organize internal education and training sessions as needed to raise awareness of the correct use of trademarks.

**Partnerships:** We work with well-known universities around the world in various cooperation programs, such as the R&D center established jointly with National Tsing Hua University. These programs help us secure technologies and

patents for key technologies in the business. We also team up with Nanyang Technological University of Singapore to develop more power-efficient technologies for smart grids and smart homes. More than a hundred theses have been published on domestic and international journals under these programs. These partnerships with research institutions, such as National Taiwan University of Science and Technology, attract outstanding talent to join LITEON. We also work actively with upstream/downstream suppliers to develop and facilitate related patents.

To encourage technical innovation and creativity, we have created the Innocell Creativity Center (ICC) to handle primarily innovative product development, innovative aesthetic design, graphic packaging design, multimedia visual design, user experience design, and IoT and app integration design. The adoption of digital technologies and environmental policies in recent years extends the responsibilities of ICC further to cover cloud platform integration, augmented reality (AR) application and green packaging design. For example: the success in creating a smart streetlight IoT control panel and its application in large domestic government projects; recycling marine waste and turning marine waste keyboard packages into environmentally friendly board game cards and marine waste mouse packages into card holders in order to raise awareness of marine waste in the next generation through a combination of education and entertainment. The design received an iF Design Award in 2020.

Furthermore, to fulfill our corporate social responsibility and drive innovation in Taiwan, LITEON hosts the LITEON Award, which is open to the public, every year. By hosting competitions, campus innovation seminars, and international forums, we continue to call attention to technologies, products, and innovative designs in the Chinese-speaking world. We also provide young creative teams with a platform for exchanging ideas with world-class corporate, academic, technical experts and social resources in Taiwan.

#### 4. Purposes of intellectual property and its contributions to business activities

We work hard to invigorate and manage the existing intellectual property, such as receiving royalty from licensee, cross license, purchase, sale or trust of intellectual property, and anti-counterfeiting efforts. We sometimes use patents as weapons to open doors and form strategic alliances to create win-win situations. There have been many successes with invigorating intellectual property to create profits for the company, improving the brand image, increasing market shares for specific products, and winning clients' trust. Meanwhile, we continue to innovate and develop new products and technologies. Through the coordination among different entities in the LITEON Group, we can establish an intellectual property wall which increases LITEON's advantage and competitiveness.

#### 5. Countermeasures against intellectual property related risks

We take an active approach to facing and handling intellectual property disputes as appropriate with priority given to protecting the company's market, products, technologies, and clients. Besides following the dispute resolution mechanisms to perform technical, legal, and industrial analyses and formulate dispute resolution strategies, we utilize various models and look at the big picture before deciding to erect technical barriers to trade for competitors or avoid infringement on patents of others.

We organize a number of training sessions every year to communicate the importance of intellectual property and related risk management mechanisms to our employees. Topics include gaining the first-mover advantage by immediately applying for patents, use and management of confidential technical information, and monitoring of products and technologies in the market. We have also certain guidelines in place for employees to follow so to enable our employees to take appropriate response measures in the event of a patent risk incident.

To ensure LITEON's information assets are adequately protected, we set rules for the categorization, classification, and labeling of confidential information in the company. We also take appropriate confidentiality measures to prevent the theft, alteration, damage, destruction, or leakage of confidential information. There are also controls in place to manage access to view confidential information. Meanwhile, following the trend of going paperless and electronic transmission, we have implemented an ISO 27001:2013 compliant information security policy. To prevent hacker attacks and theft of the company's confidential information, we have installed information security monitoring systems and implemented Microsoft Azure Information Protection (AIP). Digital cloud tools, such as Microsoft Office 365, and encryption, identification and authorization rules are utilized to protect confidential business documents. Furthermore, in terms of security in the real world, all of our employees and external parties (including clients, consultants, partners and suppliers) are inside the scope of this policy.

To prevent the above risks, we identify operations management related intellectual property opportunities and risks, and devise countermeasures, including systems and regulations, training, confidentiality management, inventory maintenance, and reporting proven infringement and rewards. These measures ensure output of intellectual property rights, and effectively manage intellectual property risks.

### 3.5 Information on Attesting CPA Professional Fees

Unit: NT\$ thousands

| Accounting Firm   | Name of CPA                         | Period Covered by CPA's Audit | Audit Fee | Non-audit Fee | Total  | Remarks                                                                                                                                                                                                |
|-------------------|-------------------------------------|-------------------------------|-----------|---------------|--------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Deloitte & Touche | MENG-CHIEH, CHIU<br>CHEN-TSAI, TSAI | 01/01/2021<br>-<br>12/31/2021 | 25,130    | 9,038         | 34,168 | Fees for other non-audit services were mainly for tax-related consultation and compliance audit NT\$6,370 thousand, investment-related consultation NT\$1,011 thousand, and others NT\$1,657 thousand. |

Note 1: When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: Not Applicable.

Note 2: When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reasons therefor shall be disclosed: None.

### 3.6 Information on Replacement of CPA: Not Applicable.

### 3.7 Audit Independence

The Company's Chairman, Chief Executive Officer, Chief Financial Officer, and managers in charge of its finance and accounting operations did not hold any positions in the Company's independent auditing firm or its affiliates during 2021.

## 3.8 Changes in Shareholding of Directors, Managers and Major Shareholders

Unit: Shares

| Title                                                               | Name                                        | 2021                        |                                     | As of February 28, 2022     |                                     |
|---------------------------------------------------------------------|---------------------------------------------|-----------------------------|-------------------------------------|-----------------------------|-------------------------------------|
|                                                                     |                                             | Holding Increase (Decrease) | Pledged Holding Increase (Decrease) | Holding Increase (Decrease) | Pledged Holding Increase (Decrease) |
| Chairman                                                            | Tom Soong                                   | 3,500,000                   | 0                                   | 2,000,000                   | 0                                   |
| Director                                                            | Raymond Soong                               | 0                           | 0                                   | 0                           | 0                                   |
| Director                                                            | Warren Chen                                 | 0                           | 0                                   | 0                           | 0                                   |
| Director                                                            | Ta-Sung Investment Co., Ltd.                | 0                           | 0                                   | 0                           | 0                                   |
|                                                                     | Representative: Keh-Shew Lu                 | 0                           | 0                                   | 0                           | 0                                   |
| Director                                                            | Ta-Sung Investment Co., Ltd                 | 0                           | 0                                   | 0                           | 0                                   |
|                                                                     | Representative: CH Chen                     | 0                           | 0                                   | 0                           | 0                                   |
| Independent Director                                                | Harvey Chang                                | 0                           | 0                                   | 0                           | 0                                   |
| Independent Director                                                | Edward Yang                                 | 0                           | 0                                   | 0                           | 0                                   |
| Independent Director                                                | Albert Hsueh                                | 0                           | 0                                   | 0                           | 0                                   |
| Independent Director                                                | Mike Yang                                   | 0                           | 0                                   | 0                           | 0                                   |
| Independent Director                                                | MK Lu (Note 1)                              | 0                           | 0                                   | 0                           | 0                                   |
| President                                                           | Anson Chiu                                  | 274,980                     | 0                                   | 0                           | 0                                   |
| SBU General Manager                                                 | Jerry Hsu                                   | 0                           | 0                                   | 0                           | 0                                   |
| SBU General Manager                                                 | Henry Chen                                  | 0                           | 0                                   | 0                           | 0                                   |
| SBU General Manager                                                 | Steven Liao                                 | 0                           | 0                                   | 0                           | 0                                   |
| SBU General Manager                                                 | John Chang                                  | 0                           | 0                                   | 0                           | 0                                   |
| Vice President<br>Corporate Governance Officer<br>Board Secretariat | Jean Hong                                   | 0                           | 0                                   | 0                           | 0                                   |
| CFO                                                                 | Patricia Chou (On board on January 3, 2022) | 0                           | 0                                   | 0                           | 0                                   |
| CFO                                                                 | Brownson Chu (Resigned on January 3, 2022)  | 0                           | 0                                   | 0                           | 0                                   |
| SBU General Manager                                                 | Nelson Wu (Resigned on September 30, 2021)  | 0                           | 0                                   | 0                           | 0                                   |

Note 1: Mr. MK Lu was elected as LITEON's independent director at LITEON's Annual Shareholders' Meeting on August 26, 2021. His shareholding was disclosed starting from that date.

### 3.8.1 Shares Trading with Related Parties: None

### 3.8.2 Shares Pledge with Related Parties: None

### 3.9 Relationship among the Top Ten Shareholders

As of August 18, 2021

| Name                                                                                  | Current Shareholding |       | Spouse's/minor's Shareholding |       | Shareholding by Nominee Arrangement |    | Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees |              |
|---------------------------------------------------------------------------------------|----------------------|-------|-------------------------------|-------|-------------------------------------|----|--------------------------------------------------------------------------------------------------------------|--------------|
|                                                                                       | Shares               | %     | Shares                        | %     | Shares                              | %  | Title (or name)                                                                                              | Relationship |
| Ta-Rong Investment Co., Ltd.                                                          | 85,402,698           | 3.63% | 0                             | 0%    | 0                                   | 0% | Shu-Yan Tsai                                                                                                 | Chairman     |
| Ta-Rong Investment Co., Ltd.<br>Chairman: Shu-Yan Tsai                                | 7,454                | 0%    | 0                             | 0%    | 0                                   | 0% | Ming-Hsing / Ta-Sung/ Yuan Pao Development ( Investment Co., Ltd. )                                          | Chairman     |
| Raymond Soong                                                                         | 79,302,560           | 3.37% | 16,966,064                    | 0.72% | 0                                   | 0% | None                                                                                                         | None         |
| Ming-Hsing Investment Co., Ltd.                                                       | 47,326,330           | 2.01% | 0                             | 0%    | 0                                   | 0% | Shu-Yan Tsai                                                                                                 | Chairman     |
| Ming-Hsing Investment Co., Ltd.<br>Chairman: Shu-Yan Tsai                             | 7,454                | 0%    | 0                             | 0%    | 0                                   | 0% | Ta-Rong/ Ta-Sung/ Yuan Pao Development (Investment Co., Ltd.)                                                | Chairman     |
| Ta-Sung Investment Co., Ltd.                                                          | 47,088,399           | 2.00% | 0                             | 0%    | 0                                   | 0% | Shu-Yan Tsai                                                                                                 | Chairman     |
| Ta-Sung Investment Co., Ltd.<br>Representative: Keh-Shew Lu                           | 0                    | 0%    | 0                             | 0%    | 0                                   | 0% | None                                                                                                         | None         |
| Ta-Sung Investment Co., Ltd.<br>Representative: CH Chen                               | 0                    | 0%    | 0                             | 0%    | 0                                   | 0% | None                                                                                                         | None         |
| Yuanta/P-shares Taiwan Dividend Plus ETF                                              | 44,104,779           | 1.88% | 0                             | 0%    | 0                                   | 0% | None                                                                                                         | None         |
| Yuan Pao Development & Investment Co. Ltd.                                            | 39,473,599           | 1.68% | 0                             | 0%    | 0                                   | 0% | Shu-Yan Tsai                                                                                                 | Chairman     |
| Yuan Pao Development & Investment Co. Ltd.<br>Chairman: Shu-Yan Tsai                  | 7,454                | 0%    | 0                             | 0%    | 0                                   | 0% | Ta-Rong/ Ming-Hsing/ Ta-Sung (Investment Co., Ltd.)                                                          | Chairman     |
| Norges Bank – internal – NBIM PF EQ INTERNAL CFD                                      | 34,637,070           | 1.47% | 0                             | 0%    | 0                                   | 0% | None                                                                                                         | None         |
| Labor Pension fund                                                                    | 34,392,413           | 1.46% | 0                             | 0%    | 0                                   | 0% | None                                                                                                         | None         |
| Silchester International Investors International Value Equity Trust                   | 33,227,857           | 1.41% | 0                             | 0%    | 0                                   | 0% | None                                                                                                         | None         |
| CTBC Investments Co., Ltd.<br>Managed for Taiwan Life Insurance Discretionary Account | 32,476,000           | 1.38% | 0                             | 0%    | 0                                   | 0% | None                                                                                                         | None         |

### 3.10 Ownership of Shares in Affiliated Enterprises

The shareholding of the same invested company by the Company, the directors, the supervisors, the managers or another business that is controlled by the Company directly or indirectly

As of December 31, 2021  
Unit: shares; %

| Invested businesses<br>(Note 1)                     | The Company's investment |                       | Investment of director, supervisor, management, and the business controlled by the Company directly or indirectly |                       | Total Ownership |                       |
|-----------------------------------------------------|--------------------------|-----------------------|-------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------|-----------------------|
|                                                     | Shares                   | Share-holding ratio % | Shares                                                                                                            | Share-holding ratio % | Shares          | Share-holding ratio % |
| Silitech Technology Corporation                     | 11,322,003               | 16.65                 | 385,545                                                                                                           | 0.57                  | 11,707,548      | 17.22                 |
| Lite-On Integrated Service Inc.                     | 3,400,000                | 100.00                | -                                                                                                                 | -                     | 3,400,000       | 100.00                |
| DragonJet Corporation                               | 21,968,856               | 29.62                 | -                                                                                                                 | -                     | 21,968,856      | 29.62                 |
| Lite-On Capital Corporation.                        | 170,706,763              | 100.00                | -                                                                                                                 | -                     | 170,706,763     | 100.00                |
| LITE-ON ELECTRONICS H.K. LIMITED                    | 17,865,367               | 100.00                | -                                                                                                                 | -                     | 17,865,367      | 100.00                |
| Lite-On Electronics (Thailand) Co., Ltd.            | 6,049,844                | 100.00                | -                                                                                                                 | -                     | 6,049,844       | 100.00                |
| LITE-ON SINGAPORE PTE. LTD.                         | 51,776,500               | 100.00                | -                                                                                                                 | -                     | 51,776,500      | 100.00                |
| Lite-On Japan Ltd.                                  | 12,451,058               | 100.00                | -                                                                                                                 | -                     | 12,451,058      | 100.00                |
| LITE-ON TECHNOLOGY USA, INC.                        | 470,239                  | 100.00                | -                                                                                                                 | -                     | 470,239         | 100.00                |
| Lite-On International Holding Co., Ltd.             | 363,725,483              | 100.00                | -                                                                                                                 | -                     | 363,725,483     | 100.00                |
| LTC GROUP LTD.                                      | 32,915,855               | 100.00                | -                                                                                                                 | -                     | 32,915,855      | 100.00                |
| LITE-ON ELECTRONICS (EUROPE) LIMITED                | 300,000                  | 100.00                | -                                                                                                                 | -                     | 300,000         | 100.00                |
| Lite-On Technology (Europe) B.V.                    | 330,896                  | 54.00                 | 281,875                                                                                                           | 46.00                 | 612,771         | 100.00                |
| Lite-On Overseas Trading Co., Ltd.                  | 5,142,962                | 100.00                | -                                                                                                                 | -                     | 5,142,962       | 100.00                |
| LITE-ON VIETNAM CO., LTD.                           | -                        | 100.00                | -                                                                                                                 | -                     | -               | 100.00                |
| LITE-ON MOBILE PTE. LTD.                            | 280,838,838              | 100.00                | -                                                                                                                 | -                     | 280,838,838     | 100.00                |
| LITE-ON AUTOMOTIVE ELECTRONICS MEXICO, S.A. DE C.V. | 294,825                  | 99.00                 | 2,978                                                                                                             | 1.00                  | 297,803         | 100.00                |
| EAGLE ROCK INVESTMENT LTD.                          | 10,000                   | 100.00                | -                                                                                                                 | -                     | 10,000          | 100.00                |
| LET (HK) LIMITED                                    | 62,059,600               | 100.00                | -                                                                                                                 | -                     | 62,059,600      | 100.00                |



| Invested businesses<br>(Note 1)                     | The Company's investment |                       | Investment of director, supervisor, management, and the business controlled by the Company directly or indirectly |                       | Total Ownership |                       |
|-----------------------------------------------------|--------------------------|-----------------------|-------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------|-----------------------|
|                                                     | Shares                   | Share-holding ratio % | Shares                                                                                                            | Share-holding ratio % | Shares          | Share-holding ratio % |
| HIGH YIELD GROUP CO., LTD.                          | 68,238,000               | 100.00                | -                                                                                                                 | -                     | 68,238,000      | 100.00                |
| Philips & Lite-On Digital Solutions Corporation     | 17,150,000               | 49.00                 | -                                                                                                                 | -                     | 17,150,000      | 49.00                 |
| Lite-Space Technology Company Limited               | 5,600,000                | 46.67                 | -                                                                                                                 | -                     | 5,600,000       | 46.67                 |
| Lite-On Automotive International (Cayman) Co., Ltd. | 11,967,300               | 100.00                | -                                                                                                                 | -                     | 11,967,300      | 100.00                |
| LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED      | 102,374,058              | 99.00                 | 1,034,082                                                                                                         | 1.00                  | 103,408,140     | 100.00                |
| KBW-LEOTEK Jordan Private Shareholding Limited      | 49,000                   | 49.00                 | -                                                                                                                 | -                     | 49,000          | 49.00                 |
| KBW-LITEON Jordan Private Shareholding Limited      | 36,056,975               | 99.86                 | -                                                                                                                 | -                     | 36,056,975      | 99.86                 |
| SKYLA CORPORATION                                   | 20,000,000               | 62.60                 | -                                                                                                                 | -                     | 20,000,000      | 62.60                 |
| LEOTEK CORPORATION                                  | 5,000                    | 100.00                | -                                                                                                                 | -                     | 5,000           | 100.00                |

Note 1: Long-term equity investment of the Company calculated according to the equity method.

## 4. Capital Overview

### 4.1 Capital and Shares

#### 4.1.1 Source of Capital

##### 4.1.1.1 Capitalization

As of February 28, 2022

| Month/<br>Year | Issued<br>Price<br>(NT\$) | Authorized Capital |                               | Paid-in Capital |                               | Remark                                       |                                                      |                                                                                           |
|----------------|---------------------------|--------------------|-------------------------------|-----------------|-------------------------------|----------------------------------------------|------------------------------------------------------|-------------------------------------------------------------------------------------------|
|                |                           | Shares (K)         | Amount<br>(NT\$<br>thousands) | Shares (K)      | Amount<br>(NT\$<br>thousands) | Sources of<br>Capital                        | Capital<br>Increased by<br>Assets Other<br>than Cash | Others                                                                                    |
| 09/2016        | 10                        | 3,500,000          | 35,000,000                    | 2,350,867       | 23,508,670                    | Shares<br>dividends<br>\$116,746<br>thousand | -                                                    | 09/14/2016<br>No. 10501224160<br>issued by the Ministry<br>of Economic Affairs,<br>R.O.C. |

##### 4.1.1.2 Type of Stock

Unit: shares

| Type of Stock | Authorized Share Capital |                  |               | Remarks      |
|---------------|--------------------------|------------------|---------------|--------------|
|               | Issued Shares            | Un-issued Shares | Total Shares  |              |
| Common Stock  | 2,350,867,032            | 1,149,132,968    | 3,500,000,000 | Listed Stock |

##### 4.1.1.3 Information for Shelf Registration: Not applicable

#### 4.1.2 Status of Shareholders

As of August 18, 2021

|                            | Governmental<br>Organizations | Financial<br>Institutions | Other<br>Institutional<br>Investors | Individuals | Foreign<br>Institutional<br>Shareholders and<br>Individuals | Total         |
|----------------------------|-------------------------------|---------------------------|-------------------------------------|-------------|-------------------------------------------------------------|---------------|
| Numbers of<br>Shareholders | 9                             | 38                        | 317                                 | 125,570     | 1,228                                                       | 127,162       |
| Holding Shares             | 87,937,746                    | 210,712,947               | 381,214,549                         | 462,176,036 | 1,208,825,754                                               | 2,350,867,032 |
| Holding Stake              | 3.74%                         | 8.96%                     | 16.22%                              | 19.67%      | 51.41%                                                      | 100%          |

### 4.1.3 Shareholding Distribution Status

#### 4.1.3.1 Common Shares

As of August 18, 2021

| Class of Shareholding (Unit: Share) | Number of Shareholders | Shareholding (Shares) | Percentage |
|-------------------------------------|------------------------|-----------------------|------------|
| 1~ 999                              | 72,808                 | 16,690,194            | 0.71%      |
| 1,000~ 5,000                        | 42,523                 | 85,475,361            | 3.64%      |
| 5,001~ 10,000                       | 6,065                  | 43,726,705            | 1.86%      |
| 10,001~ 15,000                      | 1,842                  | 22,332,861            | 0.95%      |
| 15,001~ 20,000                      | 913                    | 16,180,819            | 0.69%      |
| 20,001~ 30,000                      | 814                    | 19,928,185            | 0.85%      |
| 30,001~ 40,000                      | 418                    | 14,493,008            | 0.62%      |
| 40,001~ 50,000                      | 240                    | 10,919,752            | 0.46%      |
| 50,001~ 100,000                     | 473                    | 33,631,547            | 1.43%      |
| 100,001~ 200,000                    | 300                    | 42,714,530            | 1.82%      |
| 200,001~ 400,000                    | 229                    | 64,360,079            | 2.74%      |
| 400,001~ 600,000                    | 114                    | 56,169,694            | 2.39%      |
| 600,001~ 800,000                    | 74                     | 50,086,393            | 2.13%      |
| 800,001~1,000,000                   | 55                     | 49,649,343            | 2.11%      |
| 1,000,001 or over                   | 294                    | 1,824,508,561         | 77.60%     |
| Total                               | 127,162                | 2,350,867,032         | 100%       |

#### 4.1.3.2 Preferred Shares: Not applicable

#### 4.1.4 List of Major Shareholders

As of August 18, 2021

| Shareholder's Name                                                                 | Shareholding |            |
|------------------------------------------------------------------------------------|--------------|------------|
|                                                                                    | Shares       | Percentage |
| Ta-Rong Investment Co., Ltd.                                                       | 85,402,698   | 3.63%      |
| Raymond Soong                                                                      | 79,302,560   | 3.37%      |
| Ming-Hsing Investment Co., Ltd.                                                    | 47,326,330   | 2.01%      |
| Ta-Sung Investment Co., Ltd.                                                       | 47,088,399   | 2.00%      |
| Yuanta/P-shares Taiwan Dividend Plus ETF                                           | 44,104,779   | 1.88%      |
| Yuan Pao Development & Investment Co. Ltd.                                         | 39,473,599   | 1.68%      |
| Norges Bank – internal – NBIM PF EQ INTERNAL CFD                                   | 34,637,070   | 1.47%      |
| Labor Pension fund                                                                 | 34,392,413   | 1.46%      |
| Silchester International Investors International Value Equity Trust                | 33,227,857   | 1.41%      |
| CTBC Investments Co., Ltd. Managed for Taiwan Life Insurance Discretionary Account | 32,476,000   | 1.38%      |

#### 4.1.5 Market Price, Net Worth, Earnings, and Dividends per Share

Unit: K shares, NT\$

| <div>Item \ Year</div> |                                        |                                                     | 2020      | 2021          | Current year to Feb. 28, 2022 (Note 5) |
|------------------------|----------------------------------------|-----------------------------------------------------|-----------|---------------|----------------------------------------|
| Market Price Per Share | Highest                                |                                                     | 53.70     | 67.90         | 69.60                                  |
|                        | Lowest                                 |                                                     | 37.70     | 49.80         | 62.80                                  |
|                        | Average                                |                                                     | 46.68     | 60.97         | 66.32                                  |
| Net worth per Share    | Before distribution                    |                                                     | 31.67     | 31.68         | -                                      |
|                        | After distribution                     |                                                     | 28.23     | 29.15 (Note1) | -                                      |
| Earnings per Share     | Weighted average shares (1,000 shares) |                                                     | 2,323,564 | 2,310,790     | -                                      |
|                        | Earnings per share                     | Before adjustment                                   | 4.31      | 6.01          | -                                      |
|                        |                                        | After adjustment                                    | 4.31      | 6.01          | -                                      |
| Dividends per Share    | Cash Dividend                          |                                                     | 3.4       | 4.5 (Note1)   | -                                      |
|                        | Stock Dividends                        | Stock Dividends Appropriated from Retained Earnings | -         | -             | -                                      |
|                        |                                        | Stock Dividends Appropriated from Capital Reserve   | -         | -             | -                                      |
|                        | Accumulated Undistributed Dividends    |                                                     | -         | -             | -                                      |
| Return on Investment   | Price/Earnings Ratio (Note 2)          |                                                     | 10.83     | 10.14         | -                                      |
|                        | Price/Dividend Ratio (Note 3)          |                                                     | 13.73     | 13.55 (Note1) | -                                      |
|                        | Cash Dividend Yield Rate (Note 4)      |                                                     | 7.28      | 7.38 (Note1)  | -                                      |

Note 1: Include the cash dividends for 2021Q4 which were approved by Board of Directors on February 24, 2022.

Note 2: Price / Earnings Ratio = Average Market Price / Earnings per Share

Note 3: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share

Note 4: Cash dividend Yield Rate= Cash Dividends per Share / Average Market Price

Note 5: As of the date of publication of the annual report, there is no financial report of 2022Q1 has been reviewed by certified public accountant.

## 4.1.6 Dividend Policy and Implementation Status

### 4.1.6.1 Dividend Policy

If there is net profit after tax upon the final settlement of account of each fiscal year, the Company shall first to 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 amounts reach to the total capital of the Company; then set aside special reserve in accordance with relevant laws or regulations or as requested by the authorities in charge. The remaining net profit, plus the beginning unappropriated earnings (including adjustment of unappropriated earnings if any), shall be distributed into dividends to shareholders according to the distribution plan proposed by the Board of Directors and submitted to the shareholders' meeting for approval.

Where the Company distributes preceding surplus earning, legal reserve and capital reserve in the form of cash, such distribution is authorized to be made after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto 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.

In consideration of business development plan, investing environment, demand for funds, global competitiveness and the shareholders' interest, the Dividend Policy of the Company is the distribution to shareholders with the appropriation of the amount which shall be no less than 70% of the net profit after income tax under the circumstance that there is no cumulated loss in prior years. The distribution may be executed in cash dividend and/or share dividend, and the cash dividend shall be no less than 90% of the total distributed dividends.

In case there are no earnings for distribution in a certain year, or the earnings of a certain year are significantly less than the earnings actually distributed by the Company in the previous year, or considering the financial, business or operational factors of the Company, the Company may allocate a portion or all of its reserves for distribution in accordance with relevant laws or regulations or the orders of the authorities in charge.

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

### 4.1.6.2 Proposed Distribution of Dividend

On July 29, 2021, the Board of Directors approved the distribution of cash dividend NTD 4,700,810,064 (NTD 2.0 per share) in the second quarter of 2021, and the dividend had been paid on September 10, 2021.

On February 24, 2022, the Board of Directors approved the distribution of cash dividend NTD 5,776,012,580 (NTD 2.5 per share) in the fourth quarter of 2021, and the dividend was proposed to be paid on April 22, 2022.

The total cash dividends for 2021 was NTD 4.5 per share. In the event of repurchase of the Company's shares, transfer, conversion or annulment of treasury stocks, and exercise of employees' stock options, leading to a change in the number of outstanding shares and a consequent change in dividend yield, the chairman has been authorized to duly adjust cash payout rates.

### 4.1.6.3 If a material change in dividend policy is expected, provide an explanation: None

## 4.1.7 Effect Upon Business Performance and EPS Resulting of Stock Dividend Distribution Proposed at the Shareholders' Meeting:

The dividend distribution proposal to be submitted to the shareholders' meeting proposes cash dividends only and does not involve stock dividends. In addition, according to the Regulations Governing the Publication of Financial Forecasts of Public Companies, LITEON does not have to disclose the financial forecasts for 2022. Therefore, the effect on business performances, earnings per share and shareholder ROI does not apply.

## 4.1.8 Compensation of Directors and Employees

### 1. Percentages or ranges of remuneration of employees and directors under the Articles of Incorporation:

The Company shall allocate the following compensation from the profit of each fiscal year (The “profit” means “profit before income tax and employees’ and directors’ compensation”), however, the Company shall have reserved a sufficient amount from such profit to offset its accumulated losses (including unappropriated earnings adjustment if any):

1. Employees’ compensation: no less than 1%

2. Directors’ compensation: no more than 1.5%

The employees’ compensation under the preceding paragraph will be distributed by shares or cash. The employees of parents or subsidiaries of the Company meeting certain specific requirements may also be entitled to such compensation. The Board of Directors is authorized with full powers to determine the terms and methods of appropriation and the Directors’ compensation may only be distributed by cash.

The Company shall, upon a resolution of the Board of Directors, distribute employees’ and director’s compensation in the preceding two paragraphs, and report to the shareholders’ meeting for such distribution. While the Company distributes surplus earnings at the close of each quarter in accordance with the Article 24 paragraph 5, the Company shall estimate and reserve the employees’ compensation and directors’ compensation according to the preceding paragraph. If the Company has accumulated losses, the Company shall estimate and reserve the accumulated losses to be made up first before estimating and reserving the employees’ compensation and directors’ compensation.

Qualification requirement of employees in the preceding second paragraph shall comply with the provisions otherwise prescribed by the competent authority in charge of securities affairs.

### 2. The Basis for estimating the amount of remuneration of employees and directors, for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated amount, for the current period.

- (1) Basis for estimating the amount of remuneration of employees and directors in current year Estimates are made at a certain percentage in the range specified in the Articles of Incorporation.
- (2) Basis for calculating the number of shares to be distributed as employee remuneration. The calculation is based on the closing price on the preceding business day according to the board of directors. Distributions of employee shares that amount to less than one full share will be made in cash.
- (3) Should there be any significant changes to the amounts resolved by the board of directors after the current financial period has ended, this discrepancy shall be adjusted to the expenses of the year in which the estimates are made. If a different amount is resolved, the differences are recognized as a change in accounting estimate and will be adjusted in the following year.

### 3. Remuneration approved by the board of directors

- (1) The remuneration for employees and directors of the company in 2021 was approved by the board of directors on February 24, 2022. The amount of employee cash remuneration was NT\$1,909,002,373, and the amount of director remuneration was NT\$173,980,379 The amount of remuneration of employees and directors approved by the board of directors had no difference from the figures estimated in the 2021 financial statements.
- (2) The amount of employee bonus to be paid in stocks out of the current company-level financial report in terms of the sum of net profit after tax and employee bonus: Not applicable.

### 4. Distribution of remuneration of employees and directors in previous year

- (1) The amount of employee remuneration was NT\$1,363,182,713 and the director remuneration was NT\$139,222,922 in 2020.
- (2) The amount of remuneration of employees and directors paid had no difference from the figures estimated in the 2020 financial statements.

#### 4.1.9 Buyback of Common Stock:

As of 02/28/2022

| Treasury stocks: Batch Order                                                         | the 6th (Batch)                  |
|--------------------------------------------------------------------------------------|----------------------------------|
| Purpose of buy-back                                                                  | Transferring shares to employees |
| Timeframe of buy-back                                                                | 2021/08/17~ 2021/09/29           |
| Price range                                                                          | 41.23~ 89.55                     |
| Class, quantity of shares bought back                                                | Common share 40,000,000 shares   |
| Value of shares bought-back (in NT\$ thousands)                                      | NTD 2,429,494,228                |
| Quantity of repurchased shares as a percentage of total shares to be repurchased (%) | 100%                             |
| Shares sold/transferred                                                              | 0 share                          |
| Accumulated number of company shares held                                            | Common share 40,000,000 shares   |
| Percentage of total company shares held (%)                                          | 1.70%                            |

## 4.2 Bonds

**4.2.1 Corporate Bonds: None**

**4.2.2 Convertible Bonds: None**

**4.2.3 Exchangeable Bonds: None**

**4.2.4 Shelf Registration for Issuing Bonds: None**

**4.2.5 Corporate Bonds with Warrants: None**

## 4.3 Preferred Shares

**4.3.1 Preferred Shares: None**

**4.3.2 Preferred Shares with Warrants: None**

**4.4 Global Depository Receipts: None**

**4.5 Employee Stock Options: None**

**4.6 New Restricted Employee Shares : None**

**4.7 Status of New Shares Issuance in Connection with Mergers and Acquisitions: None**

**4.8 Financing Plans and Implementation: Not applicable**



## 5. Operational Highlights

### 5.1 Business Activities

#### 5.1.1 Business Scope

##### 5.1.1.1 Business Activities and Revenue Breakdown

| Department                                                 | Key Business Activities                                                                                                              | Product                                                                                                     | 2021 Revenue Breakdown |
|------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|------------------------|
| Opto-electronics Department                                | Design, R&D, production, and sales of optoelectronic parts and components.                                                           | LED packaging and LED lighting applications<br>Auto electronic parts and components<br>Camera modules       | 20%                    |
| Cloud and AIoT Department                                  | Design, R&D, production, and sales of data center, networking and AIoT products.                                                     | Datacenter, Server, Networking, AIoT, Smart Devices and Video Intelligence Solutions                        | 27%                    |
| Information Technology and Consumer Electronics Department | Design, R&D, production, and sales of applications for laptops, desktops, tablets, game consoles, and consumer electronics products. | Power supply<br>Consumer electronics products<br>All-in-one office machines<br>Computer keyboards and cases | 53%                    |

##### 5.1.1.2. New products under development

- (1) High-end opto-semiconductor products
- (2) High efficiency power supply management modules
- (3) High-end camera modules and auto camera modules
- (4) EV chargers

## 5.1.2 Industry Overview

### 1. Macroeconomic conditions

According to the Global Economic Prospects released by the World Bank in January, the global economy rebounded with a 5.5% growth in 2021 compared to the previous year. Looking forward to 2022, the forecast is relatively conservative, and the global economy is expected to achieve a 4.1% growth.

The downward adjustment in 2022 is attributed mainly to the COVID-19 pandemic. Its effects are made worse by supply chain challenges from last year that remain unresolved and the fast-spreading Omicron variant that is causing a labor shortage. In addition, inflation is putting pressure on prices and dampening economic activities. Furthermore, different countries are on different levels of preparedness against the pandemic, supply chain issues, and inflation, and the gap in economic recovery is widening. As a result, it is difficult for countries to work together against global risks. Nevertheless, The World Economic Forum (WEF) thinks that businesses will learn from their experience of the pandemic and become more resilient and better prepared to deal with issues such as digital transformation and environmental sustainability.

### 2. Industry overview and outlook

Most of the company's products in 2021 can be divided into three categories, opto-electronic products, Cloud & AIoT products, and IT & consumer electronics (ITCE) products. In particular, most opto-electronic products were opto semiconductor products and automotive electronics, while most Cloud and ITCE products were power supply. Hence, the industry overview is described as follows with respect to these product categories.

#### (1) Opto-electronics – Opto semiconductor

Light-emitting diodes (LEDs) are being used in more and more places over the last few years. LED now represents one of the hottest industries in the world. LITEON started manufacturing LEDs in 1975. The line focuses on optoelectronic semiconductors with a high entry barrier and high added value. The products include visible and invisible LED components as well as outdoor lighting modules.

Visible LED products include high performance white light LED, white SMD LED, surface mounted LED (SMD LED), high power visible LED, and LED display. Products can satisfy needs ranging from spot, line, to area lighting. They can also be found in IT products, consumer electronics and various other areas. Meanwhile, high-performance energy-efficient UV LED can be found in various special lighting applications. These products are widely used by leading brands in the market. Some clients have started using mini LED in recent years. They are used mostly to provide creative lighting in gaming, smart devices and other high-end consumer products. Regarding high efficiency LED products, buyers of automotive lighting products include top brands in Europe and the Americas.

Invisible LED products cover photocouplers, infrared components, and ambient light sensors. Photocouplers are widely used in power supply systems for industrial automation , green energy, 5G base stations, and automated robots. LITEON is the world's leading photocoupler manufacturer by output. Infrared sensors are used in biometrics, AR/VR, wearable devices, and security monitoring, and are recognized for excellence by leading brands. Growing demand continues to push up shipments and revenues.

#### Upstream - Components/Materials

Upstream supply chain includes semiconductors, plastics, and phosphor powder. For semiconductors, major suppliers include some in Japan and some Taiwanese suppliers that have been selected as strategic partners for excellent quality and steady supply. Meanwhile, plastics and phosphor powder are sourced from a sufficiently large range of suppliers to remove the threat of supply shortage.

#### Midstream - Packaging service providers

The majority of international packaging service providers are Japanese suppliers. Taiwanese suppliers include LITEON, Everlight Electronics, and Unity Opto.

#### Downstream - Products and applications

A growing awareness of energy conservation is leading to an extensive range of downstream applications, including panels, mobile phones, electronic billboards, traffic lights, street lamps, household appliances, indoor lighting, and automotive lighting.

## **(2) Opto-electronics – Automotive electronics**

LITEON has more than 41 years of experience in developing and manufacturing automotive electronics. The company leverages its core competencies in light and electricity to expand quickly in automotive electronics.

Regarding automotive modules, LITEON continues to work with global leading automotive lighting suppliers and produce various automotive interior and exterior LED lighting modules. Resources have been put into products from interior lighting such as ambient lighting to exterior lighting, including intelligent headlight controller modules, front and rear fog light modules, signal lights, tail lights, and high mounted stop light modules, as well as optical and cooling designs and EMI/EMC and energy efficiency designs. These products and designs have been implemented in the products of world famous automakers.

Automotive camera modules and sensor components are widely used in smart car devices. ADAS, driver monitoring systems, and HUDs can be customized according to clients' requirements to create different products. Necessary testing standards and equipment are also provided to improve safety and comfort.

For electric car charging systems, LITEON relies on years of experience in power supply products and combines strengths in hardware and software to provide customers with OEM/ODM electric car charging station solutions. They can be available to residential or public venues. All of these products meet European and US safety standards, and have been shipped to electric car makers and charging service providers.

Growing demand for automotive electronics is creating a growing market. LITEON expects to see growth in shipments and revenues in automotive products.

### **Upstream - Components/Materials**

Upstream production for LED products includes semiconductors, plastics, phosphor powder and other raw materials. Upstream production for camera modules includes lens suppliers and image sensor, voice coil motor and other optical component suppliers. Upstream production for electric car charging stations includes control IC, diodes, resistors, and EV cables.

### **Midstream - Automakers and ADAS and charging system suppliers**

These suppliers include some of the world's largest automakers that manufactures various car parts and products. Midstream production for electric cars includes electric components/modules, charging systems, power motors/modules, automotive electronics components/modules, smart car electronics systems, battery systems, and power supply units.

### **Downstream - Products and applications**

In addition to traditional automakers, downstream production for the automobile industry includes electric car startups that manufactures large electric passenger vehicles, electric cars, electric motorcycles, and electric bicycles. As European nations and the US start banning sale of fossil fueled cars and adopting zero emission policies, it is expected that most countries in the world will implement bans on the sale of fossil fuel cars between 2030 and 2035. These bans will fuel the growth momentum in the electric car industry. To meet electric cars' charging needs, many countries are introducing incentives to encourage charging station operators to install more charging stations, which in turn drive up the demand in the charging station market.

## **(3) Cloud and ITCE products - Power supply (SPS)**

Power supply units are used primarily to convert external power supply to a stable current as needed to be used by electronic products. The products are divided into four categories by current conversion method. The categories are AC/DC, DC/DC, AC/AC, and DC/AC. In particular, AC/DC covers SPS and adaptors. DC/DC is mainly used for communication converter. AC/AC is UPS. DC/AC is found in inverters. Of the four, AC/DC is the most common application.

The company merged with Li Shin in 2007. Now more than 20% of the power supply units being manufactured are high-end power management systems used in network communication, servers and other high-end enterprise cloud computing products. In addition to the existing PC market, LITEON continues to explore opportunities in high-end network communication and servers, consumer electronics, and other non-PC power supply markets.

Regarding cloud computing applications, in addition to supplying server power supply units for brand name clients, LITEON provides high-end power management systems for large data center clients. These products combine hardware, software, and firmware to create an enhanced portfolio.

Other power supply applications include smart home, tablets, game consoles and unique power supply

systems such as wireless chargers and fast chargers. LITEON will also explore opportunities in special industry grade power systems and positioning itself as a provider of one-stop power management solutions in the future in order to continue the revenue growth momentum in power supply units.

#### **Upstream - Components/Materials**

Upstream raw materials for SPS consist mainly of transformers, capacitors, control IC, switches, diodes, wave filters, resistors, and PCB.

- Most key parts have to be imported. Taiwan is one of the major AC/DC SPS manufacturers in the world. There are a large number of suppliers of transformers, resistors, capacitors, wave filters, and PCB in the country. However, given Taiwanese suppliers provide mostly AC/DC SPS for desktop and laptop computers, most suppliers of parts and components have only the capability to manufacture mid- and low-end products. High-end capacitors and transformers have to be imported. Furthermore, Taiwanese semiconductor manufacturers pay less attention to high power electric or electronic modules or power supply control IC and module design. As a result, semiconductor components such as control IC and diodes have to be imported.

- The history of SPS development is more than 30 years old and it continues to show steady progress every year. There is a stable global supply of all key components/materials required in production. Apart from local suppliers Taiwanese manufacturers rely on high-end parts and components imported from the U.S. and Japan.

#### **Midstream - SPS suppliers**

There are more than a hundred SPS manufacturers in Taiwan. However, most of them produce AC/DC SPS products. Large manufacturers, such as LITEON and Delta Electronics, have AC/DC and DC/DC in their product lineups.

#### **Downstream - Products and applications**

The range of products and applications covers IT, communication, consumer electronics, industry and measurement, and defense and aviation. Being global in nature, these industries make SPS a widely used global product. Given its advanced IT industry, Taiwan plays a key role in the international market, and provides support and the main driver for SPS development in Taiwan.

### **3. Product Trends**

#### **(1) Opto-electronics - LED**

Owing to the growing environmental awareness, countries around the world are starting to ban the use of traditional incandescent light bulbs. Improvement of LED chips and packaging technology and optimization of LED lighting cost are consistently driving the global LED demand up and replacing the demand for traditional lighting applications. Besides indoor/ outdoor lighting applications such as traffic lights and street lamps, LED is being developed for portable consumer electronics such as mobile phone backlighting, keypad buttons, camera flash, tablets and laptops, LCD displays, LED television sets, and automotive electronics. Meanwhile, LED is being used heavily in automotive electronics and starting to replace traditional automotive lighting at a faster pace. The range of applications is expanding from interior lighting to exterior lights such as taillight, turn signal light, and headlight. LITEON entered the LED market in 1975. After more than 40 years in the business, the Company has built a well-balanced product portfolio. LITEON's ongoing investment in optoelectronics in the future will include R&D plans for high-end photocouplers, high efficiency multichip packaging, high reliability LED lighting components, low heat resistant packaging, smart lighting, IR LED components for biometric uses, and Infrared sensing for wearables, surveillance, robotics and etc.

#### **(2) Opto-electronics – Automotive electronics**

The automobile industry has a well-established supply chain. Although it caused production delays, the global car chip shortage in 2021 has also contributed to a positive outlook on the automotive supply chain in 2022. Meanwhile, growing popularity of the Internet of Vehicle and driverless vehicles is triggering a trend to turn cars into smart cars or electronic cars. Most of such transformation involves safety systems, including ADAS, adaptive headlights and similar active safety systems as well as parking assistance and other passive safety systems. Both areas show promising potential. While traditional automakers embrace the transition to electronics, EV makers are growing fast worldwide. The global sale of electric cars is expected to reach 27 million cars in 2025. As European nations and the US impose increasingly strict carbon emission requirements on automobiles and approach the complete ban of sale of fossil fuel vehicles, the electric car industry as a whole will continue to grow and in turn support growth of charging station operators and other related businesses.

### (3) Cloud and ITCE products - power supply

Switch mode power supply units are gaining popularity with the rise of PC, mobile communication, and the Internet. Its growing popularity is fueling a steady growth in the SPS demand. Consumers have become much more environmentally conscious in recent years. LITEON has incorporated environmental awareness into its product lines. The company is first to complete new products such as high efficiency energy saving power supply units and smart power supply units.

Regarding power supply for servers and network communication products, the increasing demand for cloud database is leading to a higher demand for high density and high efficiency data center power supply systems and more rigorous requirements. LITEON has introduced battery backup units (BBUs) and data center management solutions to supplement hardware/software in order to provide systematic power management for clients. LITEON has the advantages of a technology leader and expects to continue to grow with an increasing market demand.

### 4. Product competitors

| Product                                     | Company                                                            |
|---------------------------------------------|--------------------------------------------------------------------|
| Optoelectronics- LED                        | Everlight Electronics, Harvatek Corp, Bright LED Electronics, etc. |
| Cloud and ITCE products- power supply units | Delta Electronics, AcBel Polytech, Chicony Power, etc.             |

## 5.1.3 Research and Development

### 5.1.3.1 Research and development expenses in the past two years

Unit: NT\$ thousands

| Items/Year                        | 2020      | 2021      | 2022(as of 2022/2/28)(Note) |
|-----------------------------------|-----------|-----------|-----------------------------|
| Research and development expenses | 5,048,883 | 6,113,185 | 1,048,565                   |
| As a % of total revenue           | 3.21%     | 3.71%     | 4.02%                       |

(Note) The figures for 2022 are unaudited.

### 5.1.3.2 R&D Accomplishments in 2021

All business sectors of the LITEON Group are committed to designing products in accordance with its green policies that encompass resource conservation, higher energy efficiency, carbon reduction, reduction of environmental toxicity, and recyclability of materials and resources. With green design incorporated into all stages of the product life cycle, LITEON continues to develop new products and technologies for customers. Technologies and products successfully developed in the past year are described as follows:

#### Power conversion

- (1) Develop LITEON's exclusive highly integrated ASIC IC (SR IC / PFC+PWM combo IC), reduce the number of parts used and product weight, and meet the goals of green design and ESG.
- (2) The PD 100W adapter is miniaturized, using the QR-Flyback circuit, the volume is changed from 197cc to 160cc, the overall reduction is 18.8%, and the efficiency reaches 91.5%.
- (3) The 330W high-power external power supply is miniaturized, and the LLC resonant circuit is combined with the introduction of new materials (GaN Mos, Active Bridge...) to optimize the design, and the efficiency reaches 94.24%. The size of the existing product is reduced from 566cc to 401cc, an overall decrease of 29%.
- (4) Design for 260W ultra low height( $\leq 16\text{mm}$ ) AIO power supply with high power density and high frequency operating. Adopt Totem-Pole Bridgeless CRM PFC to replace conventional CRM PFC to improve thermal and efficiency. For DC-DC converter, the high efficiency LLC topology is adopted. By the use of WBG semiconductor GaN device, the LLC is operating at high frequency around 300kHz without increase switching loss and then the component size is reduced. Overall PSU efficiency is 93.4%(low line, max load) and power density is 25.7 W/in<sup>3</sup>.
- (5) Successfully developed 2200W power supply for high-end workstation. Design capability of PSU output power is increased by 160% from previous 850W.
- (6) Develop 120W battery charger power supply. Refer to the similar type of market unit only apply low AC input voltage condition, and the battery pack limited by one voltage type design. LITEON develops universal AC input and the PSU available support 10.8V and 20V battery pack application. LITEON's battery charger has under 0.47% high resolution self-calibration and battery status monitor and battery charging time lead around 40% speed.
- (7) Success import CAN BUS protocol into pedelec battery charger and allow charger communicate with battery system to achieve smart charging voltage and charging current modulation which is leading with others pedelec battery charger in the market.
- (8) Efficiency > 97.5%, 3kW/5kW, 54V PSU is ready for data center to improve PUE.
- (9) Power shelf management system is ready to monitor power device and ensure the power quality.
- (10) GPU/HPC high power high efficiency 3kW~5kW PSU is ready for video card application.
- (11) Slim type 3kW 12V power supply is ready for data center networking application.
- (12) High power density(75W/in<sup>3</sup>), 3kW, Titanium is ready for enterprise customers.
- (13) 5kW buck/boost PV converter with MPPT function which using buck/boost dual modes control to fulfill better control at different irradiances and different DC bus ripples.
- (14) 2kW/ 48V bi-directional DC/DC converter for micro-grid application.
- (15) Parallel 16S/50A battery management system.
- (16) Magnetic components optimization and design for 6.6kW on-board charger and 30kW off-board charger.
- (17) Core structure optimization and design for 30 kW off-board charger.

## Optoelectronic Semiconductors Components and their Component Modules

Products are dedicated to the development of miniaturized component packaging, integral optoelectronic semiconductor packages, and component modules of optoelectronic semiconductors. To meet the customer's requirement for product miniaturization, the developed optoelectronic semiconductor packaging and testing technologies integrate optical light-extraction technologies, thermal management, in-line process stress prediction, IC circuit integration, and mechanism precision design to provide ultra-bright, thin and small size, and low power consumption products. The optoelectronic semiconductor modules are developed for the application of the end customer by closely joining development with customers. Also, the development of optoelectronic semiconductors and LEDs is aggressively involved in the fields of smart home appliances, wearable devices, automotive electronics, smart sensing, cloud computing, 5G and AIoT, etc., and committed to developing green and environmentally friendly designs, to become the best business partner for global customers in the development of photovoltaic energy-saving and smart technology innovation applications. Successfully developed technologies and products as.

- (1) For high-performance optocouplers, LITEON keeps expanded the portfolios of high-speed optocouplers; IPM and IGBT gate driver for the industrial inverter, photovoltaic inverter & servo motor; photo-relays that are smaller than traditional mechanical relays with higher reliability; and automotive optocouplers which used in on-board charger, battery management system, inverter control of electric vehicles. LITEON is the first automotive optocoupler manufacturer to get the AEC-Q102 certificate of LED automotive specification by the Automotive Electronics Council in the world.
- (2) The Mini LEDs with unique structure for special lighting pattern feature. At the same time, high reflectivity materials are developed for high performance and brightness miniaturization LEDs to satisfied thin backlight source brightness and uniformity solution.
- (3) Optoelectronic semiconductor component modules with an encapsulation process are compatible with the IR-reflow process, the function of colorful white light, IC controlling, self-illumination LED to meet customer's requirement by improving the efficiency of the mass production, saving energy, colorful program by design . The function of colorful white light has also developed a unique phosphor technology to customize the special light spectrum.
- (4) Developed high-efficiency & multi-view angle IR-LED products with mechanical design for the application market regarding Security Surveillance, Bio-Authentication, Wearable Device, etc., and eventually upgrade the performance of end-use products dramatically.
- (5) 3 in 1 Sensor: By implementing DAF to reduce 15% of total size to meet Mobile Phone requirement.
- (6) Under Display Sensor: By advance IC design and package technology to provide the functions of RGB sensing and Proximity, under OLED display at Mobile phone.
- (7) 3D sensing application: Developed the second generation of high-efficiency packaging solutions to provide long-distance applications for the module, and penetrate the market of AGV, intelligent storage market, etc.
- (8) Provide VCSEL module solutions to penetrate the LiDAR market: Customized package design to provide the best overall performance, and successfully complete the automotive module verification.
- (9) UV-LEDs product portfolios are diversification with various power consumption. With LITEON's multiple unique packaging technologies, it not only provides excellent protection ability but also has an excellent lifetime for various applications of end products. One of UVC LED packages, the W35 package, with the high light extraction design, and the highest output power of UVC LED package in the industry. The product has been tested by a third-party laboratory and has also obtained IP58 waterproof and dustproof and 99.99% sterilization rate certification specifications and has now been sold to major customers around the world to provide innovative solutions for anti-epidemic.
- (10) In the application of automotive interior lighting, leading the industry in developing advanced and unique ultra-thin side-mounted RGB LEDs that meet the latest automotive regulations AEC-Q102, which can be applied to narrow institutional space constraints and customer streamline design requirements to create a new generation car ambient lighting. At present, the new generation of RGB+IC products are also preparing to introduce a new generation of ambient lighting as the first choice for intelligent ambient lighting.
- (11) In the automotive exterior lighting solution, we have developed thin LEDs that meet AEC-Q102 and can withstand high temperatures up to 150 degrees. Unlike the traditional automotive exterior lighting LEDs with larger form factors and thicker thickness, the size of the new product platform is only half of the traditional package size, which is beneficial to customers in the design of streamlined, thin, and integrated automotive exterior lighting



LED, and can be widely used in daytime running lights, headlights, and through-type taillights.

- (12) Optoelectronic light guide component modules are committed to the development of optical structures and light mixing modules. To meet the customer’s requirement of uniformity and light efficiency, the developed technology integrates optical path design, microstructure design, material formulas, and process design to provide a high efficacy light guide device with good optical uniformity, that is suitable for status displays and dynamic ambiance lighting in various devices.

Lighting

- (1) LED outdoor lighting products, following the market trend and complete the annual new product plan to meet the requirements of the latest DLC V5.1 specification in North America. Introduced Max.84W Colonial Post Top Lighting with traditional styling but modern styles technology and Max.75W SafeGuard Utility Lighting. Outdoor Luminaire combined with the research and development of excellent design products “Hybrid” application capabilities, which can be used in streetlight and area lighting also.
- (2) LED outdoor human centric lighting products (corresponding to patent portfolio), integrating key materials and core optical technologies. This series of products goal to meet the requirements of the latest North American DLC LUNA V1.0 specification, bring out the characteristics of product design pursuing visual comfort. The research and activities following ESG guide, find the best balance between the two opposing aspects of energy saving/high light efficiency and visual comfort/safety used.
- (3) LED Traffic signal light products, proactive with the market trend, the annual new product that meets the requirements of the latest AS/NZS 2144 specification in New Zealand and Australia is the 42Vac safety extra-low voltage signal light with independent signal dimming function. The use of low voltage can avoid casualties caused by electric shock during construction. The independent dimming function can not only make the night sign more comfortable and energy saving, but also the independent design can effectively improve the reliability of dimming signal transmission.
- (4) Smart controller development, level up core competitiveness and aim to outdoor lighting product intelligence though low-power wide area network (LPWAN) wireless system. A Node on the luminaire receives the signal from the NB-IOT band, it converts to NEMA interface and used to connect functions/data such as smart lighting systems, status report, etc. This year will launch NCC certificate NB-IOT Smart Node series product line and passed the TAICS cybersecurity certification standard.
- (5) Smart pole, aiming at the application of vertical integration and close link relative supply chain. The various sensors and interactive display devices will be introduced into the hardware, which will fully apply 5G communication, energy-saving dimming, and sensing IoT. About the software functions means CMS monitoring platform, be able to view GIS map, asset, and maintenance management. Through the integration and optimization of system hardware and software, it cooperates with the corresponding services provided by the perception layer to meet the needs of future smart roads.

Image input/output

- (1) The first A3 product has officially launched in Y2021. With the cost-effective A3 scanner, we plan to upgrade it into a high-speed scanner (>80 PPM) of new A3 product line. This product innovation is planning to take this scanner not only to build middle to high level of mono A3 AIO model in China market but also some color middle level of AIO models. This A3 scanner project will be a milestone for us to become a ODM A3 scanner supplier and target to have Japan and USA customer to adopt this scanner.
- (2) After successfully launch of sheet feed scanner in Y2021, the main customer expects introducing this scanner further to civic government departments, educational units, and financial institutions. On 2022, LITEON will support to customize this high-end sheet-feed scanner for specific mechanical cover or firmware function modifications requirements according to banking, educational or governmental need. Such requirements of customization modifications will be lasting for at least 5 years during bloom of the China chartering market.
- (3) China government is requiring China-Localization Printer with open-source kernel. LITEON plans to develop our PCBA design by porting to Linux OS Kernel, with customer encryption ASIC to add the security function with better power consumption efficiency and new operation interface feature. It is modified by taking use stable manufactured scanner with new circuit board with new firmware. Based on the cost-effective model, we can help customer to extend their product markets.

## Human input solutions

Input devices refer to accessories such as desktop keyboards, keypads, keyboard modules for laptops and mice. In the desktop keyboard category, LITEON produced conventional as well as Bluetooth keyboards and gaming mice that featured new mechanisms and materials. In development of new products, the company continued to work on optical touch with multi-function of knob mouse, anti-virus keyboard/mouse, recycled keyboard produced by marine waste of styrofoam, multi-color straight-up illuminated gaming keyboard and high-end gaming optical switch laptop keyboard.

## Enclosures

Focus on Enterprise & Cloud server enclosure, we have completed the Whitley platform project developments with several customers and these models become mainstream on market now. The co-development with customers for next generation Eagle Stream platform projects, it also will be completed and get into mass production.

Our 45U heavy-loading rack cabinet designed for high-end cloud data center requirement already passed the harshest validation test, will continue to establish the manufacturing line and complete the process validation.

For high-mix/low-volume chassis requirement, we plan to establish the in-house NCT capability. Not only target to expand storage and HPC enclosure market, also plan to increase prototyping quality and efficiency. And for high-volume/low-mix chassis, we continue to increase automation items. Besides the 3rd generation HDD Carrier auto-assembling line which was completed, we will continue to develop more automation items like auto-riveting.

## Networking

LITEON has developed a series of 5G products including FlexFi all-in-one small cell, O-RU device, and LiteNetics EMS system for the purpose to provide 5G network equipment solutions with high-performance and highly flexible architecture. FlexFi O-RU products embracing the virtualized, disaggregated, and open architecture could be deployed in far wider range of scenarios and varied architectures. LITEON 5G solutions has been deployed in Telecom's trial sites for enterprise applications. In O-RAN Alliance 3rd OTIC Lab plugfest 2021, LITEON demonstrates product functionality. FlexFi O-RU compliant with O-RAN WG4 fronthaul interoperability and conformance test specification. Furthermore, LITEON introduces the EMS system – LiteNetics, which enables the FCAPS management and accelerates the deployment with SON and RIC and streamlines the provisioning process with the intuitive user interface. The FlexFi and LiteNetics products will enable our customer to serve more applications and fulfill enterprise and business network needs.

## System solutions

The Internet of Things (IoT) has become a crucial indicator for development in recent years as the shift toward industrial automation sweeps the globe. Meanwhile, edge computing is, without a doubt, the force behind IoT's rapid rise. The volume of data generated by equipment is skyrocketing, and constantly growing equipment data are putting a massive strain on network transmission speeds under traditional cloud computing models. Nevertheless, data on a lot of equipment are extremely time sensitive and require a very high level of connection reliability. Therefore, edge computing equipment with fast connection, consistent reliability and low latency are needed to meet the demand for real-time data processing and smart security.

Having identified a global trend, the team started working with Lenovo in developing an edge computing product, ThinkEdge SE70. SE70 uses a fanless thermal design, which effectively reduces power consumption and optimizes the size of the product. The design also achieves energy efficiency and carbon reduction. In addition, SE70 supports a range of scenarios, such as supporting a wide voltage range between 9V and 48V as well as a wide temperature range between minus 20 degrees and 60 degrees. The product also offers an option to support POE Port\*7. Moreover, SE70 is IP51 certified to be both waterproof and dustproof so that SE70 can be used in many different scenarios.

## Automotive electronics

- (1) In the field of automotive lighting modules, we continued to cooperate with global leading headlamp manufacturers to develop intelligent LED modules. We dedicated in intelligent headlight platform design, and made significant progress in thermal technology, assembly automation, and testing technology, which contributed greatly to production efficiency and quality. In addition, the eye-catching banner taillamps and grill lamps had become important marketing gimmicks for car makers. We introduced the state-of-the-art lighting control technology, and launched several products for European, American, and Japanese car models.
- (2) In the field of automotive visual safety, 3-megapixel camera module is developed successfully. With the self-development high precision Lens active-alignment technology and low stray light design, the camera module has been adopted by world-leading car brand manufacture. It is expected to be mass-produced in the third quarter of 2022. For the future high demand of driver monitoring system, the specific application camera is developing continuously. To monitor and detect the behavior of driver status, high bandwidth and digital transfer technology is

adopted to provide stable and high-quality video.

- (3) In the automotive power supply, develop a 800V DC converter platform for 3kW hybrid and electric vehicles. Corresponded high-voltage, high-power and high-efficiency requirements, the maximum efficiency reaches 96%. The liquid cooling heat dissipation design of the system mechanical structure effectively improves the temperature performance and greatly improves the product stability. Multiple independent sensing software and hardware mechanisms achieve ISO 26262 ASIL B level, with high quality and reliability test, passed the ARTC environmental test for vehicle standard, and the EMC CISPR 25, ISO 7637 test. In the automotive power supply, develop a 6.6kW OBC and 2.5kW APM integrated power module applied in 400V platform EV, which greatly reduces the vehicle development time and maximum efficiency reaches 95%. System integration makes full use of space, greatly reduces product volume, effectively dissipates heat and improves power density. The digital control supports SAE J1772 and introduces modular digital control technology. And carry out the ISO26262 related process, which effectively reduces the development time of future models.
- (4) In the field of AC charging piles, develop a wall-mounted AC charging pile for EV factories, with two series of products, one is for individual users and the other is for public areas. It has a 5-inch screen, RFID and 4G modules and be connected to the Internet for providing users has a convenient environment for authentication and authorization, both of product have the OCPP and ISO15118 communication protocol with electric vehicles. In the DC charging station, develop a DC Module with wide output voltage that also has constant voltage (CV), constant current (CC), and constant power (CP) functions. Through the DC Modules to develop the DC charging station that complies with UL & CE related regulations. That has 5-inch screen, RFID, 4G modules and supports the CCS and CHAdeMO output protocols.

#### Internetwork communication module and system on module

- (1) NB-IoT wireless communication module: optimize the Narrow-Band IoT module that conforms to the 3GPP standard protocol R14 version technology; perform remote firmware upgrade for service customers, provide a complete solution for FOTA firmware online update, and support In the development of customer product applications, the FTP Server function has been added; in cooperation with telecommunications companies, the SoftSIM software technology has been completed; at the same time, it has successfully assisted customers in the development of terminal products and obtained telecommunications industry network access certification.
- (2) 802.11ah (Wi-Fi Halow™) wireless communication module: Develop Wi-Fi Halow™ communication module that complies with Wi-Fi Alliance® IEEE802.11ah technology, 802.11ah communication technology helps WIFI CERTIFIED™ products can achieve interconnection over longer distances with lower power, making up for the lack of transmission distance and mobility of 802.11ac and 802.11ad. In addition to the original modules and the addition of Gateway products that support 802.11ah, a more complete solution is provided to help customers achieve Wi-Fi Halow™ technology verification and product implementation more quickly.
- (3) 802.11ax (Wi-Fi 6 / 6E) wireless communication module: Develop and mass-produce wireless communication modules compliant with Wi-Fi Alliance® IEEE802.11ax (Wi-Fi 6 / 6E) technology Compared with 802.11ac wireless transmission performance, the actual throughput is increased by 4 times in dense user environments, the transmission rate is increased by 37%, and the delay is decreased by 75%, bringing greater bandwidth, faster speed and lower Delay, greatly shorten the download and upload time of large files, and also better meet applications such as AR / VR, 8K streaming media, and provide customers with a better experience.
- (4) SOM (System On Module): For smart application product such as smart speaker and AI vision system, develop system on module which embedded AI voice and image sensing feature, provide completely solution for customer quickly design and validate AI voice / vision enabler product in short time for time to market.

#### Smart Application Solutions

- (1) IoT Gateway: wireless smart gateway has been developed for more application usage. The gateway combines various wireless technology and highly integrates all the protocols that makes all the local IoT devices connect to the cloud service seamlessly. It is integrated 1GHz wireless technology and make up for the lack of long-distance connection for outdoor or mobile use. It is the bridge of the cloud to collect all kinds of IoT data and control IoT device in different design. The IoT smart gateway is the key component in the smart home and smart office product line.
- (2) IOT sensing device: we developed continuously, and mass produce a variety of motion devices which are more competitive in the market, and focus on simplifying the design to allow users to have a better installation experience and a better user experience. In addition, enriching the diversity of IoT devices, we step into the field of image transmission with 8K resolution, and establish a new design verification process to provide more interactive scenarios for smart home usage scenarios.

- (3) Module for Motorized Rolling Shade for smart building : provide a tubular motor module which integrated battery, smart control and wireless module for smart roller shade. The unique design achieve energy saving, lower noise and higher torque.

### Surveillance IP Camera

- (1) Professional Surveillance Camera: to offer highly customized and various professional surveillance cameras for professional customers. Provide professional surveillance cameras with long-distance night-vision, various optical zoom, ultra-high resolution, waterproof, vandal-proof, high quality and stable live streaming and continuous recording functionalities.
- (2) Smart Home Camera : LITEON provides various home surveillance Camera with intelligent image analysis function such as people detection & face recognition, some cameras support 2-way audio function so that users can have 2-way communication when emergency.
- (3) Video conference camera: Due to the COVID-19 effect, the video conference becomes indispensable activities for individuals, education, and enterprise. Thus, demands of video conference cameras are increasing strongly day by day. With experiences image technology, LITEON is able to provide high resolution, auto focus, and backlight compensation capabilities cameras to provide video conference with high image quality. The video conference camera also certified by Microsoft Teams and Zoom to provide quality assurance.
- (4) Wireless Doorbell With Camera: With the cooperation of professional RF, system integration, software application and battery management system design teams, the first doorbell with camera product has been successfully developed and pass certifications. This Wi-Fi doorbell delivery good wireless performance and easy setup to replacing traditional doorbells, built-in re-chargeable battery with excellent power management system satisfy customers' requirements for highly reliable and long usage time.
- (5) AI Camera for smart agriculture application: A multi-spectrum camera and illumination module was developed and had provided trial production samples to end customer for field validation. LITEON provides the modules for customer to integrate into their smart sprayer system and enable image capturing and high speed processing capability for real time AI analysis and spraying decision in the large spraying machine.

### Sensing Module

- (1) Camera module with Dual Sensor for Video Conferencing application to achieve wide field of view and zoom-in capability in the same module.
- (2) ToF 3D sensing : the indirect ToF sensor integrated with VCSEL laser light source and a customized diffuser to provide wide angle sensing and longer range upto 6M. The team had developed unique SW algorithm to remove interfered noise which would extend the potential of the ToF module into more moving robot applications.
- (3) 48M resolution , 4X optical zoom camera module with day/night mode switch function for high end drone applications. This enable high quality video recording and photo capturing of the product at different conditions.
- (4) 32M wide FOV OIS security camera with AI features. The product is installed on the unmanned store which makes the shopping experience much better and save the time for queue up to payment.

### 5.1.3.3 Future R&D Plans

The categories above and new businesses will continue to be given equal weight in R&D projects so to meet customer expectations and market demand. Flagship R&D projects can be found in Chapter 7. Review of Financial Conditions, Financial Performance, and Risk Management under the Analysis of Risk Management.

### 5.1.4 Long-term and Short-term Development

The short-, medium-, and long-term business development plans of LITEON can be approached from product prospects and market prospects as follows.

#### 1. Product prospects

**Short term**

Continue to work on improving product quality and learning new product specifications and structures in order to ensure product specifications are up to date and applicable, shorten the cycle from product design and order acceptance to delivery, create more flexibility in international delivery, satisfy customer demand for products and services, and become mutually supportive partners with customers to maintain a steady stream of orders.

**Medium term**

Focus investing R&D resources into enhancing the product portfolio, and continue to develop new zero-pollution, high-performance products and improve the production process for higher production efficiency. Work closely with customers by supplying reliable, advanced products and develop steady long-term customer relationships.

**Long term**

Raise the standards for R&D and invest more in patent applications, develop a complete product line, and improve the production process to increase product yield and quality. Look toward trends in technologies and extend the product reach into new fields and applications. Move forward from supplying parts and components to offering system integration that satisfies the global demand for total solutions in key markets. Take products to the next tech level while building a global logistics management and delegation system to establish by integration a stable, permanent international marketing network. Create more financial administration functions overseas and improve the performance of overseas sales centers as part of the ongoing effort to strengthen core competencies. Use open communication channels and management systems to connect the business units and facilitate cooperation to make efficient use of group resources and maximize synergy.

#### 2. Market prospects

**Short term**

Maintain the quality of existing products while investing aggressively in the development of new high-end products. Stay highly competitive by providing complete products and services that customers and the market need.

**Medium term**

Enhance customer services on an ongoing basis, and provide total solutions in different end markets, thereby gaining a larger global market share in existing products.

**Long term**

Achieve higher economies of scale, actively explore sales opportunities around the world, and strengthen the global network for high-end products and services by diversifying markets to reduce the impact of any one market or changes in the economic outlook.

## 5.2 Market and Sales Overview

### 5.2.1 Market Analysis

#### 1. Main product distribution regions

Unit: NTD '000, %

| Region/Year    |          | 2021        |                |
|----------------|----------|-------------|----------------|
|                |          | Sales       | Percentage (%) |
| Domestic Sales |          | 1,906,219   | 1.16           |
| Exports        | Americas | 31,503,933  | 19.11          |
|                | Europe   | 17,511,394  | 10.62          |
|                | Asia     | 113,527,552 | 68.88          |
|                | Other    | 378,849     | 0.23           |
| Total          |          | 164,827,947 | 100.00         |

#### 2. Market shares

Most of LITEON's products enjoy the leading position in the market. In terms of LED components, the opto semiconductor production value ranks top six globally, and among which, the photocoupler shipment is No.1 globally. Power supply is widely used in different ICT products, cloud computing data centers and servers. LITEON is the global top two power supply manufacturer.

#### 3. Future market supply and demand and growth potential

Based on reports from the Omedia, LEDinside and other market research institutions and research department reports from securities dealers, the company has made future market size and growth estimates for its main products as follows:

| Main product               | Estimated market size in 2022 | Estimated CAGR (%) in upcoming 2 to 3 years |
|----------------------------|-------------------------------|---------------------------------------------|
| Opto-electronics - LED     | approx. US\$ 19.4 bn          | ~3.9%                                       |
| IT products - Power supply | approx. US\$ 25.6 bn          | ~2.3%                                       |

##### (1) Opto-electronics products – Opto semiconductor supply and demand

The overall output fell in the LED industry in 2020 due to the COVID-19 pandemic. The demand, however, recovered in 2021 as the pandemic came under control.

In terms of invisible light products, the infrared sensor market continued to expand. Products such as eye tracking, 3D sensors, and biometrics and their applications in popular areas including AR/VR metaverse, automotive ADAS system, onboard sensors (driver monitoring system), and industrial automation saw rapid growth in 2022.

For photocouplers, data from market research companies showed that the market would grow by 20% from US\$1.49 billion in 2021 to US\$1.79 billion in 2025, while growth of the high-end market could reach 23% from US\$870 million in 2021 to US\$1.07 billion. Industrial control, green energy, and automotive markets showed promising growth potential.

For automotive LED, despite the material shortage affecting production for some automakers, LED headlights and automotive LED display products generated growth momentum in the market. In terms of LED headlights, for example, the global penetration of LED headlights exceeded 60% in 2021, and the penetration of new energy onboard LED products reached 90%. Besides increasing penetration, product specifications were also evolving. According to TrendForce, ADB headlight's penetration was only 2.1% in 2021, but could be expected to rise to 6.5% in 2025.

##### (2) Supply and demand of power supply

According to an article by IDC, a market research firm, the global PC output peaked with an annual growth of 13.57% in 2021. Although the demand for PC is changing with the pandemic and slowing down from double digit growth, the compound annual growth rate (CAGR) to 2025 is estimated to stay strong at 3.3%, primarily

sustained by laptop computers. The overall PC power supply should be able to move in step with the overall PC market and maintain a small growth. Consumer electronics such as game consoles and AI smart home are also expected to show a similar trend and continue to drive the demand for power supply units in the market.

**4. Competitive niche, favorable and unfavorable factors for future development, and the company’s response to such factors:**

(1) Favorable factors

LITEON is equipped with excellent R&D and design capabilities. The Company is able to provide customers with a complete range of total integrated solutions (excluding channel marketing) in parts and components, opto semiconductor, server, cloud computing and data center, automotive electronics, AIoT and smart applications, IT and other peripherals as well as one-stop services. In addition to having an integrated supply chain, the Company invests extensively in R&D on an ongoing basis, and utilizes its abundant resources to improve product quality and develop new products. LITEON works to differentiate itself from traditional EMS/ODMs and make itself the first choice supplier for customers.

(2) Unfavorable factors and countermeasures

| Unfavorable factor                            | Countermeasure                                                                                                                      |
|-----------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|
| Impact of changes in global economic outlook  | Find new customers, develop new products, and increase technical capabilities to counter changes in the global economic outlook.    |
| Impact of exchange rate changes on profit     | A complete set of foreign exchange hedging measures are already in place to counter changes in exchange rates.                      |
| Volatility in prices of oil and raw materials | Enter long term agreements with suppliers to provide a steady supply at stable prices to counter volatility in raw material prices. |

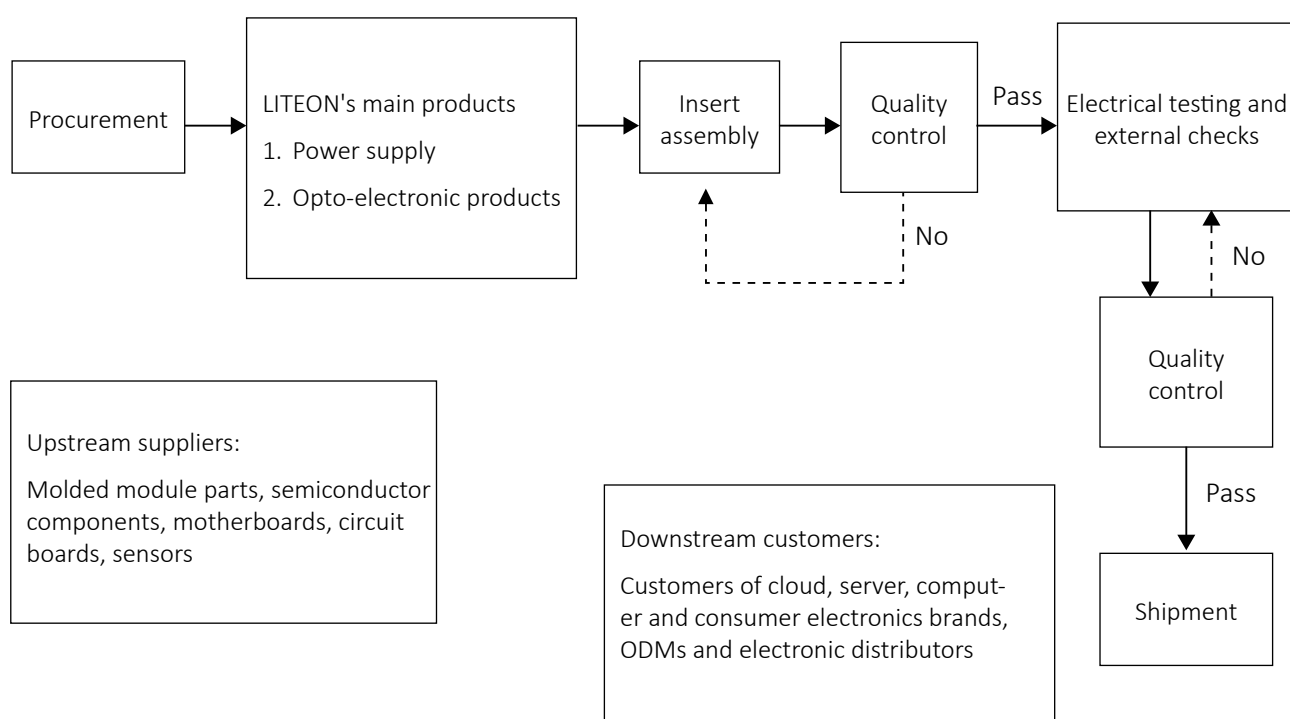


## 5.2.2 Production Procedures of Main Products

### 1. Important Applications of main products

| Main product                    | Applications                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|---------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Opto-electronics products - LED | Isolation, sensors, light sources and related applications. Isolation products consist of photocouplers, which are mainly used in industrial control, green energy, 5G infrastructures, and electric car charging systems. Sensors are used in security monitoring, wearable devices, AR/VR, and self-moving robots. Light sources are used in computers and peripherals, consumer and industrial indicator lights, LED lighting, vehicle lighting, indoor/outdoor display panels, UV sterilization, and creative display with mini LED in IT equipment. |
| Power supply                    | Power supply in corporate and personal computers, communications, network communications, game consoles, consumer electronics and automated facilities. Power management system in data center, servers, and networking applications.                                                                                                                                                                                                                                                                                                                    |

### 2. Production process for main products



## 5.2.3 Supply Status of Main Materials

All LITEON factories around the world have stable long-term relationships with their affiliated factories and raw material suppliers. Therefore, suppliers are able to supply at the most competitive prices and forms. It allows LITEON to maintain a long-term advantage in product cost and to provide the best services for its customers.

## 5.2.4 Major Suppliers and Customers

### 5.2.4.1 Major Suppliers

Not applicable as the Company's procurement from a single supplier does not exceed 10% of its total procurement in the last two calendar years.

### 5.2.4.2 Major Customers

Unit: NT\$ thousands

| Item | Company   | 2021        |                |                      | Company   | 2020        |                |                      |
|------|-----------|-------------|----------------|----------------------|-----------|-------------|----------------|----------------------|
|      |           | Amount      | % of Net Sales | Relation with Issuer |           | Amount      | % of Net Sales | Relation with Issuer |
| 1    | Client A  | 16,546,900  | 10.04          | Third Party          | Client A  | 16,596,257  | 10.56          | Third Party          |
| 2    | Others    | 148,281,047 | 89.96          | -                    | Others    | 140,537,366 | 89.44          | -                    |
|      | Net Sales | 164,827,947 | 100.00         | -                    | Net Sales | 157,133,623 | 100.00         | -                    |

Note : There was a major customer accounted for more than 10% of its net sales in 2021 and 2020 respectively.

### 5.2.5 Production in the Last Two Years

Unit: Capacity/Output (K port, K set); Amount (NT\$ thousands)

| Output<br>Year                                  |  | 2021       |            |             | 2020       |            |             |
|-------------------------------------------------|--|------------|------------|-------------|------------|------------|-------------|
|                                                 |  | Capacity   | Output     | Amount      | Capacity   | Output     | Amount      |
| Major Products                                  |  |            |            |             |            |            |             |
| Opto-electronics                                |  | 32,398,091 | 30,119,606 | 33,774,968  | 27,443,270 | 25,073,283 | 30,049,134  |
| Information Technology and Consumer Electronics |  | 654,371    | 509,357    | 94,744,150  | 971,923    | 817,694    | 94,342,430  |
| Cloud and AIoT                                  |  | 88,896     | 70,419     | 37,309,245  | 181,808    | 111,055    | 33,187,357  |
| Total                                           |  | 33,141,358 | 30,699,382 | 165,828,363 | 28,597,001 | 26,002,032 | 157,578,921 |

Note 1: Capacity refers to the company's quantities that can be produced using existing production facilities in normal operations, after consideration of necessary suspensions of operations, holidays and other such factors.

Note 2: This form is based on the parent company's global consolidated statistics.

### 5.2.6 Shipments and Sales in the Last Two Years

Unit: Shipments (thousand sets) / Net Revenue (NT\$ thousands)

| Shipments and Sales<br>Year                     |  | 2021     |           |            |             | 2020     |           |            |             |
|-------------------------------------------------|--|----------|-----------|------------|-------------|----------|-----------|------------|-------------|
|                                                 |  | Local    |           | Export     |             | Local    |           | Export     |             |
|                                                 |  | Quantity | Amount    | Quantity   | Amount      | Quantity | Amount    | Quantity   | Amount      |
| Major Products                                  |  |          |           |            |             |          |           |            |             |
| Opto-electronics                                |  | 2,057    | 566,751   | 24,877,710 | 32,730,588  | 1,990    | 291,223   | 20,719,222 | 28,417,304  |
| Information Technology and Consumer Electronics |  | 4,426    | 1,300,031 | 1,450,677  | 85,385,457  | 8,279    | 1,817,458 | 2,986,421  | 86,147,052  |
| Cloud and AIoT                                  |  | 38       | 39,437    | 59,958     | 44,805,683  | 36       | 20,517    | 59,752     | 40,440,069  |
| Total                                           |  | 6,521    | 1,906,219 | 26,388,345 | 162,921,728 | 10,305   | 2,129,198 | 23,765,395 | 155,004,425 |

## 5.3 Human Resources

Employee statistics in the past two years up to publication date.

As of February 28, 2022

| Year                     |                                 | 2020   | 2021   | 2022<br>(as of Feb 28) |
|--------------------------|---------------------------------|--------|--------|------------------------|
| Number of employees      | Managers/Professionals/Clerical | 11,991 | 12,490 | 15,505                 |
|                          | Technician/Operator             | 24,355 | 27,529 | 23,470                 |
|                          | Total                           | 36,346 | 40,019 | 38,975                 |
| Average Age              |                                 | 31.4   | 31.2   | 31.9                   |
| Average Years of Service |                                 | 4.3    | 4.0    | 4.2                    |
| Education                | Ph.D.                           | 0.2%   | 0.2%   | 0.2%                   |
|                          | Masters                         | 4.7%   | 4.5%   | 4.7%                   |
|                          | Bachelor's Degree               | 23.2%  | 22.6%  | 22.8%                  |
|                          | Senior High School              | 17.6%  | 16.9%  | 17.5%                  |
|                          | Below Senior High School        | 54.3%  | 55.8%  | 54.8%                  |

Note: The above information does not include outsourcing labor.

## 5.4 Environmental Protection Expenditure

### 5.4.1 Loss due to environmental pollution in 2021 up to publication date in 2022:

In the last year and as of the date of publication, no penalty for the significant environmental violation.

### 5.4.2 Countermeasures:

LITEON commits to designing and manufacturing products that are friendly to the environment and to educating employees on the importance of environmental protection in order to implement responsible production and effectively control air pollution, hazardous waste, energy use and noise generated during the design and manufacturing process. In addition, LITEON continually improves our environmental management system to define operational procedures for environmental control and to monitor the progress of its implementation. We have set up the carbon emission reduction and waste reduction goals beyond the regulation and in coordination with international trends. We enforced the company's governance capacity on environment-related risks to minimize the impact on the environment in the operation and practice the corporate's sustainable development.

## 5.5 Labor Relations

### 5.5.1 Employees are the Group's most important partner in achieving sustainable development.

To ensure employees' rights are protected, the Group has installed open two-way communication channels and complaint hotlines aimed to protect employees and their rights. The Group also provides complete career development plans and a friendly workplace. It supports a variety of activities and employee care programs to build a working environment that belongs to the "LITEON" corporate culture for employees. The employee benefits, continuing education, training, retirement systems and their implementation as well as employer-employee agreements and various measures to protect employees' rights are described below.

#### 1. Employee benefits and implementation

The ongoing investment in employee benefits are aimed at employees' needs in work and life as well as health and safety. In addition to wages and salaries, employees receive a range of non-work-related allowances and benefits for themselves and their families. These programs encourage employee loyalty and team spirit in the Group. The company provides the following benefits and mental/physical health promotion programs:

- (1)LITEON launched its "employee stock ownership trust" in September 2021, and has invited employees to become LITEON shareholders; Taiwanese employees can choose to participate according to their personal intention. A fixed amount is allocated from the monthly salary of participants, and the Company will allocate a corresponding reward and deposit it into a special trust account. The trust allows employees the opportunity to share the operational results of the Company over the long term, accumulate wealth, and create a mutually beneficial partnership.
- (2)An employee remuneration system is in place for the company to share its success with its employees.
- (3)The Employee Welfare Committee has been established according to the law for the purpose of working to enhance employee benefits and emergency assistance programs.
- (4)The group insurance plan provides an additional layer of protection for employees.
- (5)Worker safety, environmental protection, and health and safety education are part of the on-the-job training.
- (6)Tokens of appreciation are given out on the Chinese New Year, Labor Day, the Dragon Boat Festival and the Mid-Autumn Festival in addition to individual birthday gifts.
- (7)Provide employees with travel subsidies and community subsidies every year to enrich the leisure life of employees and support for employees to form different social clubs are available to encourage a work-life balance.
- (8)An continuing education allowance is available every year to encourage employees to seek self-improvement and upgrade skills in all areas of life.
- (9)The Employee Assistance Programs offers counseling as well as management, legal, health care, and finance advice.
- (10)Lead employees to devote in the charity and volunteer activities, for example, " Forwarding Love Action- Old Shoes can Save Lives," were taken place to collect unwanted but wearable second-hand shoes from employees. Additionally, we invited the neighborhood community to join this activity together, to turn the idle shoes at home into love and give substantial help to those in need.
- (11)Health-, management-, or charity-themed lectures are given every year for employees to enrich their life and broaden their visions in leisure hours.

#### 2. Employee education and training and implementation

##### (1)LITEON Group's commitment to learning and development

Employees are LITEON's most important assets, and training is the key to ensuring growth of human capital. It has been stated as part of the Group's mission statement that "the purpose of training is to provide employees with the right management skills, professional knowledge and team work to help the organization thrive and maintain sustainable growth." As a result, learning and development receive the highest degree of emphasis at LITEON.

##### (2)LITEON Group's learning structure

LITEON's training and development programs are guided by the company's vision, strategy, and values. The corporate culture is embedded at the core of a full-developed level- and skill-specific learning structure. The five aspects of LITEON's learning structure:

- Leadership
- Domain Knowledge
- Legal Compliance
- Self-development
- Talent development



In terms of course planning, LITEON focuses on improving employees' professional skills and achieving the company's mission and vision. First, we work to optimize the employee onboarding experience so to help employees gain a deeper understanding of LITEON and our direction. In addition to the legal compliance courses, different leadership development courses are provided to suit employees on different levels. For domain knowledge, online and on-the-job domain knowledge training is provided on top of general quality competency training. For self-development, a variety of learning resources are available through LITEON Lectures, O365 workplace skills, and various digital learning resources. Furthermore, there are specific talent development programs (e.g. NBA Camp (New Brave Adventurer Camp) and "Pirate" trainings) intended for certain groups. These programs utilize training resources effectively to develop the next generation of leaders for the company. It is hoped that employees can become better trained in both theory and practice and be able to apply their training and improve on an ongoing basis. Hence, employees regardless of level will grow with specific goals in mind and become more efficient as an organization, thereby achieving the company's operational targets and fulfilling LITEON's mission and vision of sustainable development.

### (3) Training implementation

- In 2021, LITEON Group delivered 930,890 hours of training. On average, each employee attended 23.3hours.

RBA code of conduct course in 2021

| Locations      | Total of attendees | Percentage of total employee | Total training hours |
|----------------|--------------------|------------------------------|----------------------|
| Taiwan         | 3,843              | 85%                          | 16,929               |
| Mainland China | 28,268             | 94%                          | 124,809              |
| Thailand       | 1,508              | 51%                          | 9,324                |
| Vietnam        | 875                | 73%                          | 438                  |
| India          | 28                 | 52%                          | 164                  |
| Other overseas | 122                | 11%                          | 1,061                |
| Total          | 34,644             | 87%                          | 152,725              |

Note. The courses cover the Responsible Business Alliance (RBA) Code of Conduct, the LITEON Human Rights Policy and Ethical Corporate Management Principles, internal audit and control courses, occupational health and safety courses, and energy conservation and carbon reduction campaigns.

Anti-Corruption including material insider information, anti-trust and compliance courses in 2021

| Locations      | Total of attendees | Percentage of total employee | Total training hours |
|----------------|--------------------|------------------------------|----------------------|
| Taiwan         | 3,522              | 78%                          | 8,793                |
| Mainland China | 28,268             | 94%                          | 36,101               |
| Thailand       | 35                 | 1%                           | 455                  |
| Vietnam        | 875                | 73%                          | 438                  |
| India          | 0                  | 0%                           | 0                    |
| Other overseas | 91                 | 9%                           | 91                   |
| Total          | 32,791             | 82%                          | 45,878               |

- Accumulated training expenses in 2021 were NT. 87.1 million which includes actual cost and opportunity cost (the payroll for attendees working hours).

### 3. Retirement and implementation

LITEON makes contributions to employees' pension funds according to local regulations, regardless of where it operates in the world. Today, 100% of its employees have joined a pension plan. In Taiwan, the pension policy complies with the Labor Standards Act where contributions are made regularly to employees' pension accounts. In China, employees are insured according to local regulations, and is fully funded to provide for employees' retirement needs in order to secure a comfortable lifestyle after retirement. For employees in Thailand, companies establish pension policies and make employees' pension contributions in compliance with local regulations. The human resource department regularly reviews the list of soon-to-be-retiring employees, and will inquire about their plans for retirement and help them make career plans.

In Taiwan, pension schemes are governed either by the Labor Standards Act (the old scheme) or the Labor Pension Act (the new scheme) of the Republic of China. Employees who came on board on or before June 30, 2005, are entitled to carry forward their tenure of service from the old scheme to the new scheme. Under the old scheme, the company contributes 2% of employees' monthly salaries into a pension account held with the Central Trust of China. This reserve has accumulated to NT\$ 950 million to date, and is fully funded to provide for employees' retirement

needs. Under the new scheme, the company contributes 6% of employees' monthly salaries into their personal pension accounts; In addition to the monthly 6% contributions made by the employer, employees may also choose to contribute another 0%~6% of their salaries into their pension accounts.

4. Labor-management agreement status:

LITEON values the employer and employee relationship. The company works to strengthen communication between employees and their supervisors on work targets, skills and behaviors regarding their units and individuals. Large internal communication meetings are organized and hosted by senior managers to encourage employee loyalty and identification with the company. Regular employer-employee meetings take place to gather and deliver feedback and suggestions from employees and facilitate a friendly employer-employee relationship that unites the employer and employees toward the same goals. The company makes communication channels available to employees so that all employees are able to give their comments or suggestions at any time.

5. Protection of employee rights and implementation

The Employee Welfare Committee, the Pension Supervision Commission, and the Safety and Health Committee are established to regularly review contributions to and utilization of the Employee Welfare Fund, contributions to and utilization of the pension plan, and adoption of health and safety behaviors and habits. Internal education and training courses and other regular and ad hoc communication meetings all serve to reiterate the company's policies, programs, and various benefits.

6. Employee code of conduct

The company uses its intranet website to convey clearly to its employees the benefits and programs implemented by the company over the years. The employee code of conduct is also stated clearly on the website. It is mainly described as follows:

- (1) Company employees may not give or accept any gifts intended to improperly influence normal business or decisions.
- (2) Customers and company employees may engage in reasonable social activities within the course of the business contact in so far as such activities are clearly for business purposes and are respectable in tone.
- (3) Company employees shall avoid any improper actions, and under any circumstances, company employees shall not offer or accept any form of kickbacks or request improper benefits.
- (4) Duty of confidentiality: Employees, during employment and after termination of employment, may not disclose or give to any third party any trade secrets of LITEON (including its affiliates) or a third party that are developed or acquired during employment.
- (5) Intellectual property rights: All intellectual property or other related rights created or completed by employees performing their duties by use of LITEON's tangible or intangible resources shall be the exclusive property of LITEON or individuals designated by LITEON.

LITEON builds its success on its core values, "Customer Satisfaction," "Excellence in Execution," "Innovation," and "Integrity". The company leaves no stone unturned in its pursuit of a positive and friendly employer-employee relationship and a win-win situation for all parties involved.

**5.5.2 In the last two years and as of the printing date of the annual report, there have been no significant labor disputes.**

## 5.6 Cyber Security Management

Ensure high availability, integrity, and confidentiality of the company's information systems, perform information security controls and protection measures for network and systems, provide accurate real-time management information to improve decision-making quality and reduce corporate operations and information security risks.

### 1. Information Security Risk Management Architecture

To fully introduce the information security system, the chairman and general manager serve as committee conveners to establish a cross-departmental and cross-functional information security committee, and set up a dedicated information security unit to be responsible for information security technology control and information security compliance to ensure the operation of the company's information security management system, identification of internal and external issues related the information security, and the information security requirements and expectations of relevant stakeholders for the company, implementation of information security protection related work, information security incident response and information security incident recovery capabilities, in order to prevent the occurrence of information security incidents and reduce the loss of information security incidents; at the same time, regularly report to the Information Security Committee of the company's information security management status and the need of information security resources.

### 2. Information Security Policy

We value the security and privacy of various stakeholders, including internal employees, external parties (customers, suppliers, consultants, and partners, etc.), shareholders, and operation-related information assets. To ensure compliance with regulations, the information assets' confidentiality, integrity, and availability, and avoid threats from internal or external intentions or accidents, LITEON has established the information security policy and information security management system following the requirements of ISO/IEC 27001: 2013. Meanwhile, we established a Personal Information Management System (PIMS) in 2020 to ensure the collection, process, and use of personal information meet the requirements of the GDPR (General Data Protection Regulation) and the Taiwan Personal Data Protection Act. Besides, we keep introducing information technology management tools and strengthening the information security management mechanism to operate the information security management and privacy protection mechanism continuously and effectively.

### 3. The Specific Management Plan and Input Resources of Information Security

#### (1) Information security management and audit mechanism

To implement the information security management mechanism, we establish, implement, maintain, check and improve the information security management system based on the ISO/IEC 27001: 2013 and the PDCA operation model. Also, we built an information security audit team that participated in the ISO/IEC 27001: 2013 Leader Auditor training and each team member obtains Leader Auditor certification.

#### (2) Information security technology control

A. By building an information security monitoring system and performing a system vulnerability scan to prevent hackers from invading and stealing company confidential data. Establish a complete information system security network, including management of computer rooms, network equipment, network connections, and personal information equipment (such as desktop computers, laptops, tablets, and smartphones) to implement employee personal data, company confidential information, customer, and supplier data protection.

B. To ensure data protection in LITEON, we implement Microsoft Azure information protection (AIP) and adopt digital transformation solutions in Cloud like Microsoft O365, identity authentication, authorization rule and remote secured access mechanism to protect employee personal information and company confidential files.

#### (3) Information Security Education and Training

To improve the employees' awareness of information security, the company has established "personnel information security requirements and educational training management procedures" as a management basis.

A. Information security awareness and advocacy: to improve employees' information security awareness, timely announcement, and publicity of information security-related information through various channels and meetings.

B. Information security education and training:

a. New employees shall sign the professional ethics service agreement and receive information security education and training, to understand the company's information security policies and requirements.



b.The normal information security education and training of employees are performed every year. All employees shall participate in information security education for at least one hour per year. In addition, we plan different types of information security courses for different roles and functional personnel. Through continuous training, the company's employees' awareness of information security is internalized in various operations to implement the most secure and strict security guarantee.

C.In addition to LITEON internal training as above, primary information security representatives and audit team members shall participate external security training activities and seminars to obtain newer information on security protection mechanisms and security attack types for strengthening our security protection capability of information security.

D.Conducts the social engineering drill to strengthen employees' information security awareness.

(4)International Certificate

LITEON passed the ISO/IEC 27001:2013 information security management system verification in 2020 and re-inspected each year to maintain the validity of the certificate.

4.The Losses, possible impacts and countermeasures incurred by major information security incidents

In the last year and as of the date of publication, no loss for the significant information security incidents.LITEON is committed to protecting the security and privacy of information assets related to the operation of internal and external stakeholders and attaches great importance to the defense of internal and external information security threats. Adjust the operation and monitoring of various information security management and control mechanisms promptly to reduce the operational impact of the enterprise due to information security threats, implement the responsibility for information security, and achieve sustainable development of the enterprise.

## 5.7 Important Contracts

| Nature of Contract                 | Contracting parties                                                                                                               | Commencement date/expiration date | Content                                                                                                                                                                                                                                                                                                                                                     | Limitation clauses      |
|------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
| Manufacturing and sales agreements | Multinational corporations, including but not limited to 3C and IT industries.                                                    | Since June 2, 2003                | Design, manufacturing, and sales of Opto-semiconductors, LED packaging for lighting applications, automotive electronic parts and components, power supply units, server and network communication parts and components, multi-function peripherals (MFP), computer keyboards, mechanical parts, and other related parts or components of the said product. | Confidentiality clauses |
| Licensing agreements               | Several patent owners or Licensors (including but not limited to optoelectronics, IT, keyboard and the related technical fields). | Since January 20, 2004            | License and the payment or collection of royalty                                                                                                                                                                                                                                                                                                            | Confidentiality clauses |

## 6. Financial Highlights and Analysis

### 6.1 Five-Year Financial Summary

#### 6.1.1 Condensed Balance Sheet and Statement of Comprehensive Income

##### 6.1.1.1 Condensed Balance Sheet (Consolidated)

Unit: NT\$ thousands

| Item \ Year                                         |                     | Financial Summary for The Last Five Years (Note 1) |             |             |             |                         |
|-----------------------------------------------------|---------------------|----------------------------------------------------|-------------|-------------|-------------|-------------------------|
|                                                     |                     | 2017                                               | 2018        | 2019        | 2020        | 2021                    |
| Current assets                                      |                     | 145,063,307                                        | 157,984,918 | 146,852,680 | 140,583,805 | 147,110,891             |
| Property, Plant and Equipment                       |                     | 22,490,411                                         | 20,484,992  | 19,171,374  | 18,389,054  | 18,889,587              |
| Intangible assets                                   |                     | 9,828,658                                          | 5,914,084   | 5,947,819   | 4,840,696   | 3,675,676               |
| Other assets                                        |                     | 12,613,381                                         | 12,752,075  | 14,660,630  | 12,253,682  | 13,867,265              |
| Total assets                                        |                     | 189,995,757                                        | 197,136,069 | 186,632,503 | 176,067,237 | 183,543,419             |
| Current liabilities                                 | Before distribution | 114,596,707                                        | 120,612,081 | 109,397,843 | 99,599,336  | 107,915,125             |
|                                                     | After distribution  | 121,461,238                                        | 127,476,613 | 116,919,139 | 107,590,713 | 113,691,138<br>(Note 2) |
| Non-current liabilities                             |                     | 1,631,621                                          | 1,845,587   | 2,593,270   | 2,326,387   | 2,754,767               |
| Total liabilities                                   | Before distribution | 116,228,328                                        | 122,457,668 | 111,991,113 | 101,925,723 | 110,669,892             |
|                                                     | After distribution  | 123,092,859                                        | 129,322,200 | 119,512,409 | 109,917,100 | 116,445,905<br>(Note 2) |
| Equity attributable to owners of the parent company |                     | 70,511,478                                         | 71,323,756  | 72,459,775  | 73,589,675  | 72,341,068              |
| Share Capital                                       |                     | 23,508,670                                         | 23,508,670  | 23,508,670  | 23,508,670  | 23,508,670              |
| Capital surplus                                     | Before distribution | 27,575,950                                         | 21,745,417  | 21,819,350  | 21,613,574  | 21,836,342              |
|                                                     | After distribution  | 21,675,274                                         | 21,745,417  | 21,819,350  | 21,613,574  | 21,836,342              |
| Retained earnings                                   | Before distribution | 23,219,598                                         | 30,545,001  | 33,120,165  | 35,547,654  | 36,753,852              |
|                                                     | After distribution  | 22,255,743                                         | 23,680,469  | 25,598,869  | 27,556,277  | 30,977,839<br>(Note 2)  |
| Other equity                                        |                     | (2,544,018)                                        | (3,226,610) | (4,717,096) | (5,808,909) | (6,056,988)             |
| Treasury shares                                     |                     | (1,248,722)                                        | (1,248,722) | (1,271,314) | (1,271,314) | (3,700,808)             |
| Non-controlling interests                           |                     | 3,255,951                                          | 3,354,645   | 2,181,615   | 551,839     | 532,459                 |
| Total equity                                        | Before distribution | 73,767,429                                         | 74,678,401  | 74,641,390  | 74,141,514  | 72,873,527              |
|                                                     | After distribution  | 66,902,898                                         | 67,813,869  | 67,120,094  | 66,150,137  | 67,097,514<br>(Note 2)  |

Note 1: The financial statements have been audited by independent auditors.

Note 2: The amount approved by Board of Directors on February 24, 2022.

### 6.1.1.2 Condensed Statement of Comprehensive Income (Consolidated)

| Item \ Year                                                             | Financial Summary for The Last Five Years (Note 1) |             |             |             |             |
|-------------------------------------------------------------------------|----------------------------------------------------|-------------|-------------|-------------|-------------|
|                                                                         | 2017                                               | 2018        | 2019        | 2020        | 2021        |
| Operating Revenue                                                       | 214,564,322                                        | 207,109,088 | 177,954,166 | 157,133,623 | 164,827,947 |
| Gross Profit                                                            | 27,709,817                                         | 27,102,249  | 27,337,664  | 27,383,699  | 30,497,529  |
| Operating Income                                                        | 8,343,964                                          | 7,485,813   | 9,345,222   | 10,206,194  | 13,042,139  |
| Non-operating Income and Expenses                                       | (4,972,370)                                        | 3,298,308   | 3,018,616   | 2,395,727   | 4,590,108   |
| Profit Before Income Tax                                                | 3,371,594                                          | 10,784,121  | 12,363,838  | 12,601,921  | 17,632,247  |
| Net Profit                                                              | 2,631,131                                          | 7,967,084   | 9,405,517   | 9,829,204   | 13,929,486  |
| Other Comprehensive Income (Loss) for the period, Net of Income Tax     | (1,312,761)                                        | (348,578)   | (1,432,532) | (1,386,601) | (376,443)   |
| Total Comprehensive Income                                              | 1,318,370                                          | 7,618,506   | 7,972,985   | 8,442,603   | 13,553,043  |
| Net Profit Attributable to Owners of the Parent Company                 | 2,629,334                                          | 7,956,838   | 9,374,899   | 10,016,038  | 13,886,552  |
| Net Income (Loss) Attributable to Non-controlling Interests             | 1,797                                              | 10,246      | 30,618      | (186,834)   | 42,934      |
| Total Comprehensive Income Attributable to Owners of the Parent Company | 1,366,244                                          | 7,602,588   | 7,973,221   | 8,668,264   | 13,558,786  |
| Total Comprehensive Income Attributable to Non-controlling Interests    | (47,874)                                           | 15,918      | (236)       | (225,661)   | (5,743)     |
| Earnings Per Share(Note 2)                                              | 1.13                                               | 3.42        | 4.03        | 4.31        | 6.01        |

Note 1: The financial statements have been audited by independent auditors.

Note 2: Earnings per share was calculated basis on weighted average number of ordinary shares outstanding. Earnings per share computation was adjusted retroactively for earnings and capital surplus transferred to capital and share capital split.

### 6.1.1.3 Condensed Balance Sheet (Standalone)

Unit: NT\$ thousands

| Year                          |                     | Financial Summary for The Last Five Years (Note 1) |             |             |             |                        |
|-------------------------------|---------------------|----------------------------------------------------|-------------|-------------|-------------|------------------------|
|                               |                     | 2017                                               | 2018        | 2019        | 2020        | 2021                   |
| Current assets                |                     | 56,494,254                                         | 58,140,030  | 49,081,132  | 44,377,741  | 45,818,310             |
| Property, Plant and Equipment |                     | 6,654,089                                          | 7,640,678   | 7,885,540   | 8,240,165   | 8,986,767              |
| Intangible assets             |                     | 5,995,675                                          | 5,496,986   | 5,528,836   | 4,748,110   | 3,556,210              |
| Other assets                  |                     | 69,604,651                                         | 78,236,087  | 83,518,030  | 86,092,633  | 95,826,487             |
| Total assets                  |                     | 138,748,669                                        | 149,513,781 | 146,013,538 | 143,458,649 | 154,187,774            |
| Current liabilities           | Before distribution | 66,901,647                                         | 76,696,521  | 71,902,318  | 68,217,947  | 79,773,874             |
|                               | After distribution  | 73,766,178                                         | 83,561,053  | 79,423,614  | 76,209,324  | 85,549,887<br>(Note 2) |
| Non-current liabilities       |                     | 1,335,544                                          | 1,493,504   | 1,651,445   | 1,651,027   | 2,072,832              |
| Total liabilities             | Before distribution | 68,237,191                                         | 78,190,025  | 73,553,763  | 69,868,974  | 81,846,706             |
|                               | After distribution  | 75,101,722                                         | 85,054,557  | 81,075,059  | 77,860,351  | 87,622,719<br>(Note 2) |
| Total equity                  |                     | 70,511,478                                         | 71,323,756  | 72,459,775  | 73,589,675  | 72,341,068             |
| Share Capital                 |                     | 23,508,670                                         | 23,508,670  | 23,508,670  | 23,508,670  | 23,508,670             |
| Capital surplus               | Before distribution | 27,575,950                                         | 21,745,417  | 21,819,350  | 21,613,574  | 21,836,342             |
|                               | After distribution  | 21,675,274                                         | 21,745,417  | 21,819,350  | 21,613,574  | 21,836,342             |
| Retained earnings             | Before distribution | 23,219,598                                         | 30,545,001  | 33,120,165  | 35,547,654  | 36,753,852             |
|                               | After distribution  | 22,255,743                                         | 23,680,469  | 25,598,869  | 27,556,277  | 30,977,839<br>(Note 2) |
| Other equity                  |                     | (2,544,018)                                        | (3,226,610) | (4,717,096) | (5,808,909) | (6,056,988)            |
| Treasury share                |                     | (1,248,722)                                        | (1,248,722) | (1,271,314) | (1,271,314) | (3,700,808)            |
| Total equity                  | Before distribution | 70,511,478                                         | 71,323,756  | 72,459,775  | 73,589,675  | 72,341,068             |
|                               | After distribution  | 63,646,947                                         | 64,459,224  | 64,938,479  | 65,598,298  | 66,565,055<br>(Note 2) |

Note 1: All financial statements have been audited by independent auditors.

Note 2: The amount approved by Board of Directors on February 24, 2022.

#### 6.1.1.4 Condensed Statement of Comprehensive Income (Standalone)

| <div> <div>Year</div> <div>Item</div> </div>                        | Financial Summary for The Last Five Years (Note 1) |             |             |             |             |
|---------------------------------------------------------------------|----------------------------------------------------|-------------|-------------|-------------|-------------|
|                                                                     | 2017                                               | 2018        | 2019        | 2020        | 2021        |
| Operating Revenue                                                   | 139,242,604                                        | 137,169,390 | 120,871,430 | 99,553,624  | 106,254,835 |
| Gross Profit                                                        | 14,878,079                                         | 12,248,189  | 13,137,573  | 12,745,111  | 12,945,851  |
| Operating Income                                                    | 3,430,505                                          | 835,868     | 2,537,949   | 3,370,419   | 4,288,165   |
| Non-operating Income and Expenses                                   | (2,010,899)                                        | 7,793,329   | 8,021,488   | 8,002,637   | 11,867,942  |
| Profit before Income Tax                                            | 1,419,606                                          | 8,629,197   | 10,559,437  | 11,373,056  | 16,156,107  |
| Net Profit                                                          | 2,629,334                                          | 7,956,838   | 9,374,899   | 10,016,038  | 13,886,552  |
| Other Comprehensive Income (Loss) for the period, Net of Income Tax | (1,263,090)                                        | (354,250)   | (1,401,678) | (1,347,774) | (327,766)   |
| Total Comprehensive Income                                          | 1,366,244                                          | 7,602,588   | 7,973,221   | 8,668,264   | 13,558,786  |
| Earnings Per Share (Note 2)                                         | 1.13                                               | 3.42        | 4.03        | 4.31        | 6.01        |

Note 1: The financial statements have been audited by independent auditors.

Note 2: Earnings per share was calculated basis on weighted average number of ordinary shares outstanding. Earnings per share computation was adjusted retroactively for earning and capital surplus transferred to capital and share capital split.

## 6.1.2 Significant Commitment Affect Financial Analysis Consistency and Influence of Financial Statement: None

## 6.1.3 Auditors' Opinions from 2017 to 2021

### (1) Independent auditors' names and their audit opinions for the past five years

| Year | CPA firm          | Name of CPA                         | Audit Opinion          |
|------|-------------------|-------------------------------------|------------------------|
| 2017 | Deloitte & Touche | Meng-Chieh Chiu,<br>Cheng-Tsai Tsai | An Unqualified Opinion |
| 2018 | Deloitte & Touche | Meng-Chieh Chiu,<br>Cheng-Tsai Tsai | An Unqualified Opinion |
| 2019 | Deloitte & Touche | Cheng-Tsai Tsai,<br>Meng-Chieh Chiu | An Unqualified Opinion |
| 2020 | Deloitte & Touche | Meng-Chieh Chiu,<br>Cheng-Tsai Tsai | An Unqualified Opinion |
| 2021 | Deloitte & Touche | Meng-Chieh Chiu,<br>Cheng-Tsai Tsai | An Unqualified Opinion |

### (2) The reasons and explanations for replacement of the certified public accountant: Not applicable.

## 6.2 Five-Year Financial Analysis

### 6.2.1 Consolidated Financial Analysis

| Item \ Year             |                                                             | Financial Analysis for the Last Five Years (Note) |        |        |        |        |
|-------------------------|-------------------------------------------------------------|---------------------------------------------------|--------|--------|--------|--------|
|                         |                                                             | 2017                                              | 2018   | 2019   | 2020   | 2021   |
| Financial structure (%) | Debt Ratio                                                  | 61.17                                             | 62.12  | 60.01  | 57.89  | 60.30  |
|                         | Ratio of long-term capital to property, plant and equipment | 335.25                                            | 373.56 | 402.86 | 415.83 | 400.37 |
| Solvency (%)            | Current ratio                                               | 126.59                                            | 130.99 | 134.24 | 141.15 | 136.32 |
|                         | Quick ratio                                                 | 99.78                                             | 103.38 | 111.51 | 114.86 | 104.59 |
|                         | Interest earned ratio (times)                               | 6.58                                              | 13.32  | 15.65  | 36.86  | 80.33  |
| Operating performance   | Trade receivable turnover (times)                           | 3.75                                              | 4.17   | 4.19   | 4.18   | 4.18   |
|                         | Average collection period                                   | 97.33                                             | 87.52  | 87.11  | 87.32  | 87.32  |
|                         | Inventory turnover (times)                                  | 6.22                                              | 5.48   | 5.06   | 5.04   | 4.45   |
|                         | Trade payable turnover (times)                              | 3.06                                              | 3.27   | 3.07   | 2.95   | 3.00   |
|                         | Average days in sales                                       | 58.68                                             | 66.60  | 72.13  | 72.42  | 82.02  |
|                         | Property, plant and equipment turnover (times)              | 8.53                                              | 9.64   | 8.97   | 8.37   | 8.84   |
|                         | Total assets turnover (times)                               | 1.07                                              | 1.07   | 0.93   | 0.87   | 0.92   |
| Profitability           | Return on total assets (%)                                  | 1.56                                              | 4.48   | 5.24   | 5.57   | 7.84   |
|                         | Return on stockholders' equity (%) (Note2)                  | 3.59                                              | 11.22  | 13.04  | 13.72  | 19.03  |
|                         | Pre-tax income to paid-in capital (%)                       | 14.34                                             | 45.87  | 52.59  | 53.61  | 75.00  |
|                         | Profit ratio (%)                                            | 1.23                                              | 3.85   | 5.29   | 6.26   | 8.45   |
|                         | Earnings per share (NT\$) (Note3)                           | 1.13                                              | 3.42   | 4.03   | 4.31   | 6.01   |
| Cash flow               | Cash flow ratio (%)                                         | 9.73                                              | 11.18  | 18.06  | 17.63  | 11.27  |
|                         | Cash flow adequacy ratio (%)                                | 110.93                                            | 103.32 | 121.73 | 119.48 | 93.06  |
|                         | Cash reinvestment ratio (%)                                 | 3.82                                              | 6.11   | 11.88  | 9.33   | (0.37) |
| Leverage                | Operating leverage                                          | 1.73                                              | 1.67   | 1.49   | 1.40   | 1.32   |
|                         | Financial leverage                                          | 1.08                                              | 1.13   | 1.10   | 1.04   | 1.02   |

Note 1: The financial information were audited by the independent accountants.

Note 2: Equity attributable to owners of the Parent company.

Note 3: Earnings per share was calculated basis on weighted average number of ordinary shares outstanding. Earnings per share computation was adjusted retrospectively for earnings and capital surplus transferred to capital.

#### Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%):

- (1) Increase in Interest earned ratio : Due to the increase in earnings before interest and taxes and the decrease in borrowing rate, the finance costs decreased this year.
- (2) Increase in Return on total assets, Return on stockholders' equity, Pre-tax income to paid-in capital, Profit ratio and Earnings per share (NT\$): Due to optimizing product-mix, strengthening operational efficiency and the increase in non-operating income, which make the increase in net profit this year.
- (3) Decrease in Cash flow ratio : Due to the decrease in net cash inflow generated from operating activities.
- (4) Decrease in Cash flow adequacy ratio and Cash reinvestment ratio : Due to the increase in inventory and appropriations earnings for 2020 and second quarter of 2021 this year.



## 6.2.2 Stand-Alone Financial Analysis

| Item \ Year             |                                                             | Financial Analysis for the Last Five Years (Note 1) |        |        |        |        |
|-------------------------|-------------------------------------------------------------|-----------------------------------------------------|--------|--------|--------|--------|
|                         |                                                             | 2017                                                | 2018   | 2019   | 2020   | 2021   |
| Financial structure (%) | Debt Ratio                                                  | 49.18                                               | 52.30  | 50.37  | 48.70  | 53.08  |
|                         | Ratio of long-term capital to property, plant and equipment | 1,079.74                                            | 953.02 | 939.84 | 913.10 | 828.04 |
| Solvency                | Current ratio (%)                                           | 84.44                                               | 75.81  | 68.26  | 65.05  | 57.44  |
|                         | Quick ratio (%)                                             | 71.96                                               | 62.39  | 57.99  | 55.79  | 47.68  |
|                         | Interest earned ratio (times)                               | 4.67                                                | 20.14  | 23.86  | 58.45  | 171.93 |
| Operating performance   | Trade receivables turnover (times)                          | 3.38                                                | 3.48   | 3.47   | 3.30   | 3.47   |
|                         | Average collection period                                   | 107.98                                              | 104.88 | 105.18 | 110.60 | 105.18 |
|                         | Inventory turnover (times)                                  | 13.47                                               | 13.29  | 12.29  | 12.80  | 13.19  |
|                         | Trade payables turnover (times)                             | 3.29                                                | 3.23   | 2.82   | 2.64   | 2.84   |
|                         | Average days in sales                                       | 27.09                                               | 27.46  | 29.69  | 28.51  | 27.67  |
|                         | Property, plant and equipment turnover (times)              | 21.29                                               | 19.19  | 15.57  | 12.35  | 12.34  |
|                         | Total assets turnover (times)                               | 0.94                                                | 0.95   | 0.82   | 0.69   | 0.71   |
| Profitability           | Return on total assets (%)                                  | 2.00                                                | 5.77   | 6.59   | 7.03   | 9.38   |
|                         | Return on stockholders' equity (%)                          | 3.59                                                | 11.22  | 13.04  | 13.72  | 19.03  |
|                         | Pre-tax income to paid-in capital (%)                       | 6.04                                                | 36.71  | 44.92  | 48.38  | 68.72  |
|                         | Profit ratio (%)                                            | 1.89                                                | 5.80   | 7.76   | 10.06  | 13.07  |
|                         | Earnings per share (NT\$) (Note 2)                          | 1.13                                                | 3.42   | 4.03   | 4.31   | 6.01   |
| Cash flow               | Cash flow ratio (%)                                         | 3.69                                                | 11.24  | 10.01  | 7.81   | 8.36   |
|                         | Cash flow adequacy ratio (%)                                | 73.22                                               | 78.47  | 93.06  | 89.79  | 60.11  |
|                         | Cash reinvestment ratio (%)                                 | -6.06                                               | 2.37   | 0.45   | -2.89  | -7.87  |
| Leverage                | Operating leverage                                          | 1.31                                                | 2.05   | 1.36   | 1.23   | 1.21   |
|                         | Financial leverage                                          | 1.13                                                | 2.17   | 1.22   | 1.06   | 1.02   |

Note 1: The financial information were audited by the independent accountants.

Note 2: Earnings per share was calculated basis on weighted average number of ordinary shares outstanding. Earnings per share computation was adjusted retrospectively for earnings and capital surplus transferred to capital.

### Analysis of Deviation over 20% for the last two years:

1. Increase in Interest earned ratio: Due to the increase in earnings before interest and taxes and the decrease in borrowing rate, the finance costs decreased this year.
2. Increase in Return on total assets, Return on stockholders' equity, Pre-tax income to paid-in capital, Profit ratio and Earnings per share: Due to optimizing product-mix, strengthening operational efficiency and the increase in non-operating income, which make the increase in net profit this year.
3. Decrease in Cash flow adequacy ratio and Cash reinvestment ratio: Due to appropriations earnings for 2020 and second quarter of 2021 this year.

\*Glossary

1. Financial Structure

- (1) Debt Ratio = Total Liabilities / Total Assets
- (2) Ratio of Long-term Capital to Property, Plant and Equipment = (Shareholders' Equity + Noncurrent Liabilities) / Net Property, Plant and Equipment

2. Solvency

- (1) Current Ratio = Current Assets / Current Liabilities
- (2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities
- (3) Interest Earned Ratio = Earnings before Interest and Taxes / Interest Expenses

3. Operating Performance

- (1) Trade receivables turnover (times) = Net Sales / Average Trade Receivables
- (2) Average collection period = 365 / Trade receivables turnover
- (3) Inventory Turnover = Cost of Sales / Average Inventory
- (4) Trade Payment Turnover = Cost of Sales / Average Trade Payables
- (5) Average Days in sales = 365 / Average Inventory Turnover
- (6) Property, Plant and Equipment Turnover = Net Sales / Average Net Property, Plant and Equipment
- (7) Total Assets Turnover = Net Sales / Average Total Assets

4. Profitability Analysis

- (1) Return on Total Assets = (Net Income + Interest Expenses \* (1 - Effective Tax Rate)) / Average Total Assets
- (2) Return on Equity Attributable to Shareholders of the Parent = Net Income Attributable to Shareholders of the Parent / Average Equity Attributable to Shareholders of the Parent
- (3) Pre-tax Income to Paid-in Capital Ratio = Income before Tax / Paid-in Capital
- (4) Net Margin = Net Income / Net Sales
- (5) Earnings Per Share = (Net Income Attributable to Shareholders of the Parent - Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding

5. Cash Flow

- (1) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities
- (2) Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operations / Five-year Sum of Capital Expenditures, Inventory Additions, and Cash Dividend
- (3) Cash Flow Reinvestment Ratio = (Cash Provided by Operating Activities - Cash Dividends) / (Gross Property, Plant and Equipment + Long-term Investments + Other Noncurrent Assets + Working Capital)

6. Leverage

- (1) Operating Leverage = (Net Sales - Variable Cost) / Income from Operations
- (2) Financial Leverage = Income from Operations / (Income from Operations - Interest Expenses)

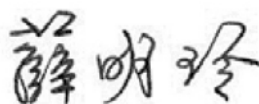
## 6.3 Audit Committee's Report for the Most Recent Year

### AUDIT COMMITTEE REPORT

To: Shareholders' Annual General Meeting for Year 2022, Lite-On Technology Corporation

The Board of Directors has prepared and submitted to the undersigned, Audit Committee of Lite-On Technology Corporation the 2021 Business Report, Financial Reports(consolidated and standalone) and the proposal of distribution of earnings. The Financial Statements have been duly audited by Certified Public Accountants Meng-Chieh Chiu and Tsai-Cheng Tsai of Deloitte Touche Tohmatsu International Taiwan. The above Business Report, Financial Statements and the proposal of distribution of earnings have been examined and determined to be correct by the undersigned. This Report is duly submitted in accordance with Article 14-4 of Securities and Exchange Law and Article 219 of the Company Law.

The Audit Committee, Chairman:



Mr. Albert Hsueh  
February 24 2022

## **6.4 Consolidated Financial Statements for the Years Ended December 31, 2021 and 2020, and Independent Auditors' Report**

Please refer to the attachment on page 173-273 of this Annual Report.

## **6.5 Standalone Financial Statements for the Years Ended December 31, 2021 and 2020, and Independent Auditors' Report**

Please refer to the attachment on page 274-363 of this Annual Report.

## **6.6 Financial Difficulties for the Company and its Affiliates**

The Company should disclose the financial impact to the Company if the Company and its affiliated companies have incurred any financial or cash flow difficulties in 2021 and as of the date of this Annual Report: None.

## 7. Review of Financial Conditions, Financial Performance, and Risk Management

### 7.1 Financial Status

Unit: NT\$ thousands

| Item \ Year                   | 2020        | 2021        | Difference  |      |
|-------------------------------|-------------|-------------|-------------|------|
|                               |             |             | Amount      | %    |
| Current Assets                | 140,583,805 | 147,110,891 | 6,527,086   | 5    |
| Property, Plant and Equipment | 18,389,054  | 18,889,587  | 500,533     | 3    |
| Intangible Assets             | 4,840,696   | 3,675,676   | (1,165,020) | (24) |
| Total Assets                  | 176,067,237 | 183,543,419 | 7,476,182   | 4    |
| Current Liabilities           | 99,599,336  | 107,915,125 | 8,315,789   | 8    |
| Non-current Liabilities       | 2,326,387   | 2,754,767   | 428,380     | 18   |
| Total Liabilities             | 101,925,723 | 110,669,892 | 8,744,169   | 9    |
| Share Capital                 | 23,508,670  | 23,508,670  | -           | -    |
| Capital Surplus               | 21,613,574  | 21,836,342  | 222,768     | 1    |
| Retained Earnings             | 35,547,654  | 36,753,852  | 1,206,198   | 3    |
| Total Equity                  | 74,141,514  | 72,873,527  | (1,267,987) | (2)  |

1. Effect of changes on the company's financial condition (deviation over 20% and difference amount over NT\$ 10 million) and related impact: The decrease in Intangible Assets was mainly due to accrual impairment loss on goodwill.
2. If the impact is significant, indicate future plan on financial position: Not applicable

## 7.2 Financial Performance

### 7.2.1 Analysis of Financial Performance

Unit: NT\$ thousands, %

| Item \ Year              | 2020        | 2021        | Increased (Decreased) | Rate of Variance (%) |
|--------------------------|-------------|-------------|-----------------------|----------------------|
| Operating Revenue        | 157,133,623 | 164,827,947 | 7,694,324             | 5                    |
| Cost of Goods Sold       | 129,749,924 | 134,330,418 | 4,580,494             | 4                    |
| Gross Profit             | 27,383,699  | 30,497,529  | 3,113,830             | 11                   |
| Operating Expenses       | 17,177,505  | 17,455,390  | 277,885               | 2                    |
| Operating Income         | 10,206,194  | 13,042,139  | 2,835,945             | 28                   |
| Non-operating Income     | 2,395,727   | 4,590,108   | 2,194,381             | 92                   |
| Profit Before Income Tax | 12,601,921  | 17,632,247  | 5,030,326             | 40                   |
| Income Tax Expense       | 2,772,717   | 3,702,761   | 930,044               | 34                   |
| Net Profit for the Year  | 9,829,204   | 13,929,486  | 4,100,282             | 42                   |

#### 7.2.1.1 Analysis of Deviation over 20% for the last two years:

- (1) The increase in Operating income, Profit before income tax and net profit was due to optimal product mix and increase in operational efficiency.
- (2) The increase in Non-operating income and expense was mainly due to increase in net gain on financial assets at fair value through profit or loss.
- (3) The increase in Income Tax Expense was mainly due to increase in Profit Before Income Tax.

#### 7.2.1.2 Major Impact on Financial Performance and Future Plan on Financial Performance: Not applicable.

### 7.2.2 Sales Volume Forecast and Related Information

1. Based on reports from Omedia, LEDinside and other market research institutions and research department reports from securities dealers, the company has made future market size and growth estimates for its major products/services as follows:

| Main product          | Estimated market size in 2022 | Estimated CAGR (%) in upcoming 2 to 3 years |
|-----------------------|-------------------------------|---------------------------------------------|
| Opto-electronics- LED | approx. US\$ 19.4 bn          | ~3.9%                                       |
| Power supply          | approx. US\$ 25.6 bn          | ~2.3%                                       |

2. Competitive niches and long-term outlook

The Company is equipped with excellent R&D and design capabilities and able to provide total integrated solutions and products in cloud computing, Opto electronics, and parts and components for automotive electronics. The Company also has the advantage of an integrated supply chain and extensive R&D experience. The focus remains on developing new products and providing customers with the best services so to distinctly differentiate the Company from traditional EMS/ODMs. The company's efficient, sophisticated management team operates globally and can be relied on to increase the competitive advantages.

## 7.3 Cash Flow

### 7.3.1 Cash Flow Analysis for the Current Year

Unit: NT\$ thousands

| Cash Balance<br>01/01/2021<br>(1) | Net Cash Flow from<br>Operating Activities<br>(2) | Cash Outflow<br>(3) | Cash Surplus<br>(Deficit)<br>(1)+(2)-(3) | Leverage of Cash Deficit |                 |
|-----------------------------------|---------------------------------------------------|---------------------|------------------------------------------|--------------------------|-----------------|
|                                   |                                                   |                     |                                          | Investment Plans         | Financing Plans |
| 71,508,036                        | 12,159,640                                        | 15,391,841          | 68,275,835                               | None                     | None            |

- (1) NT\$12,159,640 thousands net cash generated by operating activities: mainly from net income, depreciation expenses and changes in other receivables.
- (2) NT\$3,103,331 thousands net cash used for investing activities: primarily for net purchase of property, plant and equipment.
- (3) NT\$11,778,765 thousands net cash used in financing activities: primarily for the cash dividend payment of 2020 and the first half of 2021, and stock repurchase.
- (4) Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies: NT\$509,745 thousands.

### 7.3.2 Remedy for Cash Deficit and Liquidity Analysis

| Item \ Year                  | 2020   | 2021   | Variance (%) |
|------------------------------|--------|--------|--------------|
| Cash Flow Ratio (%)          | 17.63  | 11.27  | (36.07)      |
| Cash Flow Adequacy Ratio (%) | 119.48 | 93.06  | (22.11)      |
| Cash Reinvestment Ratio (%)  | 9.33   | (0.37) | (103.97)     |

#### Analysis of financial ratio change:

- (1) Cash Flow Ratio declined: Mainly due to the decrease in net cash generated by operating activities in 2021 compared to 2020.
- (2) Cash Reinvestment Ratio declined: Mainly due to the decrease in net cash generated by operating activities in 2021 compared to 2020, and cash dividend payment for the first half of 2021.
- (3) Plans to improve liquidity: In 2021, the company paid cash dividend for the first half of 2021, resulting in a negative cash reinvestment ratio. In the next year, it is expected that the net cash inflow from operating activities will increase compared to 2021. The company will comprehensively consider the operating conditions and the amount of cash dividend payment to improve liquidity and enrich the cash available for investment.

### 7.3.3 Cash Flow Analysis for the Coming Year

Unit: NT\$ thousands

| Cash Balance<br>01/01/2022<br>(1) | Estimated Net Cash Flow<br>from Operating Activities<br>(2) | Estimated Cash<br>Outflow (Inflow)<br>(3) | Cash Surplus<br>(Deficit)<br>(1)+(2)-(3) | Leverage of Cash Surplus (Deficit) |                 |
|-----------------------------------|-------------------------------------------------------------|-------------------------------------------|------------------------------------------|------------------------------------|-----------------|
|                                   |                                                             |                                           |                                          | Investment Plans                   | Financing Plans |
| 68,275,835                        | 21,278,000                                                  | 9,823,000                                 | 79,730,835                               | None                               | None            |

- (1) NT\$21,278,000 thousands Estimated Net Cash Inflow from Operating Activities: mainly from net income for the coming year.
- (2) NT\$3,652,000 thousands Estimated Net Cash Outflow from Investing Activities: primarily for purchase of property, plant and equipment.
- (3) NT\$6,171,000 thousands Estimated Net Cash Outflow from Financing Activities: primarily for cash dividend payment.
- (4) Remedial Actions for Cash deficit and Liquidity Shortfall: As a result of positive operating cash flows and cash on-hand, remedial actions are not required.

## 7.4 Major Capital Expenditure Items

### 7.4.1 Major Capital Expenditure Items and Source of Capital

Unit: NT\$ thousands

| Project                             | Actual or Planned Source of Capital | Total Capital | Actual or Expected Capital Expenditure |           |           |      |      |
|-------------------------------------|-------------------------------------|---------------|----------------------------------------|-----------|-----------|------|------|
|                                     |                                     |               | 2020                                   | 2021      | 2022      | 2023 | 2024 |
| Production Equipment and Facilities | operating cash inflows              | 7,120,471     | 1,531,376                              | 1,971,218 | 3,617,877 | -    | -    |
| R&D equipment                       | operating cash inflows              | 2,419,384     | 482,513                                | 839,747   | 1,097,124 | -    | -    |
| IT equipment and expansion          | operating cash inflows              | 668,090       | 224,943                                | 263,809   | 179,338   | -    | -    |
| Building                            | operating cash inflows              | 2,183,719     | 777,683                                | 583,490   | 822,546   | -    | -    |
| Others                              | operating cash inflows              | 62,985        | 6,491                                  | 56,494    | -         | -    | -    |
| Total                               |                                     | 12,454,649    | 3,023,006                              | 3,714,758 | 5,716,885 | -    | -    |

### 7.4.2 Expected Benefits: Not applicable

## 7.5 Long-term Investment Policy and Results

Investment Policy in Last year, Main Causes for Profits or Losses, Improvement Plans and the investment Plans for the Coming Year:

LITEON will continue focusing on core businesses growth. The investment will also follow core development strategy of the company and dispose non-core investment on suitable timing.



## 7.6 Analysis of Risk Management

### 7.6.1 Risk Management Framework

**Finance:**

1. Cash security and interest rate risk prevention

Cash management includes debt and risk control, fund utilization control, and investment size control.

- (1) Global cash inventory is performed regularly and any abnormality is followed up. The objective is to increase return on cash, improve profitability, and prevent impairment of assets due to external disasters.
- (2) Calculate AR/AP estimates on a monthly basis to facilitate cash planning.
- (3) Levels of authorization are established in accordance with the SOPs, and payments are ERP encrypted and then paid via electronic banking services to ensure more secure payments.
- (4) Optimal cash and asset structures are reviewed regularly for cash planning purpose and to achieve optimal cash allocation.

2. Exchange rate risk prevention

- (1) The company monitors foreign currency denominated positions, revenue target completion rate, and inventory changes on a daily basis.
- (2) Current month YTD and month end foreign exchange gains and losses are calculated on a daily basis.
- (3) Financial forecast models are created for foreign exchange positions to enable real-time hedging.
- (4) Differences in position forecast and reasons for foreign exchange gains and losses are examined on a monthly basis. The objective is to keep track of the net balance after offsetting of foreign currency denominated assets and liabilities and reduce operational risks arising from exchange rate volatility.

3. Property Safety, Product Liability and Risk Prevention Activities

- (1) Arrange sufficient and appropriate general insurance to cover the risk properly.
- (2) Regular insurance training classes and seminars are held to address the property risk, cargo transportation risk, product liability and the other risk. The objective is to ensure the related departments and factories are fully aware the risk and able to eliminate the risk and reduce potential risk in advance.
- (3) Routine Cargo Transportation Risk Survey, Product Liability Risk Survey, Property Safety Survey to the factories.
- (4) Execute the Risk Grading to each factory by outside risk consultant and follow up the improvement.
- (5) Support the targeted factory to build its Business Continue Management System (BCMS).

4. Reduction of the credit risks and the default payments from customers

- (1) Perform regular credit checks on customers and identify characteristics of their lines of business in order to facilitate credit rating management.
- (2) Perform regular reviews of customer credit lines and payment terms in order to reduce exposures and optimize payment periods.
- (3) Implement annual credit reviews to examine customers' business activities and changes in risk conditions and arrange credit insurance if necessary.
- (4) Control shipments over credit lines and monitor the payment schedule of account receivables in order to secure the timely recover of account receivables and reduce the credit risk of customers.
- (5) Organize regular trainings on the credit risks and enhance the awareness of risk management cross all business units.

**Operation Controlling:**

Assist the business units carrying out long-term and annual business planning, and establish the internal operating information management system to help the management to effectively control the important operating key factors as well as operating performance risks while properly allocating and controlling resources for optimization of overall

operating results according to the company's development strategy.

**Legal:**

Legal Department is responsible for assessing legal risks, including: identifying contract risks by reviewing contracts, offering advice to management strategy, providing legal consultation and advice regarding internal systems, compliance, dispute resolution, mergers and acquisitions, intellectual property management, and overseeing production, utilization and disposal of the corporate seals in order to reduce the overall legal risks.

**Auditor:**

Formulate and implement the annual audit plan based on results of the risk assessments. Assess the effectiveness of the design and execution of internal control and assist the risk management organization and business units in designing risk management based on control processes.

**Corporate Investment:**

Based on LITE-ON Group's development strategy, industry trend and global economic dynamics and correspond with the Group's business tactic planning. Evaluate the synergies and potential returns of new investments, and keep monitoring the performance of existing investment and implement group management methodology to reduce investment risks.

**Corporate Brand Value Development Division:**

Sculpture LITEON brand and make influence both internally and externally with comprehensive branding development strategy. Through synergy of PR, CSR and Marcom functions, it helps to enhance positive impact of LITEON brand value. It makes LITEON, a tech company, not only has dimensions, but also has warmth and brand recognition, which enables inheritance and transmission of LITEON spirit. Furthermore, act as the bridge that connects the company with the media and the general public. Effectively convey thorough information to external parties to ensure timely, accurate, and transparent disclosure in order to avoid operational risks caused by corporate image.

**Human Resources:**

Responsible for human resources management and development; planning human resources policies and implementation; human capital plans development; design for employee development and training; design competitive compensation and package; localization & local talent development; employee's personal data protection and control in order to reduce the risk of human resources that may cause damage to the company.

## 7.6.2 Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

### 1. Impact of interest rate fluctuation on the company's profit and response measures:

LITEON takes a safe and steady approach to the cash management policy. Apart from a safe level of working capital, LITEON holds idle funds as term deposits in the bank. LITEON, as of December 31, 2021, has NT\$ 28.4 billion, or 16 % of the total assets, in bank loans. LITEON, given its commitment to improve its capital structure, boosts medium and long-term working capital, and reduces risks in interest rate changes, assesses regularly funds available in the market and interest rates offered by banks, and selects financing methods with caution. In addition to preferred interest rates, LITEON also undertakes financial derivative transactions for hedging purpose at appropriate times. Therefore, interest rate volatility is not expected to have much impact on LITEON's business risks.

### 2. Impact of foreign exchange volatility on the company's profit and response measures:

#### A. Sources of exchange gains/losses:

LITEON's revenues, accounts payable, and accounts receivable arising from purchases and sales are predominantly denominated in US Dollars. Foreign currency denominated assets and liabilities offset each other, thereby significantly reducing the foreign exchange volatility risk and creating a natural hedge. Furthermore, LITEON trades derivatives only for the purpose of hedging. Gains and losses generated by foreign exchange rate changes are generally offset by gains and losses in the underlying assets. These hedges reduce the effect of foreign currency exchange rate movements on its assets and liabilities. Therefore, foreign exchange rate changes in the market do not have much impact on LITEON. Exchange gains and losses as a percentage of operating revenue and of operating profit as of December 31, 2021 are shown in the table below:

Unit: NT\$ thousand

| Item\Year                               | 2021        |
|-----------------------------------------|-------------|
| Net exchange gain/loss (A)              | 377,483     |
| Operating revenue (B)                   | 164,827,947 |
| Percentage of operating revenue (A)/(B) | 0.23%       |
| Operating profit (C)                    | 13,042,139  |
| Percentage of operating profit (A)/(C)  | 2.89%       |

As shown in the table above, the exchange gains and losses were 0.23% and 2.89% of the operating revenue and the operating profit, respectively, in 2021. Neither is a large percentage.

#### B. Response measures to foreign exchange volatility:

LITEON hedges its foreign currency assets and liabilities by spot, forward, or derivatives as needed according to the prevailing foreign exchange rate trends. LITEON also performs careful and regular assessments in response to volatile foreign exchange rates, adjust and haggle with customers or suppliers as needed to mitigate the foreign exchange volatility risk. Given LITEON does not engage in any foreign exchange transactions unrelated to the core business or for trading purpose, all foreign exchange transactions are undertaken for hedging only, and foreign exchange volatility has not had any significant effect on the company's profit.

### 3. Impact of inflation on the company's profit and response measures:

Taiwan's annual CPI increased 1.96% in 2021. The general CPI excluding fruits, vegetables, and energy (core CPI) increased 1.75%. Domestic inflation pressures have built up further since the middle of 2021. However, price increases in Taiwan have not been as significant as those in European economies or the US. The inflation risk remains within tolerable limits.

Moreover, CBC expects the domestic CPI annual growth rate to drop to 1.59% and the core CPI to maintain mild growth at a pace of 1.45% in 2022. Similarly, most of the selected international and domestic institutions forecast Taiwan's 2022 annual CPI growth rate to run lower than 2021. It is expected that inflation will be effectively kept under control in the future and not be able to have much impact on LITEON's profit.

### **7.6.3 Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Governing Loaning of Funds, Making of Endorsement / Guarantees, and Derivatives Transactions**

#### **7.6.3.1 The Company did not engage in any high-risk or high-leveraged investments.**

#### **7.6.3.2 Policies of Governing Loaning of Funds and Making of Endorsements/Guarantees**

##### **(1) Total amount of financing and limit for advance**

- (a) The total amount of loans available by the Company in favor of all borrowers shall not exceed 40% of the net worth of the Company as stated in the most recent financial statement.
- (b) In financing a subsidiary where the Company holds less than 50% of its common shares directly or indirectly, the aggregate amount of loans and the maximum amount permitted to such a single subsidiary shall not exceed 5% of the net worth of the Company as stated in the most recent financial statement. For a subsidiary where the Company holds more than 50% of its common shares directly or indirectly, the aforementioned restriction shall not be applicable; however, the aggregate amount of loans and the maximum amount permitted to such a single subsidiary shall not exceed 40% of the net worth of the Company as stated in the most recent financial statement.
- (c) In financing a company or proprietor where the Company has business transactions, unless otherwise provided, the aggregate amount of loans and the maximum amount permitted to such a single company shall not exceed 5% of the Company's net worth as stated in the most recent financial statement, and the maximum amount permitted to such a single company shall not exceed the total amount of business transactions with such a borrower in one year.
- (d) In financing between the Company's 100% directly or indirectly owned foreign subsidiaries, or the Company's 100% directly or indirectly owned foreign subsidiaries finance to the Company, the aggregate amount of loans and the maximum amount permitted to such a company will not be subject to the limitation of 40% of the net worth of the lender as stated in the most recent financial statement, but still needs to establish a lending limit.

##### **(2) Endorsements/ Guarantees Amount**

Amount of an endorsements/ guarantees is subject to the following limits:

- (a) The total amount of endorsements / guarantees rendered by the Company shall not exceed 40% of the net worth shown on the Company's latest financial statements. The grand total amount of endorsements / guarantees rendered by the Company and its subsidiaries to the outside corporations shall not exceed 40% of the net worth shown on the Company's latest financial statements as well. The total amount of the endorsement/guarantee provided by the Company to any individual entity shall not exceed 30% of the Company's net worth.
- (b) In case of endorsements / guarantees by the Company to a firm where the Company holds over 50% of the voting power either directly or indirectly, or by the firm directly or indirectly holds more than 50% of the voting shares of the Company or endorsements / guarantees with companies where the Company holds over 90% of the voting power either directly or indirectly, the total amount of individual endorsements / guarantees shall not exceed 10% of the net worth shown through the Company's latest financial statements.
- (c) The total amount of individual endorsements/guarantees granted by the Company to a single company or among the Company and companies where the Company holds over 90% of the voting power either directly or indirectly shall not exceed 10% of the net worth shown through the Company's latest term financial statements. Where the Company grants endorsements / guarantees to a corporation where the Company maintains a business relationship, unless otherwise prescribed in other Regulations, the amount of individual endorsements / guarantees shall be confined to the total amount of business transaction accumulated over the past twelve months and shall not exceed 10% of the net worth shown through the Company's latest financial statements.

#### **7.6.3.3 Policies of Governing Loaning of Funds and Making of Endorsements/Guarantees of Subsidiaries**

When a subsidiary making loans to and endorsements/guarantees for others, the aggregate amount and the maximum amount permitted to such a single company is subject to the subsidiaries' own regulation.

7.6.3.4 No loss was occurred from making of endorsements/guarantees to others.

LITEON, as of December 31, 2021, no loss was occurred from making of endorsements/guarantees to 100% owned subsidiaries.

| Making of endorsements/<br>guarantees to | Relationship            | Actual Amount<br>(NTD\$K) | Nature                     | Note             |
|------------------------------------------|-------------------------|---------------------------|----------------------------|------------------|
| Lite-On Green Energy B.V.                | 100% owned subsidiaries | 293,775                   | Contractual<br>obligations | No loss occurred |

7.6.3.5 Derivatives Transactions

- (1) The policies and response measures established by the company's Asset Acquisition or Disposal Procedures shall apply.
- (2) Hedges are based on the net position that is the residual difference between assets and liabilities. In addition, foreign exchange hedges take into account positions necessary to facilitate operating activities in the future.
- (3) The purpose of derivatives trading should be to ensure the company's operating profits and avoid risks arising from exchange rate or interest rate or asset value volatility. All foreign exchange transactions should be made for hedging purpose only. Non-hedging-related transactions will not be undertaken.

## 7.6.4 Summary of LITEON's Major Future R&D Projects and Corresponding Budget

### R&D projects and progress

| No. | Latest R&D project                                                                     | Progress | Additional budget required (NT\$ '000) | Expected time of mass production | Key factors for project success                                                                                                                                                                                                                                          |
|-----|----------------------------------------------------------------------------------------|----------|----------------------------------------|----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1   | 160W High Power density adapter (16.1w/in <sup>3</sup> )                               | 20%      | 5,000                                  | 2023                             | (1) Design of new topology implementation<br>(2) Fsw 160KHz EMI design                                                                                                                                                                                                   |
| 2   | PD 65W High Power density adapter (21.5w/in <sup>3</sup> )                             | 30%      | 6,000                                  | 2022                             | (1) Design of new topology implementation<br>(2) EMI design                                                                                                                                                                                                              |
| 3   | PD 65W (80cc) Dual Port Type-C Output Adapter                                          | 25%      | 6,000                                  | 2022                             | (1) Flyback+ Dual DC output topology implementation<br>(2) Cooling design                                                                                                                                                                                                |
| 4   | 330W High Power density adapter (14w/in <sup>3</sup> )                                 | 85%      | 1,000                                  | 2022                             | (1) Efficiency technical transfer on high power - 94% (Active Bridge+ LLC+ GaN)<br>(2) Cooling design                                                                                                                                                                    |
| 5   | 330W ultra slim and high power density (30 W/in <sup>3</sup> ) AIO power supply design | 30%      | 2,000                                  | 2022                             | (1) High frequency (>700kHz) LLC design and implement.<br>(2) Key component such as WGB semiconductor SiC, GaN and high frequency magnetics application.<br>(3) Planar transformer design and optimize                                                                   |
| 6   | Full-digitalized 3KW workstation power supply                                          | 5%       | 6,500                                  | 2025                             | (1) 3KW FBLLC design to meet 96% peak efficiency of PWM stage<br>(2) HW/FW design of FW based DSP FBLLC stage control to replace conventional ASIC IC controller<br>(3) EMI solution to meet CISPR 22 CLASS B in 3KW power supply                                        |
| 7   | Smart battery management system with hybrid charging mode                              | 5%       | 8,000                                  | 2024                             | (1) Analyze the optimal hybrid charging mode for battery temperature and charging time.<br>(2) Automatic sense battery condition and the battery charging type adjustment.<br>(3) Wide output voltage range design to accommodate extensive battery type on market unit. |
| 8   | Smart battery charger for pedelec                                                      | 20%      | 2,400                                  | 2022                             | (1) Support CAN BUS communication<br>(2) Support multiple brands and type of battery system<br>(3) High charging efficiency<br>(4) Be able to communicate with battery system and achieve smart charging voltage modulation                                              |

| No. | Latest R&D project                                                           | Progress | Additional budget required (NT\$ '000) | Expected time of mass production | Key factors for project success                                                                                                                                                                                                 |
|-----|------------------------------------------------------------------------------|----------|----------------------------------------|----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 9   | Immersion cooling power supply                                               | 40%      | 9,000                                  | 2022                             | (1) immersion cooling system ready<br>(2) meet design guideline and compliance<br>(3) qualification & test result                                                                                                               |
| 10  | Power shelf with shelf controller and ATS switch system solution development | 50%      | 30,000                                 | 2022                             | (1) Award project<br>(2) Cost meet target                                                                                                                                                                                       |
| 11  | Develop 5kW power supply for shelf application                               | 20%      | 22,000                                 | 2023                             | (1) Award project<br>(2) Cost meet target                                                                                                                                                                                       |
| 12  | Efficiency over 97% with 12V output PSU                                      | 50%      | 10,000                                 | 2022                             | (1) Efficiency > 97.2%<br>(2) Document maturity                                                                                                                                                                                 |
| 13  | Power density >75W/in <sup>3</sup> 3000W, titanium PSU                       | 50%      | 14,000                                 | 2022                             | (1) full load Eff > 94%<br>(2) pass thermal test                                                                                                                                                                                |
| 14  | Smart home energy storage system                                             | 30%      | 10,000                                 | 2023                             | (1) Interleaved control technique of PV MPPT converter with two trackers<br>(2) The reliability of energy flow commutation of bidirectional isolated battery charger<br>(3) Intelligent energy storage mode control             |
| 15  | 10kW/25kWh Stationary Energy storage system                                  | 90%      | 670                                    | 2022                             | (1) Implementation of energy management system<br>(2) Cloud data base (DB) design<br>(3) Data analysis and processing<br>(4) User interface design<br>(5) Stability of ESS<br>(6) Charge/discharge algorithm for li-ion battery |
| 16  | Integrated magnetic components design                                        | 15%      | 4,910                                  | 2022                             | (1) Mathematical model for integrated magnetic components<br>(2) Simulation and design for integrated magnetic components<br>(3) Patent survey<br>(4) Compared efficiency between experimental and simulation                   |
| 17  | Optimization and design for planar transformer                               | 15%      | 6,800                                  | 2022                             | (1) Mathematical model for planar transformer<br>(2) Simulation and optimization for planar transformer<br>(3) Patent survey<br>(4) Compared efficiency between experimental and simulation                                     |

| No. | Latest R&D project                                      | Progress | Additional budget required (NT\$ '000) | Expected time of mass production | Key factors for project success                                                                                                                                                                                                                                                                                                                      |
|-----|---------------------------------------------------------|----------|----------------------------------------|----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 18  | Optical touch with multi-function of knob mouse         | 90%      | 3,000                                  | 2022                             | (1) Structure stability<br>(2) Cost competitiveness                                                                                                                                                                                                                                                                                                  |
| 19  | Anti-virus keyboard/mouse                               | 90%      | 1,000                                  | 2022                             | Product promotion                                                                                                                                                                                                                                                                                                                                    |
| 20  | Recycled keyboard produced by marine waste of styrofoam | 90%      | 2,000                                  | 2022                             | Product promotion                                                                                                                                                                                                                                                                                                                                    |
| 21  | Multi-color straight-up illuminated gaming keyboard     | 70%      | 1,000                                  | 2022                             | (1) Uniformity of brightness<br>(2) Problem of yield                                                                                                                                                                                                                                                                                                 |
| 22  | High-end gaming optical switch laptop keyboard          | 90%      | 2,000                                  | 2022                             | Laptop system integration completeness, function flexibility                                                                                                                                                                                                                                                                                         |
| 23  | Faster A3 Scanner Station                               | 20%      | 13,000                                 | 2022                             | Enhance performance of A3 product from entry level to middle level of product line.                                                                                                                                                                                                                                                                  |
| 24  | Customization of Sheet-feed Scanner                     | 70%      | 6,000                                  | 2022                             | More customizations to product to meet China-Local policy.                                                                                                                                                                                                                                                                                           |
| 25  | Open-Source design with security of AIO control Board   | 40%      | 8,000                                  | 2022                             | Porting commercial OS to Linux-like OS on printer controller board.                                                                                                                                                                                                                                                                                  |
| 26  | Server chassis automatic riveting assembly process      | 30%      | 5,000                                  | 2022                             | Process efficiency, quality consistency, and cost competitiveness                                                                                                                                                                                                                                                                                    |
| 27  | NCT prototyping/flex-manufacturing process capability   | 10%      | 5,000                                  | 2022                             | Manufacturing flexibility, development lead-time, and cost competitiveness                                                                                                                                                                                                                                                                           |
| 28  | DCS rack cabinet manufacturing process                  | 30%      | 1,000                                  | 2022                             | Structure stability, process efficiency, and cost competitiveness                                                                                                                                                                                                                                                                                    |
| 29  | IoT(Internet of Things)                                 | 90%      | 2,000                                  | 2022                             | SE70 can support various usage scenario such as wide range voltage(9V~48V), wide tempature range(-20 degree~60 degree) and POE port*7 module which make more choice for end-user to select. Besides, SE70 have pass IP51 (International Protection Marking) dust-proof and water-proof cetification which make SE70 can work in various environment. |
| 30  | 802.11ah ( Wi-Fi Halow™ ) Module                        | 50%      | 10,000                                 | 2022                             | (1) Compact Module Design<br>(2) Excellent RF Performance<br>(3) 802.11 ah Certification Compliant<br>(4) Manufacturing Automation<br>(5) System Level Technology Support                                                                                                                                                                            |



| No. | Latest R&D project                                               | Progress | Additional budget required (NT\$ '000) | Expected time of mass production | Key factors for project success                                                                                                                                                                                                                                                                                                                                                                        |
|-----|------------------------------------------------------------------|----------|----------------------------------------|----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 31  | 802.11ax (Wi-Fi 6E) Module                                       | 50%      | 5,000                                  | 2022                             | (1) Compact Module Design<br>(2) Excellent RF Performance<br>(3) 802.11 ax Certification Compliant<br>(4) Manufacturing Automation<br>(5) System Level Technology Support                                                                                                                                                                                                                              |
| 32  | AI Vision System On Module                                       | 50%      | 10,000                                 | 2022                             | (1) Compact Module Design<br>(2) Excellent RF Performance<br>(3) AI Vision System Hardware & Software Integration<br>(4) Manufacturing Automation<br>(5) System Level Technology Support                                                                                                                                                                                                               |
| 33  | AIoT Gateway                                                     | 50%      | 10,000                                 | 2022                             | (1) Hardware & Software Communication System Integration<br>(2) Cost Effective Design<br>(3) Effective Thermal Solution<br>(4) Smart Home Protocol Certification<br>(5) Manufacturing Automation                                                                                                                                                                                                       |
| 34  | AIoT Sensing Device                                              | 60%      | 3,000                                  | 2022                             | (1) Excellent RF Performance<br>(2) Sensor Solution Design Know How & Validation Skill<br>(3) Application Integrated & Field Test Bed Capability<br>(4) Manufacturing Automation                                                                                                                                                                                                                       |
| 35  | AI Camera                                                        | 30%      | 50,000                                 | 2022                             | (1) Excellent RF Performance<br>(2) AI Vision Hardware & Software System Integration<br>(3) Professional Optical Validation Plan & Excellent Image Quality Tuning Skill<br>(4) Professional Acoustic Design & Validation Plan<br>(5) Effectivity Thermal Solution<br>(6) High Efficiency Power Design & Management<br>(7) Solid & Stable Waterproof Design<br>(8) Accurately Battery Management System |
| 36  | AI Camera + Illumination for Smart Sprayer                       | 70%      | 8,000                                  | 2023                             | (1) Design for Reliability, Certification For Off-Road Vehicle<br>(2) Active Alignment Machine & Automation                                                                                                                                                                                                                                                                                            |
| 37  | ToF (Time of Flight) 3D Sensing Module                           | 80%      | 5,000                                  | 2022                             | (1) In House 3D Calibration And Depth Conversion Algorithm<br>(2) Efficient 3D Calibration with One Box Design                                                                                                                                                                                                                                                                                         |
| 38  | High Resolution Optical Zoom / Wide FOV OIS / Dual Camera Module | 70%      | 10,000                                 | 2022                             | (1) Cost Effective Design<br>(2) Precision Optics Alignment & Calibration<br>(3) Balance AA Algorithm which Cover both Tele and Wide Optics<br>(4) Yield Rate Control                                                                                                                                                                                                                                  |

| No. | Latest R&D project                                                                                                                              | Progress | Additional budget required (NT\$ '000) | Expected time of mass production | Key factors for project success                                                                                                                                |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------|----------|----------------------------------------|----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 39  | Intelligent headlight platform                                                                                                                  | 60%      | 10,000                                 | 2022                             | (1) Thermal design and material selection<br>(2) Measurement stabilization technology<br>(3) Assembly automation                                               |
| 40  | 1-Megapixel driver monitoring camera module                                                                                                     | 10%      | 9,000                                  | 2024                             | (1) Optical lens design<br>(2) Precisely component allocation and assembly<br>(3) High performance cooling structure design<br>(4) IR illumination design      |
| 41  | 3kW APM applied in 800V platform hybrid & electric vehicle                                                                                      | 40%      | 40,000                                 | 2023                             | High power density design, reliability verification of advanced semiconductor component design implement                                                       |
| 42  | 3kW/1kW bi-directional APM 12V/48V applied in 800V platform hybrid & electric vehicle                                                           | 5%       | 20,000                                 | 2024                             | System integration design, vehicle standards design verification                                                                                               |
| 43  | 3 phase 11kW OBC bi-directional applied in 400V electric vehicle                                                                                | 5%       | 30,000                                 | 2024                             | New circuit topology design verification and reliability verification of advanced semiconductor and integrate magnetic component design implement              |
| 44  | 6.6kW OBC and 2.5kW APM integrated power module applied in 400V platform EV                                                                     | 40%      | 30,000                                 | 2023                             | Implementation of new technologies and integrate magnetic component, vehicle standards design verification                                                     |
| 45  | Implementation of the development process for the systematized function safety and cyber security of vehicle power supply software and firmware | 30%      | 4,000                                  | 2023                             | (1) ISO 26262 Certification<br>(2) ASPICE development process<br>(3) Continuous integration system<br>(4) Automotive cybersecurity ISO/SAE 21434 Certification |
| 46  | Development of vehicle power supply digital control                                                                                             | 30%      | 6,000                                  | 2023                             | (1) Power Conversion Analysis/ Simulation<br>(2) Digital power control algorithm                                                                               |
| 47  | Vehicle power supply automatic test system development                                                                                          | 50%      | 4,000                                  | 2022                             | (1) auto test system platform<br>(2) System Integration                                                                                                        |
| 48  | Simulation and analysis of liquid cooling and heat flow of mechanical structure of vehicle power system                                         | 30%      | 30,000                                 | 2023                             | (1) On-board mechanical structure stability<br>(2) High efficiency liquid cooling structure design<br>(3) Cost competitiveness                                 |

| No. | Latest R&D project                                         | Progress | Additional budget required (NT\$ '000) | Expected time of mass production | Key factors for project success                                                                                                                                                                                                      |
|-----|------------------------------------------------------------|----------|----------------------------------------|----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 49  | 48A AC Charger (Standard Type)                             | 10%      | 9,000                                  | 2022                             | (1) PTCRB certification<br>(2) Design & Management of cloud data base<br>(3) Cost competitiveness                                                                                                                                    |
| 50  | 2nd – generation 80A AC Charger Gen.2                      | 30%      | 5,000                                  | 2022                             | (1) PTCRB certification<br>(2) Design & Management of cloud data base.<br>(3) Cost competitiveness                                                                                                                                   |
| 51  | 2nd – generation AC Charger for EU                         | 10%      | 9,000                                  | 2022                             | (1) IEC 61851-1 certification<br>(2) Design & Management of cloud data base.                                                                                                                                                         |
| 52  | 30KW wide-range DC charging power module                   | 85%      | 5,000                                  | 2022                             | (1) Technical threshold for circuitry design.<br>(2) Cooling design.                                                                                                                                                                 |
| 53  | 30KW DC Wall-Box                                           | 75%      | 12,000                                 | 2022                             | (1) Safety certification.<br>(2) Cost competitiveness                                                                                                                                                                                |
| 54  | 2nd – generation 30KW wide-range DC charging power module. | 40%      | 7,000                                  | 2022                             | (1) High power density design<br>(2) Optimization of heat dissipation structure.<br>(3) Optimized structural design of magnetic components.<br>(4) Cost competitiveness                                                              |
| 55  | 180KW DC Charger Station.                                  | 20%      | 22,000                                 | 2023                             | (1) System cooling design and optimized.<br>(2) Cost competitiveness                                                                                                                                                                 |
| 56  | Liquid -cooling 60KW wide-range DC charging power module.  | 20%      | 9,000                                  | 2024                             | (1) High power density design<br>(2) Application and extended design of circuit modules<br>(3) Liquid cooling structure design.<br>(4) Optimized heat dissipation design for magnetic component structure.                           |
| 57  | 11KW high power wireless charger for EV application.       | 30%      | 3,500                                  | 2024                             | (1) Coil optimization and circuit simulation verification<br>(2) Countermeasures for detection of foreign objects and living objects<br>(3) Compliance with vehicle regulations and safety certification<br>(4) Cost competitiveness |
| 58  | 10KW bi-directional charging station.                      | 5%       | 5,000                                  | 2025                             | (1) The formulation of bi-directional control strategy<br>(2) Familiarity with bi-directional charging regulations<br>(3) Topology and heat dissipation design                                                                       |
| 59  | High-Performance optocoupler for EV                        | 60%      | 100,000                                | 2022                             | R&D of packaging materials, equipment of packaging process and IC design                                                                                                                                                             |

| No. | Latest R&D project                      | Progress | Additional budget required (NT\$ '000) | Expected time of mass production | Key factors for project success                                                                    |
|-----|-----------------------------------------|----------|----------------------------------------|----------------------------------|----------------------------------------------------------------------------------------------------|
| 60  | Wearable physical sensors & module      | 70%      | 13,000                                 | 2022                             | Interdisciplinary collaboration platform                                                           |
| 61  | Miniaturization package & module        | 60%      | 30,000                                 | 2023                             | Mass transfer with high precision and repair technology, highly reliable sources of chip supply    |
| 62  | SMT type light guide component          | 40%      | 10,000                                 | 2023                             | High-temperature resistant material, adhesion of heterogeneous material                            |
| 63  | Mini SMT CBI                            | 60%      | 1,500                                  | 2022                             | Breakthrough the existing assembly concept, improve process efficiency and stable quality          |
| 64  | RGB/RGBW + IC Lamp                      | 5%       | 3,600                                  | 2022                             | Integrate drive IC inside, and application in advance decorative lights and special display market |
| 65  | Self-luminous Lamp                      | 5%       | 2,000                                  | 2022                             | Energy saving and carbon reduction Lamp and application in innovation decorative lights market     |
| 66  | RGB+Flicker Sensor                      | 20%      | 8,000                                  | 2023                             | IC/design for high sensitivity RGB and FIFO feature                                                |
| 67  | Temperature Sensor                      | 40%      | 10,000                                 | 2023                             | IC design for long distance and high accuracy                                                      |
| 68  | Miniaturized VCSEL TOF device           | 20%      | 35,000                                 | 2023                             | High performance chip, Interdisciplinary collaboration platform                                    |
| 69  | Long range LiDAR device                 | 50%      | 20,000                                 | 2023                             | Thermal management, High frequency packaging technology                                            |
| 70  | UVC Water Purification Module           | 80%      | 5,000                                  | 2022                             | High power UVC LED package, high UV-resistance material                                            |
| 71  | UVA Air Sterilization Module            | 60%      | 6,000                                  | 2022                             | Highly reliable UVA package, Photocatalyst technology, Thermal design                              |
| 72  | Integrated automotive headlight LEDs    | 70%      | 6,500                                  | 2022                             | Reliable package design, color engineering to control uniformity                                   |
| 73  | Intelligent multi-color automotive LEDs | 60%      | 8,800                                  | 2022                             | Robust IC innovation for automotive application, integrated LED testing technology                 |
| 74  | High accuracy and performance IR-LEDs   | 50%      | 20,000                                 | 2022                             | Development key assembling processes and high-precision optical structures                         |

| No. | Latest R&D project                            | Progress | Additional budget required (NT\$ '000) | Expected time of mass production | Key factors for project success                                                                                          |
|-----|-----------------------------------------------|----------|----------------------------------------|----------------------------------|--------------------------------------------------------------------------------------------------------------------------|
| 75  | Utility Floodlight                            | 20%      | 9,500                                  | 2022                             | (1) Slim size<br>(2) Synergy extends to different lighting fields<br>(3) User interface design                           |
| 76  | Nest Generation Green Cobra Street Light      | 5%       | 9,500                                  | 2023                             | (1) Brand new product appearance<br>(2) Material application and process improvement<br>(3) Self-brand promotion         |
| 77  | Comfort Guide V2.0                            | 15%      | 2,000                                  | 2022                             | (1) Material/mechanism design/mold Design<br>(2) Component placement and assembly<br>(3) Design cost meets target        |
| 78  | HP Traffic Signal (CNS)                       | 2%       | 6,000                                  | 2022                             | (1) Challenge of slim design<br>(2) Detect design technical thresholds<br>(3) Design cost on target                      |
| 79  | Smart Node for (US)                           | 10%      | 11,000                                 | 2022                             | (1) NB-IOT technology<br>(2) Antenna design<br>(3) Security certification (CTIA)                                         |
| 80  | Smart Pole PoC                                | 2%       | 7,000                                  | 2022                             | (1) System integration and verification<br>(2) AI algorithms and applications<br>(3) Field setup and verification        |
| 81  | Traffic Controller                            | 2%       | 7,000                                  | 2023                             | (1) System integration and verification<br>(2) AI algorithms and applications<br>(3) Field setup and verification        |
| 82  | 5G O-RAN Small Cell                           | 50%      | 100,000                                | 2022                             | (1) Material/ mechanism/ mold Design<br>(2) Software and hardware integration<br>(3) System integration and verification |
| 83  | 5G Small Cell EMS (Element Management System) | 60%      | 6,000                                  | 2022                             | (1) Material/ mechanism/ mold Design<br>(2) Software and hardware integration<br>(3) System integration and verification |

### **7.6.5 Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales:**

With respect to the changes in export control laws and regulations, the Company has evaluated the daily operation of each business unit and established the relevant procedure. We will continue to monitor regulatory changes to ensure that our business activities are in compliance with relevant policies and laws.

### **7.6.6 Effects of and Response to Changes in Technology (including Information Security Risk) and the Industry Relating to Corporate Finance and Sales**

Constant change and continuous innovation are the norm of competition in the tech industry. A firm grasp on product trends and key technologies, effective supply chain management, and collaboration with leading companies in different industries are vital to a company's long-term revenue growth and profitability.

To prevent sales of a few product lines from having a negative effect on revenues and profits, the Company is investing more in developing a stronger position and implementing frequent strategy reviews and performance management measures aiming at maintaining sound revenues and profits for business groups/ units and ensuring steady sales and profit growth for the company.

The Group has always taken a solid and rigorous approach to global production, sales and inventory management. Meanwhile, the product development has advanced with time. Changes in technology and in the industry are creating opportunities that favor the Group over its competitors.

Regarding information security, LITEON has an Information Security Policy in place to provide a basis for management. The policy provides effective control and clear definitions of roles and management responsibilities. The interdepartmental and interdisciplinary Information Security Committee was created in 2018 for the purpose of promoting information security management on an ongoing basis to ensure the information security management mechanisms work properly.

All information security standards and regulations are based on technical support and establishment of applications and data security standards. The standards and regulations are made part of the management system. An information security monitoring system, hardware/software control, and an information security network have been implemented to perform vulnerability scanning and prevent external hacker attacks and internal confidential information leakage. The goal is to protect effectively personal information, internal confidential information, and client and supplier information.

### **7.6.7 The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures**

The Company places a great emphasis on maintaining its reputation. It takes an active approach to protecting its image and supporting charitable causes. The Company has an emergency response team that handles any accidents with a potential impact on the Company's image. Emergency response plans encompass situation analysis, impact assessment, solutions to different situations, and adequate early warning measures that facilitate corporate crisis management and prevention.

### **7.6.8 Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans**

The selection of an investment target is corresponding with the core development strategies of LITEON Group. Given the high correlation in products, markets, and channels of the selected investment target with LITEON Group will enable us to better manage the risks in investment returns, post-investment integration, and financial status under a controllable situation.

### **7.6.9 Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans**

In 2022, we expect to invest NT\$1.03 billion worldwide to expand production capacity in order to meet the growing demand for production capacity. The source of funding will be working capital. We have sufficient working capital and face no risk of insufficient fund.

**7.6.10 Risks Relating to and Response to Excessive Supplier and Customer Concentration**

LITEON has established the Supplier Management Guidelines for internal use. The guidelines specify buying from multiple suppliers to reduce the concentration risk in raw supply procurement and reviewing supplier qualifications regularly to ensure a steady supply of raw materials.

In 2021, only one of the customers accounted for over 10% of the sales of the Company. There is no potential concentration risk in procurement or sales.

**7.6.11 Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%: None**

**7.6.12 Effects of, Risks Relating to and Response to the Changes in Management Rights: None**

**7.6.13 Litigation or Non-litigation Matters**

- (1) Nitride Semiconductors Co., Ltd. has sued LITE-ON Technology Corporation and its affiliates, LITE-ON Technology USA, Inc., LITE-ON, Inc., and LITE-ON Trading USA, Inc. (collectively as “LITEON”) and claimed that certain products manufactured and supplied by LITEON have infringed its patent rights and demanded royalty for such infringement. LITEON has retained an external lawyer to handle the litigation appropriately. It has been evaluated that the litigation mentioned above has no material impact on the operation and financial performance of the LITEON Group.
- (2) Sensor Electronic Technology, Inc. has sued LITE-ON Technology Corporation and its affiliates, LITE-ON Technology USA, Inc., LITE-ON, Inc., and LITE-ON Trading USA, Inc. (collectively as “LITEON”) and claimed that certain products manufactured and supplied by LITEON have infringed its patent rights and demanded royalty for such infringement. The electronic chips used in the products at issue were supplied by a vendor of LITEON Group; and the vendor has retained an external lawyer to handle the litigation. It has been evaluated that the litigation mentioned above has no material impact on the operation and financial performance of the LITEON Group.  
  
LITE-ON Technology Corporation and Genesis Photonics Inc. have also retained an external lawyer to file a counterclaim against Sensor Electronic Technology, Inc. on September 17, 2021 for protecting LITEON Group’s intellectual property rights.
- (3) Nitek, Inc. has sued LITE-ON Technology Corporation and its affiliates, LITE-ON Technology USA, Inc., LITE-ON, Inc. and LITE-ON Trading USA, Inc. (collectively as LITEON) and claimed that certain products manufactured and supplied by LITEON have infringed its patent rights and demanded royalty for such infringement. The electronic chips used in the products at issue supplied by a vendor of LITEON Group; and the vendor has retained an external lawyer to handle the litigation. It has been evaluated that the litigation mentioned above has no material impact on the operation and financial performance of the LITEON Group.

## 7.6.14 Other Major Risks:

### Emerging Risks

As the impact of global technological development, political and economic changes, and extreme climates has gradually increased, LITEON has incorporated the identification and management of long-term emerging risks into its corporate risk management framework, and emerging risks are clearly defined, reviewed by the risk management subcommittee and reported to the Board of directors. In 2021, based on environmental, social, economic, technological, geopolitical and other aspects, as well as the occurrence probability and impact degree of risk items, the assessment identified key emerging risk items including (1) Renewable energy acquisition and use (2) Dramatic changes in the value chains due to geopolitics.

| Risk Category       | Risk Item                                               | Operational Threats                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Relief Measure                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|---------------------|---------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Environmental Risks | Renewable energy acquisition and use                    | LITEON's mainly manufacturing sites are located in Mainland China, but the power supply shortage in China has been becoming a big challenge due to climate change, infectious diseases and geopolitics issues which is about importing of coal and gas. Take power outage as an example, the local government in China usually doesn't inform when to curtail power supply in advance, so it is difficult to respond and prepare ahead of time; in addition, in line with the net zero emission target in China, the diesel generators currently used as the main backup for electricity have also been banned possibly in the future, which increases the risk of power outages. On the other hand, some of LITEON's customers expect us to set the carbon reduction targets and use renewable energy to complete low-carbon production, and even ask us to achieve the assigned target of using renewable energy. Therefore, how to solve the problems of power shortage and outage, and how to deploy renewable energy in advance at the same time, has become an emerging risk for LITEON. | In order to effectively mitigate the impact of power outage and shortage on production, LITEON has introduced the enterprise risk management system based on ISO 31000 in 2021 to systematically identify, analyze and evaluate risks for power outages. In terms of risk identification, the five dimensions of human, machine, material, method, and environment are used to identify potential and unknown risks that may exist. Then find out the risks that need to be prioritized for prevention and improvement according to the matrix analysis based on risk possibilities and risk impact and propose mitigating measures corresponding to these risks of high priority. Taking renewable energy in terms of environment as an example, in addition to reducing the risk of unanticipated power outage and long-term power shortage, it can also meet customer requirements. The specific mitigation measures include evaluation of solar micro grid system, plan of power purchase agreement, and assessment of carbon rights, etc.    |
| Geopolitics Risks   | Dramatic changes in the value chains due to geopolitics | The impact of the U.S.-China trade war that broke out in 2018 has not stopped so far. Along with the 2019 Japan-South Korea trade war, COVID-19 and Russia-Ukraine war, it has brought significant influences and impact on the global economy. For Taiwanese companies whose manufacturing bases are mostly in mainland China, but trade exports are mainly in the United States and Europe, the business environment we face is even worse. In addition to encountering problems such as insufficient supply of raw materials, rising prices and manpower recruitment, etc., we also need to face the loss of fluctuations in interest rates, exchange rates, and tax rates due to trade barriers. Furthermore, these circumstances possibly affect not only LITEON itself, but also our customers located in the America, Asia, Europe and other markets. If our customer's product shipments were reduced because of lack of materials, workers and market shrinks, or even both customer funds and credit are in trouble, all of which would directly lead to our losses in business.     | <ol style="list-style-type: none"> <li>1. LITEON regularly monitors the relevant overall economic indicators of countries where we have business, and regularly conducts simulations and stress tests for major country risk scenarios.</li> <li>2. In order to avoid the relevant costs from being affected by the fluctuation of market interest rates, LITEON undertake interest rate hedging commodities at appropriate times to reduce the impact of interest rate risks.</li> <li>3. Disperse production sites to Southeast Asian countries to avoid excessive concentration of production in a single country.</li> <li>4. By cooperating with external credit rating agencies, LITEON has expanded its understanding of customer market conditions and industry-specific characteristics to implement credit rating management, and purchase accounts receivable insurance to pass on risks, reduce the possibility of customers going bankrupt due to the impact of the general environment, and reduce the company's losses.</li> </ol> |

## 7.7 Other Important Issues: None

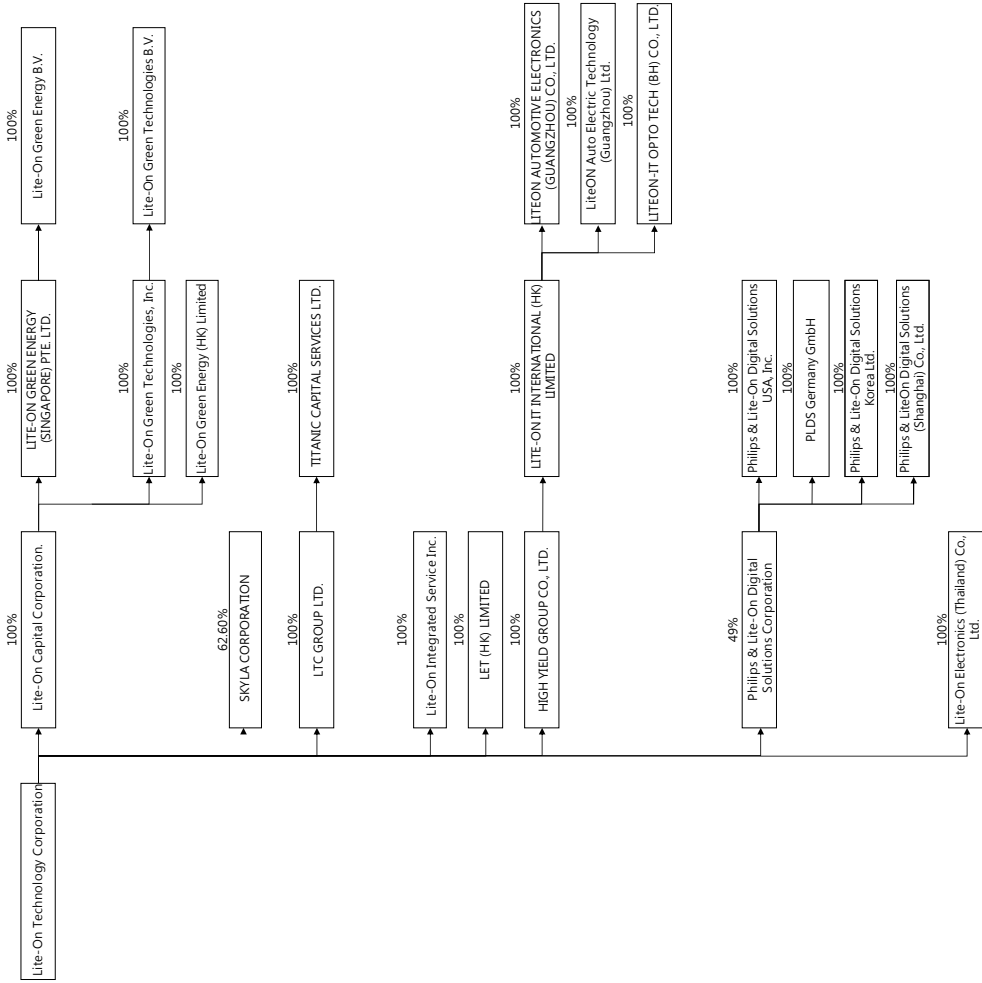


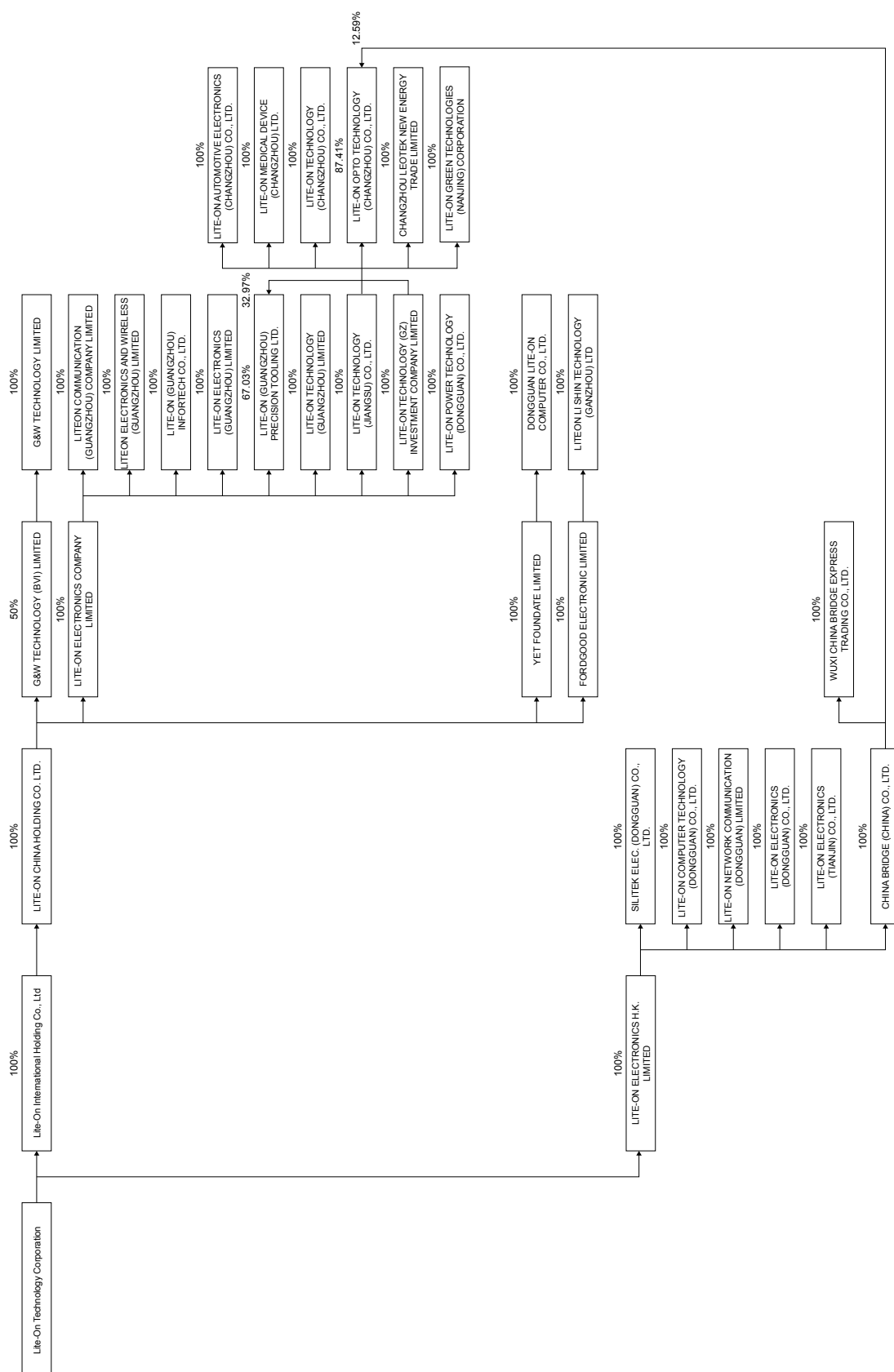
## 8. Special Disclosure

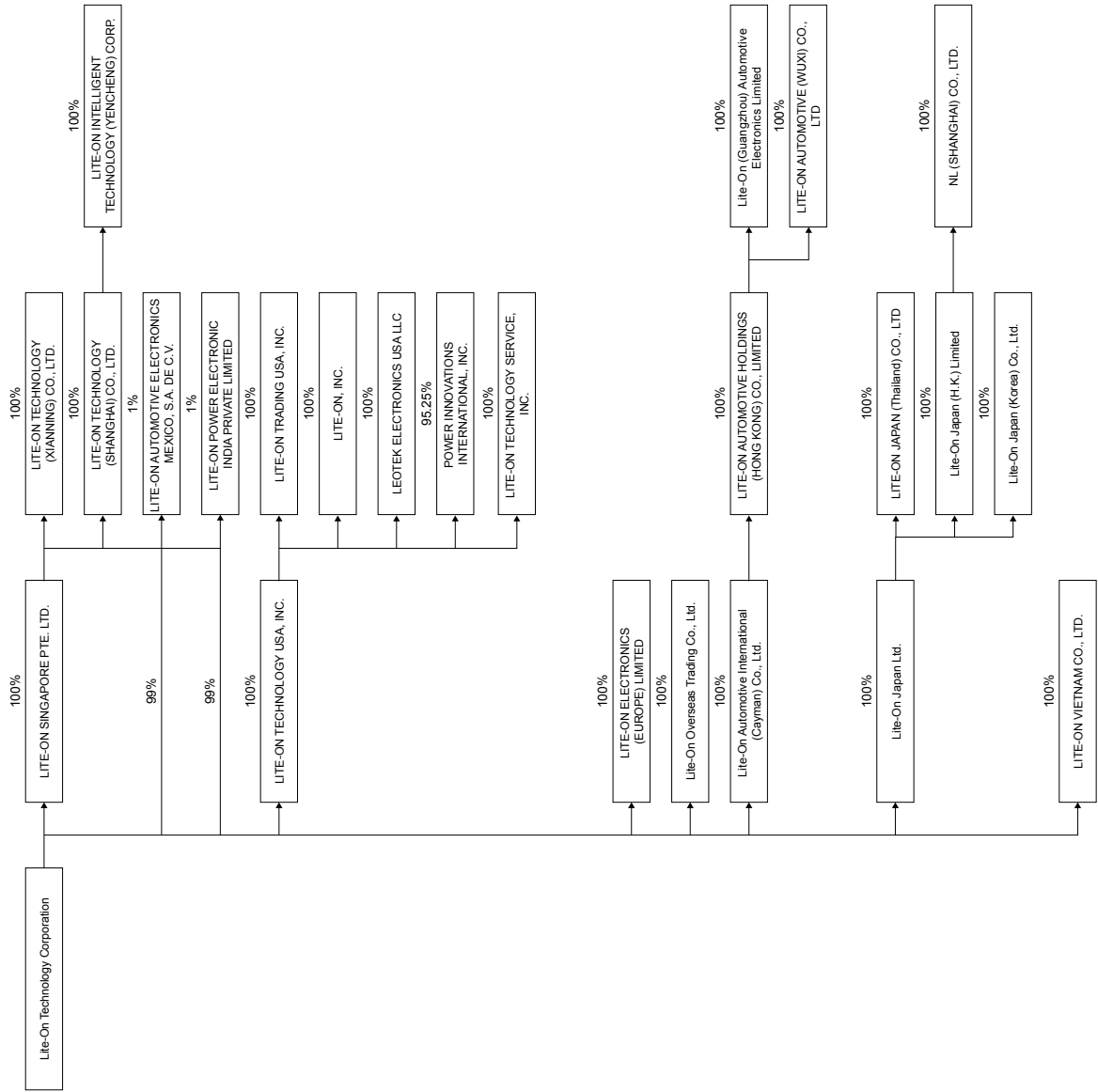
### 8.1 Summary of Affiliated Companies

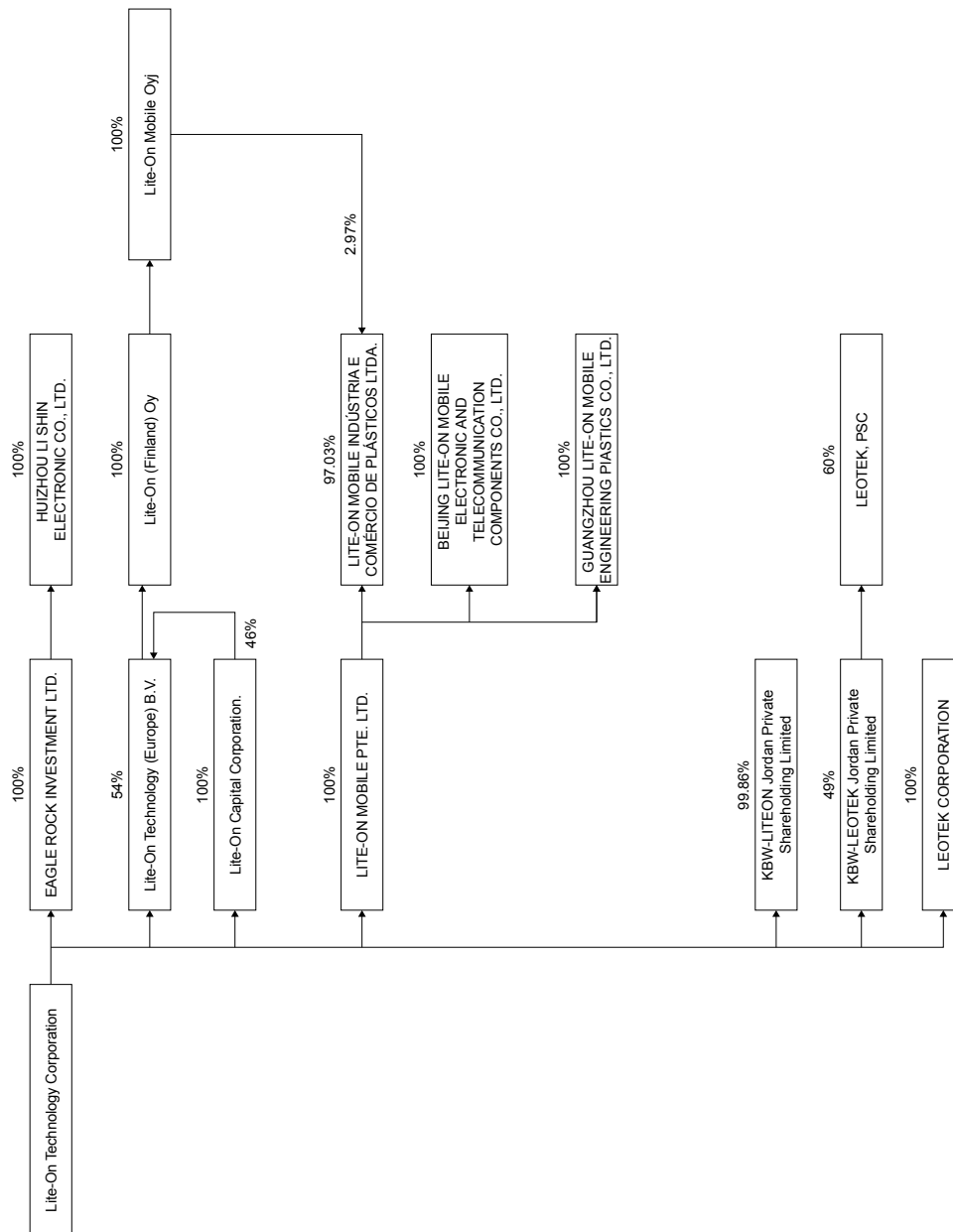
#### 8.1.1 LITEON Subsidiaries Chart

December 31, 2021









## 8.1.2 Affiliated Companies

As of 12/31/2021; Unit: NT\$ thousands

| Company                                          | Date of Incorporation | Location                  | Paid-in Capital    | Major Business Activities                                                                                                                                                                                                                                                                                                                     |
|--------------------------------------------------|-----------------------|---------------------------|--------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| LITE-ON TECHNOLOGY CORPORATION                   | 1989/3                | Taipei, Taiwan            | 23,508,670         | Research, develop, design, manufacture and sell optoelectronic components, light-emitting diode (LED) products, converters and electronic components, computer software, hardware, peripherals and components, and office equipment; information storage and processing equipment, automotive electronics products, and optical lens modules. |
| Skyla Corporation                                | 2017/11               | Taipei, Taiwan            | 319,501            | Manufacture and sale of medical equipment                                                                                                                                                                                                                                                                                                     |
| LEOTEK CORPORATION                               | 2021/4                | Taipei, Taiwan            | 50                 | Wholesale, import, export and installation of street lights, signal lights, scenery lights and new-type electronic components                                                                                                                                                                                                                 |
| Lite-On Integrated Service Inc.                  | 2001/2                | Taipei, Taiwan            | 34,000<br>(Note 4) | Information outsourcing and system integration                                                                                                                                                                                                                                                                                                |
| Philips & Lite-On Digital Solutions Corporation  | 2003/4                | Taipei, Taiwan            | 350,000            | Sale of optical disc drives                                                                                                                                                                                                                                                                                                                   |
| Lite-On Capital Corporation                      | 1996/11               | Taipei, Taiwan            | 1,707,068          | Investment activities                                                                                                                                                                                                                                                                                                                         |
| Lite-On Green Technologies, Inc.                 | 2008/9                | Taipei, Taiwan            | 670,000            | Manufacture and wholesale of electronic components and energy technology services                                                                                                                                                                                                                                                             |
| LITE-ON ELECTRONICS (TIANJIN) CO., LTD.          | 1995/9                | Tianjin, China            | 2,223,616          | ODM services                                                                                                                                                                                                                                                                                                                                  |
| LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED | 2008/12               | Guangdong Province, China | 1,521,281          | Manufacture and sale of IT products                                                                                                                                                                                                                                                                                                           |
| LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.    | 2009/10               | Jiangsu Province, China   | 2,558,895          | Development and manufacture of new-type electronic components and provision of technology consulting services, maintenance equipment and after-sales services                                                                                                                                                                                 |
| LITEON COMMUNICATION (GUANGZHOU) COMPANY LIMITED | 2008/12               | Guangdong Province, China | (Note 1)           | Manufacture and sale of mobile terminal equipment                                                                                                                                                                                                                                                                                             |
| LITEON LI SHIN TECHNOLOGY (GANZHOU) LTD          | 2008/3                | Jiangxi Province, China   | 351,479            | Manufacture and sale of electronic components                                                                                                                                                                                                                                                                                                 |
| Lite-On Automotive Electronics (CZ) Co.          | 2018/1                | Jiangsu Province, China   | 972,376            | Manufacture, sale and processing of electronic products                                                                                                                                                                                                                                                                                       |

| Company                                          | Date of Incorporation | Location                  | Paid-in Capital  | Major Business Activities                                                                                                                                                          |
|--------------------------------------------------|-----------------------|---------------------------|------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.         | 2009/7                | Jiangsu Province, China   | 4,293,455        | Development, manufacture, sale and installation of power supplies and transformers and provision of technology consulting services, maintenance equipment and after-sales services |
| LITE-ON MEDICAL DEVICE (CHANGZHOU) LTD.          | 2014/10               | Jiangsu Province, China   | 133,158          | Manufacture and sale of medical equipment                                                                                                                                          |
| LITE-ON TECHNOLOGY (XIANNING) CO., LTD.          | 2010/6                | Hubei Province, China     | 187,116          | Manufacture and sale of electronic components                                                                                                                                      |
| LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.          | 2014/10               | Shanghai, China           | 1,901,549        | Manufacture and sale of energy-saving equipment                                                                                                                                    |
| LITE-ON INTELLIGENT TECHNOLOGY (YENCHENG) CORP.  | 2015/11               | Jiangsu Province, China   | 84,428           | Wholesale, import, export and installation of street lights, signal lights, scenery lights and new-type electronic components                                                      |
| WUXI CHINA BRIDGE EXPRESS TRADING CO., LTD.      | 2008/12               | Jiangsu Province, China   | 157,514          | Assembly and sale of power supplies, printers, display devices and scanners                                                                                                        |
| CHINA BRIDGE (CHINA) CO., LTD.                   | 2008/12               | Jiangsu Province, China   | 1,034,630        | Investment activities, consulting services and acting as a sales agent                                                                                                             |
| LITE-ON TECHNOLOGY (JIANGSU) CO., LTD.           | 2009/9                | Jiangsu Province, China   | 4,773,380        | Investment activities, consulting services and acting as a sales agent                                                                                                             |
| DONGGUAN LITE-ON COMPUTER CO., LTD.              | 2010/5                | Guangdong Province, China | 55,066           | Manufacture and sale of computer hosts and components, keyboards, scanners, printers and mice                                                                                      |
| LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.         | 2008/12               | Guangdong Province, China | 1,179,495        | Manufacture of electronic components                                                                                                                                               |
| SILITEK ELEC. (DONGGUAN) CO., LTD.               | 1999/6                | Guangdong Province, China | 726,681 (Note 2) | Manufacture and sale of keyboards                                                                                                                                                  |
| LITE-ON POWER TECHNOLOGY (DONGGUAN) CO., LTD.    | 2011/12               | Guangdong Province, China | 446,206          | Development, manufacture and sale of electronic components, power supplies and provision of technology consulting services                                                         |
| LITE-ON COMPUTER TECHNOLOGY (DONGGUAN) CO., LTD. | 1996/3                | Guangdong Province, China | (Note 2)         | Manufacture and sale of display device                                                                                                                                             |
| LITE-ON ELECTRONICS H.K. LIMITED                 | 1986/1                | Hong Kong                 | 6,328,628        | Sale of LED optical products                                                                                                                                                       |
| LITE-ON ELECTRONICS COMPANY LIMITED              | 1996/8                | Hong Kong                 | 10,922,874       | Investment activities                                                                                                                                                              |
| YET FOUNDATE LIMITED                             | 1992/2                | Hong Kong                 | 318,206          | Manufacture of plastic and computer peripheral products                                                                                                                            |
| CHANGZHOU LEOTEK NEW ENERGY TRADE LIMITED        | 2015/8                | Jiangsu Province, China   | 26,880           | Wholesale, import, export and installation of street lights, signal lights, scenery lights and new-type electronic components                                                      |

| Company                                                 | Date of Incorporation | Location                                | Paid-in Capital               | Major Business Activities                                                                   |
|---------------------------------------------------------|-----------------------|-----------------------------------------|-------------------------------|---------------------------------------------------------------------------------------------|
| LITE-ON (GUANGZHOU) PRECISION TOOLING LTD.              | 2012/1                | Guangdong Province, China               | (Note 1)                      | Manufacture and sale of modules                                                             |
| HUIZHOU LI SHIN ELECTRONIC CO., LTD.                    | 1997/11               | Guangdong Province, China               | 459,188                       | Manufacture of computer peripheral products                                                 |
| FORDGOOD ELECTRONIC LIMITED                             | 1990/5                | Hong Kong                               | 354,772                       | Import and export and real estate business                                                  |
| LITE-ON TECHNOLOGY (GUANGZHOU) LIMITED                  | 2008/12               | Guangdong Province, China               | (Note 1)                      | Manufacture and sale of computer case                                                       |
| LITE-ON ELECTRONICS (GUANGZHOU) LIMITED                 | 2000/8                | Guangdong Province, China               | 4,458,089<br>(Note 1)(Note 3) | Manufacture and sale of printers and scanners                                               |
| LITE-ON TECHNOLOGY (GZ) INVESTMENT COMPANY LIMITED      | 2009/12               | Guangdong Province, China               | 2,162,594                     | Investment activities                                                                       |
| LITE-ON (GUANGZHOU) INFORTECH CO., LTD.                 | 2001/12               | Guangdong Province, China               | (Note 3)                      | Information outsourcing                                                                     |
| LITE-ON IT INTERNATIONAL (HK) LIMITED                   | 2007/10               | Hong Kong                               | 2,828,800                     | Sale of optical disc drives                                                                 |
| LITEON ELECTRONICS AND WIRELESS (GUANGZHOU) LIMITED     | 2008/12               | Guangdong Province, China               | (Note 1)                      | Manufacture and sale of mobile terminal equipment                                           |
| LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD.     | 2000/8                | Guangdong Province, China               | 1,527,730                     | Manufacture of automotive parts and components                                              |
| LiteON Auto Electric Technology (Guangzhou) Ltd.        | 2000/5                | Guangdong Province, China               | 67,188                        | Manufacture and sale of optical disc drives                                                 |
| LITEON-IT OPTO TECH (BH) CO., LTD.                      | 2008/6                | Guangxi Zhuang Autonomous Region, China | 1,633,902                     | Manufacture and sale of optical disc drives                                                 |
| LET (HK) LIMITED                                        | 1999/1                | Hong Kong                               | 219,840                       | Sale of optical disc drives                                                                 |
| Philips & LiteOn Digital Solutions (Shanghai) Co., Ltd. | 2007/4                | Shanghai, China                         | 33,081                        | Sale of optical disc drives                                                                 |
| TITANIC CAPITAL SERVICES LTD.                           | 1999/5                | British Virgin Islands                  | 656,791                       | Investment activities                                                                       |
| LITE-ON GREEN TECHNOLOGIES (NANJING) CORPORATION        | 2010/5                | Jiangsu Province, China                 | 22,257                        | Solar energy engineering                                                                    |
| Lite-on Green Energy (HK) Limited                       | 2010/4                | Hong Kong                               | 85,638                        | Investment activities                                                                       |
| Lite-On Electronics (Thailand) Co., Ltd.                | 1988/4                | Pathumthani, Thailand                   | 501,290                       | Manufacture and sale of LED optical products                                                |
| LITE-ON VIETNAM CO., LTD.                               | 2013/10               | Haiphong City, Vietnam                  | 1,436,500                     | Electronic contract manufacturing                                                           |
| KBW-LEOTEK Jordan Private Shareholding Limited          | 2016/10               | Amman, Jordan                           | 3,902                         | Investment activities                                                                       |
| Leotek, PSC                                             | 2017/7                | Amman, Jordan                           | 1,951                         | Production, manufacture energy-saving lights                                                |
| KBW-LITEON Jordan Private Shareholding Limited          | 2016/10               | Amman, Jordan                           | 1,409,738                     | Production and manufacture of energy-saving lights and project construction and maintenance |
| LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED          | 2017/4                | Delhi, India                            | 375,268                       | Manufacture and sale of phone chargers and power supplies                                   |

| Company                                             | Date of Incorporation | Location                | Paid-in Capital | Major Business Activities                                                                                                                                                                                                                                                                                               |
|-----------------------------------------------------|-----------------------|-------------------------|-----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| LITE-ON SINGAPORE PTE. LTD.                         | 1996/1                | Singapore               | 819,081         | Manufacture and supply of computer peripheral products                                                                                                                                                                                                                                                                  |
| Philips & Lite-On Digital Solutions Korea Ltd.      | 2007/2                | Seoul, Korea            | 2,067           | Sale of optical disc drives                                                                                                                                                                                                                                                                                             |
| LITE-ON GREEN ENERGY (SINGAPORE) PTE. LTD.          | 2010/4                | Singapore               | 108,072         | Investment activities                                                                                                                                                                                                                                                                                                   |
| LITE-ON, INC.                                       | 1987/11               | California, USA         | 82,875          | Sales data processing business of optoelectronic products and power supplies                                                                                                                                                                                                                                            |
| POWER INNOVATIONS INTERNATIONAL, INC.               | 1997/9                | Utah, USA               | 161,547         | Development, design and manufacture of power controls and energy management                                                                                                                                                                                                                                             |
| LITE-ON TRADING USA, INC.                           | 2003/4                | California, USA         | 870,188         | Sale of optical products                                                                                                                                                                                                                                                                                                |
| LITE-ON TECHNOLOGY SERVICE, INC.                    | 2015/6                | California, USA         | 28              | After-sales services of optical products                                                                                                                                                                                                                                                                                |
| LITE-ON TECHNOLOGY USA, INC.                        | 2003/3                | Delaware, USA           | 1,486,112       | Investment activities                                                                                                                                                                                                                                                                                                   |
| Lite-On International Holding Co., Ltd.             | 2003/3                | British Virgin Islands  | 10,047,916      | Investment activities                                                                                                                                                                                                                                                                                                   |
| LEOTEK ELECTRONICS USA LLC                          | 1997/3                | California, USA         | 196,138         | Sale of LED products                                                                                                                                                                                                                                                                                                    |
| LITE-ON AUTOMOTIVE ELECTRONICS MEXICO, S.A. DE C.V. | 2014/11               | Zapopan, Mexico         | 202,432         | 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 |
| Philips & Lite-On Digital Solutions USA, Inc.       | 2006/6                | Delaware, USA           | 28              | Sale of optical disc drives                                                                                                                                                                                                                                                                                             |
| LTC GROUP LTD.                                      | 1998/10               | British Virgin Islands  | 909,300         | Investment activities                                                                                                                                                                                                                                                                                                   |
| LITE-ON ELECTRONICS (EUROPE) LIMITED                | 1998/12               | Northumberland, England | 11,165          | Manufacture and sale of power supplies                                                                                                                                                                                                                                                                                  |
| PLDS Germany GmbH                                   | 2006/6                | Wetzlar, Germany        | 234,412         | Development and sale of modules of automotive recorders                                                                                                                                                                                                                                                                 |
| Lite-On Technology (Europe) B.V.                    | 1998/5                | Breda, Netherlands      | 2,063,447       | Market research and after-sales services                                                                                                                                                                                                                                                                                |
| Lite-On (Finland) Oy                                | 2007/8                | Helsinki, Finland       | 78              | Manufacture and sale of mobile phone modules and design of assembly lines                                                                                                                                                                                                                                               |
| Lite-On Green Technologies B.V.                     | 2010/1                | Utrecht, Netherlands    | 2,131           | Solar energy engineering                                                                                                                                                                                                                                                                                                |
| Lite-On Green Energy B.V.                           | 2010/9                | Breda, Netherlands      | 19,996          | Investment activities                                                                                                                                                                                                                                                                                                   |



| Company                                                                      | Date of Incorporation | Location                  | Paid-in Capital | Major Business Activities                                                 |
|------------------------------------------------------------------------------|-----------------------|---------------------------|-----------------|---------------------------------------------------------------------------|
| EAGLE ROCK INVESTMENT LTD.                                                   | 1997/7                | British Virgin Islands    | 276             | Import and export and investment activities                               |
| G&W TECHNOLOGY (BVI) LIMITED                                                 | 1996/3                | British Virgin Islands    | 215,475         | Real estate management                                                    |
| G&W TECHNOLOGY LIMITED                                                       | 1992/6                | Hong Kong                 | 1,782           | Leasing business                                                          |
| HIGH YIELD GROUP CO., LTD.                                                   | 2000/1                | British Virgin Islands    | 1,885,075       | Holding company                                                           |
| Lite-On Overseas Trading Co., Ltd.                                           | 1999/5                | British Virgin Islands    | 142,074         | Investment activities                                                     |
| LITE-ON CHINA HOLDING CO. LTD.                                               | 2000/10               | British Virgin Islands    | 11,805,310      | Investment activities                                                     |
| Lite-On Mobile Oyj                                                           | 1996/10               | Helsinki, Finland         | 2,500           | Manufacture and sale of mobile phone modules and design of assembly lines |
| LITE-ON AUTOMOTIVE (WUXI) CO., LTD                                           | 2002/3                | Jiangsu Province, China   | 179,851         | Manufacture, sale and processing of electronic products                   |
| Lite-On (Guangzhou) Automotive Electronics Limited                           | 2006/7                | Guangdong Province, China | 202,680         | Manufacture, sale and processing of electronic products                   |
| Lite-On Automotive International (Cayman) Co., Ltd.                          | 2006/1                | Cayman Islands            | 330,597         | Investment activities                                                     |
| LITE-ON AUTOMOTIVE HOLDINGS (HONG KONG) CO., LIMITED                         | 2007/11               | Hong Kong                 | 358,669         | Investment activities                                                     |
| LITE-ON MOBILE INDÚSTRIA E COMÉRCIO DE PLÁSTICOS LTDA.                       | 2002/1                | Manaus, Brazil            | 1,062,397       | Manufacture and sale of mobile phone modules and design of assembly lines |
| GUANGZHOU LITE-ON MOBILE ENGINEERING PLASTICS CO., LTD.                      | 1999/5                | Guangdong Province, China | 688,739         | Manufacture and sale of mobile phone modules and design of assembly lines |
| BEIJING LITE-ON MOBILE ELECTRONIC AND TELECOMMUNICATION COMPONENTS CO., LTD. | 2003/1                | Beijing, China            | 569,086         | Manufacture and sale of mobile phone modules and design of assembly lines |
| LITE-ON MOBILE PTE. LTD.                                                     | 2000/2                | Singapore                 | 5,227,181       | Manufacture and sale of mobile phone modules and design of assembly lines |
| Lite-On Japan Ltd.                                                           | 1985/8                | Tokyo, Japan              | 155,935         | Sale of LED optical products and power supplies                           |
| Lite-On Japan (H.K.) Limited                                                 | 2000/4                | Hong Kong                 | 17,818          | Import and export of electronic components                                |
| NL (SHANGHAI) CO., LTD.                                                      | 2005/8                | Shanghai, China           | 10,556          | Import and export of electronic components                                |
| LITE-ON JAPAN (Thailand) CO., LTD                                            | 2006/1                | Bangkok, Thailand         | 16,572          | Import and export of electronic components                                |
| Lite-On Japan (Korea) Co., Ltd.                                              | 2005/7                | Seoul, Korea              | 4,640           | Import and export of electronic components                                |

Note 1: LITE-ON ELECTRONICS (GUANGZHOU) LIMITED merged with LITEON COMMUNICATION (GUANGZHOU) COMPANY LIMITED, LITE-ON (GUANGZHOU) PRECISION TOOLING LTD., LITE-ON TECHNOLOGY (GUANGZHOU) LIMITED, LITEON ELECTRONICS AND WIRELESS (GUANGZHOU) LIMITED and LITE-ON ELECTRONICS (GUANGZHOU) LIMITED was the surviving entity. Because the merger process was still under way, the registered paid-in capital

in the Authorities has not yet changed.

Note 2: SILITEK ELEC. (DONGGUAN) CO., LTD. merged with LITE-ON COMPUTER TECHNOLOGY (DONGGUAN) CO., LTD., SILITEK ELEC. (DONGGUAN) CO., LTD was the surviving entity. Because the merger process was still under way, the registered paid-in capital in the Authorities has not yet changed.

Note 3: LITE-ON ELECTRONICS (GUANGZHOU) LIMITED merged with LITE-ON (GUANGZHOU) INFORTECH CO., LTD. LITE-ON ELECTRONICS (GUANGZHOU) LIMITED was the surviving entity. Because the merger process was still under way, the registered paid-in capital in the Authorities has not yet changed.

Note 4: Lite-On Integrated Service Inc. was dissolved in December 2021 and is in process of liquidation.

### **8.1.3 Shareholders in Common of the Company and Affiliates with Deemed Control and Subordination: None**

### **8.1.4 Overall Industries Covered by the Business of Affiliates**

The operated businesses of affiliates of the Company are primarily the major business items of the Company, including the research and development, manufacture, sales and services of opto-electronics, power supply, computer peripherals, automotive electronics, and optical disk drives, as well as the scope of other related business items, including the importing of raw parts and materials, investment (such as regular investment and investment in leasing of real estate), information services, and import/export trade. In addition, manufacture, wholesale, and retail sale of medical devices (SKYLA CORPORATION, LITE-ON MEDICAL DEVICE (CHANGZHOU) LTD.). Overall, the primarily operations of affiliates are using the vertical integration of up-downstream industry chains and synergy to streamline company operations and provide global customers with the best in service and technical skills, thereby solidifying their competitive edge.

## 8.1.5 Information of Directors, Supervisors and General Managers of Each Affiliated Company

December 31, 2021

| Company Name                                    | Title                | Name or Representative                                                 | Shareholding |                         |
|-------------------------------------------------|----------------------|------------------------------------------------------------------------|--------------|-------------------------|
|                                                 |                      |                                                                        | Shares       | Percentage of Ownership |
| Lite-On Technology Corporation                  | Chairman             | Tom Soong                                                              | 10,120,287   | 0.43%                   |
|                                                 | Director             | Raymond Soong                                                          | 79,302,560   | 3.37%                   |
|                                                 | Director             | Warren Chen                                                            | 7,349,116    | 0.31%                   |
|                                                 | Director             | Ta-Sung Investment Co., Ltd. Representative: Keh-Shew Lu               | 47,088,399   | 2.00%                   |
|                                                 | Director             | Ta-Sung Investment Co., Ltd. Representative: CH Chen                   |              |                         |
|                                                 | Independent Director | Albert Hsueh                                                           | 0            | 0.00%                   |
|                                                 | Independent Director | Mike Yang                                                              | 0            | 0.00%                   |
|                                                 | Independent Director | Harvey Chang                                                           | 0            | 0.00%                   |
|                                                 | Independent Director | Edward Yang                                                            | 0            | 0.00%                   |
|                                                 | Independent Director | MK Lu                                                                  | 200,000      | 0.01%                   |
|                                                 | General Manager      | Anson Chiu                                                             | 550,000      | 0.02%                   |
| Skyla Corporation                               | Chairman             | Danny Liao                                                             | 4,110,000    | 12.86%                  |
|                                                 | Director             | Lite-On Technology Corporation Representative: Tom Soong               | 20,000,000   | 62.60%                  |
|                                                 | Director             | Lite-On Technology Corporation Representative: Raymond Soong           |              |                         |
|                                                 | Supervisor           | Brownson Chu                                                           | 0            | 0.00%                   |
| LEOTEK CORPORATION                              | Chairman             | Lite-On Technology Corporation Representative: Anson Chiu              | 5,000        | 100.00%                 |
| Lite-On Integrated Services Inc.                | NA (Note)            | NA                                                                     | NA           | NA                      |
| Philips & Lite-On Digital Solutions Corporation | Chairman             | Lite-On Technology Corporation Representative: Cornelis Saris          | 17,150,000   | 49.00%                  |
|                                                 | Director             | Lite-On Technology Corporation Representative: Anson Chiu              |              |                         |
|                                                 | Director             | Lite-On Technology Corporation Representative: Richard Chiang          |              |                         |
|                                                 | Director             | Koninklijke Philips N.V. Representative: JOHNNES VAN WIJNGAARDEN       | 17,850,000   | 51.00%                  |
|                                                 | Director             | Koninklijke Philips N.V. Representative: K. J. ELEVELD                 |              |                         |
|                                                 | Director             | Koninklijke Philips N.V. Representative: JOOST JOHANNES JOSEPH BEKKERS |              |                         |
|                                                 | Supervisor           | Michelle Hsiao                                                         | 0            | 0.00%                   |
|                                                 | Supervisor           | Yun Zhao                                                               | 0            | 0.00%                   |
|                                                 | General Manager      | Richard Chiang                                                         | 0            | 0.00%                   |

| Company Name                                     | Title                    | Name or Representative                                    | Shareholding |                         |
|--------------------------------------------------|--------------------------|-----------------------------------------------------------|--------------|-------------------------|
|                                                  |                          |                                                           | Shares       | Percentage of Ownership |
| Lite-On Capital Corporation                      | Chairman                 | Lite-On Technology Corporation Representative: Tom Soong  | 170,706,763  | 100.00%                 |
|                                                  | Director                 | Lite-On Technology Corporation Representative: Anson Chiu |              |                         |
| Lite-On Green Technologies, Inc.                 | Chairman                 | Lite-On Capital Corporation Representative: Tom Soong     | 67,000,000   | 100.00%                 |
|                                                  | Director                 | Lite-On Capital Corporation Representative: Anson Chiu    |              |                         |
| LITE-ON ELECTRONICS (TIANJIN) CO., LTD.          | Chairman                 | Tom Soong                                                 | NA           | NA                      |
|                                                  | Director                 | Raymond Soong                                             | NA           | NA                      |
|                                                  | Director                 | Anson Chiu                                                | NA           | NA                      |
|                                                  | Supervisor               | Godspeed Chou                                             | NA           | NA                      |
| LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED | Chairman                 | Tom Soong                                                 | NA           | NA                      |
|                                                  | Director                 | Raymond Soong                                             | NA           | NA                      |
|                                                  | Director                 | Anson Chiu                                                | NA           | NA                      |
|                                                  | Supervisor               | Godspeed Chou                                             | NA           | NA                      |
|                                                  | General Manager          | Paul Hsieh                                                | NA           | NA                      |
| LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.    | Chairman                 | Tom Soong                                                 | NA           | NA                      |
|                                                  | Director                 | Raymond Soong                                             | NA           | NA                      |
|                                                  | Director                 | Anson Chiu                                                | NA           | NA                      |
|                                                  | Supervisor               | Godspeed Chou                                             | NA           | NA                      |
|                                                  | General Manager          | Steven Liao                                               | NA           | NA                      |
| LITEON COMMUNICATION (GUANGZHOU) COMPANY LIMITED | Chairman                 | Tom Soong                                                 | NA           | NA                      |
|                                                  | Director                 | Raymond Soong                                             | NA           | NA                      |
|                                                  | Director/General Manager | Anson Chiu                                                | NA           | NA                      |
|                                                  | Supervisor               | Godspeed Chou                                             | NA           | NA                      |

| Company Name                             | Title                     | Name or Representative | Shareholding |                         |
|------------------------------------------|---------------------------|------------------------|--------------|-------------------------|
|                                          |                           |                        | Shares       | Percentage of Ownership |
| LITEON LI SHIN TECHNOLOGY (GANZHOU) LTD  | Chairman                  | Tom Soong              | NA           | NA                      |
|                                          | Director                  | Raymond Soong          | NA           | NA                      |
|                                          | Director/ General Manager | Anson Chiu             | NA           | NA                      |
|                                          | Supervisor                | Godspeed Chou          | NA           | NA                      |
| Lite-On Automotive Electronics (CZ) Co.  | Chairman                  | Tom Soong              | NA           | NA                      |
|                                          | Director                  | Raymond Soong          | NA           | NA                      |
|                                          | Director                  | Anson Chiu             | NA           | NA                      |
|                                          | Supervisor                | Godspeed Chou          | NA           | NA                      |
|                                          | General Manager           | Allen Liao             | NA           | NA                      |
| LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD. | Chairman                  | Tom Soong              | NA           | NA                      |
|                                          | Director                  | Raymond Soong          | NA           | NA                      |
|                                          | Director/ General Manager | Anson Chiu             | NA           | NA                      |
|                                          | Supervisor                | Godspeed Chou          | NA           | NA                      |
| LITE-ON MEDICAL DEVICE (CHANGZHOU) LTD.  | Chairman                  | Tom Soong              | NA           | NA                      |
|                                          | Director                  | Raymond Soong          | NA           | NA                      |
|                                          | Director/ General Manager | Danny Liao             | NA           | NA                      |
|                                          | Supervisor                | Godspeed Chou          | NA           | NA                      |
| LITE-ON TECHNOLOGY (XIANNING) CO., LTD.  | Chairman                  | Tom Soong              | NA           | NA                      |
|                                          | Director                  | Raymond Soong          | NA           | NA                      |
|                                          | Director/ General Manager | Anson Chiu             | NA           | NA                      |
|                                          | Supervisor                | Godspeed Chou          | NA           | NA                      |

| Company Name                                    | Title                     | Name or Representative | Shareholding |                         |
|-------------------------------------------------|---------------------------|------------------------|--------------|-------------------------|
|                                                 |                           |                        | Shares       | Percentage of Ownership |
| LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.         | Chairman                  | Tom Soong              | NA           | NA                      |
|                                                 | Director                  | Raymond Soong          | NA           | NA                      |
|                                                 | Director/ General Manager | Anson Chiu             | NA           | NA                      |
|                                                 | Supervisor                | Godspeed Chou          | NA           | NA                      |
| LITE-ON INTELLIGENT TECHNOLOGY (YENCHENG) CORP. | Chairman                  | Tom Soong              | NA           | NA                      |
|                                                 | Director                  | Raymond Soong          | NA           | NA                      |
|                                                 | Director                  | Anson Chiu             | NA           | NA                      |
|                                                 | Supervisor                | Godspeed Chou          | NA           | NA                      |
|                                                 | General Manager           | Torrent Chin           | NA           | NA                      |
| WUXI CHINA BRIDGE EXPRESS TRADING CO., LTD.     | Chairman                  | Tom Soong              | NA           | NA                      |
|                                                 | Director                  | Raymond Soong          | NA           | NA                      |
|                                                 | Director/ General Manager | Anson Chiu             | NA           | NA                      |
|                                                 | Supervisor                | Godspeed Chou          | NA           | NA                      |
| CHINA BRIDGE (CHINA) CO., LTD.                  | Chairman                  | Tom Soong              | NA           | NA                      |
|                                                 | Director                  | Raymond Soong          | NA           | NA                      |
|                                                 | Director/ General Manager | Anson Chiu             | NA           | NA                      |
|                                                 | Supervisor                | Godspeed Chou          | NA           | NA                      |
| LITE-ON TECHNOLOGY (JIANGSU) CO., LTD.          | Chairman                  | Tom Soong              | NA           | NA                      |
|                                                 | Director                  | Raymond Soong          | NA           | NA                      |
|                                                 | Director/ General Manager | Anson Chiu             | NA           | NA                      |
|                                                 | Supervisor                | Godspeed Chou          | NA           | NA                      |

| Company Name                                     | Title                     | Name or Representative | Shareholding |                         |
|--------------------------------------------------|---------------------------|------------------------|--------------|-------------------------|
|                                                  |                           |                        | Shares       | Percentage of Ownership |
| DONGGUAN LITE-ON COMPUTER CO., LTD.              | Chairman                  | Tom Soong              | NA           | NA                      |
|                                                  | Director                  | Raymond Soong          | NA           | NA                      |
|                                                  | Director                  | Anson Chiu             | NA           | NA                      |
|                                                  | Supervisor                | Godspeed Chou          | NA           | NA                      |
|                                                  | General Manager           | Shilung Chiang         | NA           | NA                      |
| LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.         | Chairman                  | Tom Soong              | NA           | NA                      |
|                                                  | Director                  | Raymond Soong          | NA           | NA                      |
|                                                  | Director/ General Manager | Anson Chiu             | NA           | NA                      |
|                                                  | Supervisor                | Godspeed Chou          | NA           | NA                      |
| SILITEK ELEC. (DONGGUAN) CO., LTD.               | Chairman                  | Tom Soong              | NA           | NA                      |
|                                                  | Director                  | Raymond Soong          | NA           | NA                      |
|                                                  | Director                  | Anson Chiu             | NA           | NA                      |
|                                                  | Supervisor                | Godspeed Chou          | NA           | NA                      |
|                                                  | General Manager           | Shilung Chiang         | NA           | NA                      |
| LITE-ON POWER TECHNOLOGY (DONGGUAN) CO., LTD.    | Chairman                  | Tom Soong              | NA           | NA                      |
|                                                  | Director                  | Raymond Soong          | NA           | NA                      |
|                                                  | Director/ General Manager | Anson Chiu             | NA           | NA                      |
|                                                  | Supervisor                | Godspeed Chou          | NA           | NA                      |
| LITE-ON COMPUTER TECHNOLOGY (DONGGUAN) CO., LTD. | Chairman                  | Tom Soong              | NA           | NA                      |
|                                                  | Director                  | Raymond Soong          | NA           | NA                      |
|                                                  | Director/ General Manager | Anson Chiu             | NA           | NA                      |
| LITE-ON ELECTRONICS H.K. LIMITED                 | Director                  | Tom Soong              | 0            | 0.00%                   |
|                                                  | Director                  | Anson Chiu             | 0            | 0.00%                   |

| Company Name                               | Title           | Name or Representative | Shareholding |                         |
|--------------------------------------------|-----------------|------------------------|--------------|-------------------------|
|                                            |                 |                        | Shares       | Percentage of Ownership |
| LITE-ON ELECTRONICS COMPANY LIMITED        | Director        | Tom Soong              | 0            | 0.00%                   |
|                                            | Director        | Anson Chiu             | 0            | 0.00%                   |
|                                            | Director        | PONG WAI NING, IDON    | 0            | 0.00%                   |
| YET FOUNDATE LIMITED                       | Director        | Tom Soong              | 0            | 0.00%                   |
|                                            | Director        | Anson Chiu             | 0            | 0.00%                   |
| CHANGZHOU LEOTEK NEW ENERGY TRADE LIMITED  | Chairman        | Tom Soong              | NA           | NA                      |
|                                            | Director        | Raymond Soong          | NA           | NA                      |
|                                            | Director        | Anson Chiu             | NA           | NA                      |
|                                            | Supervisor      | Godspeed Chou          | NA           | NA                      |
|                                            | General Manager | Torrent Chin           | NA           | NA                      |
| LITE-ON (GUANGZHOU) PRECISION TOOLING LTD. | Chairman        | Tom Soong              | NA           | NA                      |
|                                            | Director        | Raymond Soong          | NA           | NA                      |
|                                            | Director        | Anson Chiu             | NA           | NA                      |
|                                            | Supervisor      | Godspeed Chou          | NA           | NA                      |
|                                            | General Manager | Shilung Chiang         | NA           | NA                      |
| HUIZHOU LI SHIN ELECTRONIC CO., LTD.       | Chairman        | Tom Soong              | NA           | NA                      |
|                                            | Director        | Raymond Soong          | NA           | NA                      |
|                                            | Director        | Anson Chiu             | NA           | NA                      |
|                                            | Supervisor      | Godspeed Chou          | NA           | NA                      |
| FORDGOOD ELECTRONIC LIMITED                | Director        | Tom Soong              | 0            | 0.00%                   |
|                                            | Director        | Anson Chiu             | 0            | 0.00%                   |



| Company Name                                        | Title                     | Name or Representative | Shareholding |                         |
|-----------------------------------------------------|---------------------------|------------------------|--------------|-------------------------|
|                                                     |                           |                        | Shares       | Percentage of Ownership |
| LITE-ON TECHNOLOGY (GUANGZHOU) LIMITED              | Chairman                  | Tom Soong              | NA           | NA                      |
|                                                     | Director                  | Raymond Soong          | NA           | NA                      |
|                                                     | Director                  | Anson Chiu             | NA           | NA                      |
|                                                     | Supervisor                | Godspeed Chou          | NA           | NA                      |
|                                                     | General Manager           | Shilung Chiang         | NA           | NA                      |
| LITE-ON ELECTRONICS (GUANGZHOU) LIMITED             | Chairman                  | Tom Soong              | NA           | NA                      |
|                                                     | Director                  | Raymond Soong          | NA           | NA                      |
|                                                     | Director                  | Anson Chiu             | NA           | NA                      |
|                                                     | Supervisor                | Godspeed Chou          | NA           | NA                      |
| LITE-ON TECHNOLOGY (GZ) INVESTMENT COMPANY LIMITED  | Chairman                  | Tom Soong              | NA           | NA                      |
|                                                     | Director                  | Raymond Soong          | NA           | NA                      |
|                                                     | Director/ General Manager | Anson Chiu             | NA           | NA                      |
|                                                     | Supervisor                | Godspeed Chou          | NA           | NA                      |
| LITE-ON (GUANGZHOU) INFORTECH CO., LTD.             | Chairman                  | Anson Chiu             | NA           | NA                      |
|                                                     | Director                  | Tom Soong              | NA           | NA                      |
|                                                     | Director                  | Raymond Soong          | NA           | NA                      |
|                                                     | Supervisor                | Godspeed Chou          | NA           | NA                      |
| LITE-ON IT INTERNATIONAL (HK) LIMITED               | Director                  | Tom Soong              | 0            | 0.00%                   |
|                                                     | Director                  | Anson Chiu             | 0            | 0.00%                   |
| LITEON ELECTRONICS AND WIRELESS (GUANGZHOU) LIMITED | Chairman                  | Tom Soong              | NA           | NA                      |
|                                                     | Director                  | Raymond Soong          | NA           | NA                      |
|                                                     | Director/ General Manager | Anson Chiu             | NA           | NA                      |
|                                                     | Supervisor                | Godspeed Chou          | NA           | NA                      |

| Company Name                                            | Title                     | Name or Representative | Shareholding |                         |
|---------------------------------------------------------|---------------------------|------------------------|--------------|-------------------------|
|                                                         |                           |                        | Shares       | Percentage of Ownership |
| LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD.     | Chairman                  | Tom Soong              | NA           | NA                      |
|                                                         | Director                  | Raymond Soong          | NA           | NA                      |
|                                                         | Director                  | Anson Chiu             | NA           | NA                      |
|                                                         | Supervisor                | Godspeed Chou          | NA           | NA                      |
|                                                         | General Manager           | Allen Liao             | NA           | NA                      |
| LiteON Auto Electric Technology (Guangzhou) Ltd.        | Chairman                  | Tom Soong              | NA           | NA                      |
|                                                         | Director                  | Raymond Soong          | NA           | NA                      |
|                                                         | Director                  | Anson Chiu             | NA           | NA                      |
|                                                         | Supervisor                | Godspeed Chou          | NA           | NA                      |
|                                                         | General Manager           | Allen Liao             | NA           | NA                      |
| LITEON-IT OPTO TECH (BH) CO., LTD.                      | Chairman                  | Tom Soong              | NA           | NA                      |
|                                                         | Director                  | Raymond Soong          | NA           | NA                      |
|                                                         | Director/ General Manager | Anson Chiu             | NA           | NA                      |
|                                                         | Supervisor                | Godspeed Chou          | NA           | NA                      |
| LET (HK) LIMITED                                        | Director                  | Tom Soong              | 0            | 0.00%                   |
|                                                         | Director                  | Anson Chiu             | 0            | 0.00%                   |
| Philips & LiteOn Digital Solutions (Shanghai) Co., Ltd. | Chairman                  | Steven Wu              | NA           | NA                      |
|                                                         | Director                  | RS Jeng                | NA           | NA                      |
|                                                         | Director                  | Fannie Lee             | NA           | NA                      |
|                                                         | Supervisor                | Godspeed Chou          | NA           | NA                      |
| TITANIC CAPITAL SERVICES LTD.                           | Director                  | Tom Soong              | 0            | 0.00%                   |
|                                                         | Director                  | Anson Chiu             | 0            | 0.00%                   |

| Company Name                                     | Title                     | Name or Representative                             | Shareholding |                         |
|--------------------------------------------------|---------------------------|----------------------------------------------------|--------------|-------------------------|
|                                                  |                           |                                                    | Shares       | Percentage of Ownership |
| LITE-ON GREEN TECHNOLOGIES (NANJING) CORPORATION | Chairman                  | Tom Soong                                          | NA           | NA                      |
|                                                  | Director/ General Manager | Anson Chiu                                         | NA           | NA                      |
|                                                  | Director                  | Brownson Chu                                       | NA           | NA                      |
|                                                  | Supervisor                | Godspeed Chou                                      | NA           | NA                      |
| Lite-On Green Energy (HK) Limited                | Director                  | Tom Soong                                          | 0            | 0.00%                   |
|                                                  | Director                  | Anson Chiu                                         | 0            | 0.00%                   |
| Lite-On Electronics (Thailand) Co., Ltd.         | Director                  | Tom Soong                                          | 0            | 0.00%                   |
|                                                  | Director                  | Anson Chiu                                         | 0            | 0.00%                   |
|                                                  | Director                  | WJ Lin                                             | 0            | 0.00%                   |
| LITE-ON VIETNAM CO., LTD.                        | Director                  | Tom Soong                                          | NA           | NA                      |
|                                                  | Director                  | Anson Chiu                                         | NA           | NA                      |
|                                                  | Director                  | Shilung Chiang                                     | NA           | NA                      |
|                                                  | Supervisor                | Brownson Chu                                       | NA           | NA                      |
| KBW-LEOTEK Jordan Private Shareholding Limited   | Chairman                  | HIS ROYAL HIGHNESS PRINCE KHALID BIN WALID AL SAUD | 0            | 0.00%                   |
|                                                  | Vice Chairman             | Torrent Chin                                       | 0            | 0.00%                   |
|                                                  | Director                  | Anson Chiu                                         | 0            | 0.00%                   |
|                                                  | Director                  | Dean Cheng                                         | 0            | 0.00%                   |
|                                                  | Director                  | PC Chen                                            | 0            | 0.00%                   |
| LEOTEK, PSC                                      | Chairman                  | HIS ROYAL HIGHNESS PRINCE KHALID BIN WALID AL SAUD | 0            | 0.00%                   |
|                                                  | Vice Chairman             | Torrent Chin                                       | 0            | 0.00%                   |
|                                                  | Director                  | MOHAMMED MAHMOUD RWEDAN                            | 0            | 0.00%                   |
|                                                  | Director                  | AHMED MOUSA ATEIAT                                 | 0            | 0.00%                   |
|                                                  | Director                  | Anson Chiu                                         | 0            | 0.00%                   |

| Company Name                                   | Title         | Name or Representative                             | Shareholding |                         |
|------------------------------------------------|---------------|----------------------------------------------------|--------------|-------------------------|
|                                                |               |                                                    | Shares       | Percentage of Ownership |
| KBW-LITEON Jordan Private Shareholding Limited | Chairman      | HIS ROYAL HIGHNESS PRINCE KHALID BIN WALID AL SAUD | 0            | 0.00%                   |
|                                                | Vice Chairman | Torrent Chin                                       | 0            | 0.00%                   |
|                                                | Director      | Anson Chiu                                         | 0            | 0.00%                   |
|                                                | Director      | Dean Cheng                                         | 0            | 0.00%                   |
|                                                | Director      | PC Chen                                            | 0            | 0.00%                   |
| LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED | Director      | Tom Soong                                          | 0            | 0.00%                   |
|                                                | Director      | Anson Chiu                                         | 0            | 0.00%                   |
|                                                | Director      | Mark Wu                                            | 0            | 0.00%                   |
| LITE-ON SINGAPORE PTE. LTD.                    | Director      | Tom Soong                                          | 0            | 0.00%                   |
|                                                | Director      | Anson Chiu                                         | 0            | 0.00%                   |
|                                                | Director      | Fu-Hai Huang                                       | 0            | 0.00%                   |
|                                                | Director      | LIM SIN HENG                                       | 0            | 0.00%                   |
| Philips & Lite-On Digital Solutions Korea Ltd. | Director      | Steven Wu                                          | 0            | 0.00%                   |
|                                                | Director      | Gillian Chu                                        | 0            | 0.00%                   |
| LITE-ON GREEN ENERGY (SINGAPORE) PTE. LTD.     | Director      | Tom Soong                                          | 0            | 0.00%                   |
|                                                | Director      | Anson Chiu                                         | 0            | 0.00%                   |
|                                                | Director      | WEE CHOO PENG                                      | 0            | 0.00%                   |
| LITE-ON, INC.                                  | Director      | Tom Soong                                          | 0            | 0.00%                   |
|                                                | Director      | Anson Chiu                                         | 0            | 0.00%                   |
|                                                | Director      | EDWARD CARTER                                      | 0            | 0.00%                   |
| POWER INNOVATIONS INTERNATIONAL, INC.          | Director      | Anson Chiu                                         | 0            | 0.00%                   |
|                                                | Director      | EDWARD CARTER                                      | 0            | 0.00%                   |
|                                                | Director      | Richard Chiang                                     | 0            | 0.00%                   |

| Company Name                                        | Title         | Name or Representative | Shareholding |                         |
|-----------------------------------------------------|---------------|------------------------|--------------|-------------------------|
|                                                     |               |                        | Shares       | Percentage of Ownership |
| LITE-ON TRADING USA, INC.                           | Director      | Tom Soong              | 0            | 0.00%                   |
|                                                     | Director      | Anson Chiu             | 0            | 0.00%                   |
|                                                     | Director      | EDWARD CARTER          | 0            | 0.00%                   |
| LITE-ON TECHNOLOGY SERVICE, INC.                    | Director      | Tom Soong              | 0            | 0.00%                   |
|                                                     | Director      | EDWARD CARTER          | 0            | 0.00%                   |
|                                                     | Director      | Brownson Chu           | 0            | 0.00%                   |
| LITE-ON TECHNOLOGY USA, INC.                        | Director      | Tom Soong              | 0            | 0.00%                   |
|                                                     | Director      | Anson Chiu             | 0            | 0.00%                   |
|                                                     | Director      | EDWARD CARTER          | 0            | 0.00%                   |
| Lite-On International Holding Co., Ltd              | Director      | Tom Soong              | 0            | 0.00%                   |
|                                                     | Director      | Anson Chiu             | 0            | 0.00%                   |
| LEOTEK ELECTRONICS USA LLC                          | Director      | Tom Soong              | 0            | 0.00%                   |
|                                                     | Director      | Anson Chiu             | 0            | 0.00%                   |
|                                                     | Director      | EDWARD CARTER          | 0            | 0.00%                   |
| LITE-ON AUTOMOTIVE ELECTRONICS MEXICO, S.A. DE C.V. | Chairman      | Tom Soong              | 0            | 0.00%                   |
|                                                     | Vice Chairman | Anson Chiu             | 0            | 0.00%                   |
|                                                     | Director      | Allen Liao             | 0            | 0.00%                   |
| Philips & Lite-On Digital Solutions USA, Inc.       | Director      | Richard Chiang         | 0            | 0.00%                   |
|                                                     | Director      | Sumika Chou            | 0            | 0.00%                   |
| LTC GROUP LTD.                                      | Director      | Tom Soong              | 0            | 0.00%                   |
|                                                     | Director      | Anson Chiu             | 0            | 0.00%                   |
| LITE-ON ELECTRONICS (EUROPE) LIMITED                | Director      | Tom Soong              | 0            | 0.00%                   |
|                                                     | Director      | Anson Chiu             | 0            | 0.00%                   |
|                                                     | Director      | AFZUL MOHAMMED         | 0            | 0.00%                   |

| Company Name                     | Title    | Name or Representative | Shareholding |                         |
|----------------------------------|----------|------------------------|--------------|-------------------------|
|                                  |          |                        | Shares       | Percentage of Ownership |
| PLDS Germany GmbH                | Director | Cornelis Saris         | NA           | NA                      |
|                                  | Director | Steven Wu              | NA           | NA                      |
|                                  | Director | FRANK FORNFEIST        | NA           | NA                      |
| Lite-On Technology (Europe) B.V. | Director | Tom Soong              | 0            | 0.00%                   |
|                                  | Director | Anson Chiu             | 0            | 0.00%                   |
|                                  | Director | AFZUL MOHAMMED         | 0            | 0.00%                   |
| Lite-On (Finland) Oy             | Chairman | Tom Soong              | 0            | 0.00%                   |
|                                  | Director | Anson Chiu             | 0            | 0.00%                   |
|                                  | Director | Brownson Chu           | 0            | 0.00%                   |
|                                  | Director | KATI ANNELI, REPO      | 0            | 0.00%                   |
| Lite-On Green Technologies B.V.  | Director | Tom Soong              | 0            | 0.00%                   |
|                                  | Director | Anson Chiu             | 0            | 0.00%                   |
|                                  | Director | AFZUL MOHAMMED         | 0            | 0.00%                   |
| Lite-On Green Energy B.V.        | Director | Tom Soong              | 0            | 0.00%                   |
|                                  | Director | Anson Chiu             | 0            | 0.00%                   |
|                                  | Director | AFZUL MOHAMMED         | 0            | 0.00%                   |
| EAGLE ROCK INVESTMENT LTD.       | Director | Tom Soong              | 0            | 0.00%                   |
|                                  | Director | Anson Chiu             | 0            | 0.00%                   |
| G&W TECHNOLOGY (BVI) LIMITED     | Director | Brownson Chu           | 0            | 0.00%                   |
|                                  | Director | Dean Cheng             | 0            | 0.00%                   |
|                                  | Director | Godspeed Chou          | 0            | 0.00%                   |
|                                  | Director | Haiping Chen           | 0            | 0.00%                   |
|                                  | Director | Qixian Chang           | 0            | 0.00%                   |
|                                  | Director | Jianhua Hu             | 0            | 0.00%                   |

| Company Name                       | Title           | Name or Representative | Shareholding |                         |
|------------------------------------|-----------------|------------------------|--------------|-------------------------|
|                                    |                 |                        | Shares       | Percentage of Ownership |
| G&W TECHNOLOGY LIMITED             | Director        | Brownson Chu           | 0            | 0.00%                   |
|                                    | Director        | Dean Cheng             | 0            | 0.00%                   |
|                                    | Director        | Godspeed Chou          | 0            | 0.00%                   |
|                                    | Director        | Haiping Chen           | 0            | 0.00%                   |
|                                    | Director        | Qixian Chang           | 0            | 0.00%                   |
|                                    | Director        | Jianhua Hu             | 0            | 0.00%                   |
| HIGH YIELD GROUP CO., LTD.         | Director        | Tom Soong              | 0            | 0.00%                   |
|                                    | Director        | Anson Chiu             | 0            | 0.00%                   |
| Lite-On Overseas Trading Co., Ltd. | Director        | Tom Soong              | 0            | 0.00%                   |
|                                    | Director        | Anson Chiu             | 0            | 0.00%                   |
| LITE-ON CHINA HOLDING CO. LTD.     | Director        | Tom Soong              | 0            | 0.00%                   |
|                                    | Director        | Anson Chiu             | 0            | 0.00%                   |
| Lite-On Mobile Oyj                 | Chairman        | Tom Soong              | 0            | 0.00%                   |
|                                    | Director        | Anson Chiu             | 0            | 0.00%                   |
|                                    | Director        | Brownson Chu           | 0            | 0.00%                   |
|                                    | Director        | KATI ANNELI, REPO      | 0            | 0.00%                   |
| LITE-ON AUTOMOTIVE (WUXI) CO., LTD | Chairman        | Tom Soong              | NA           | NA                      |
|                                    | Director        | Raymond Soong          | NA           | NA                      |
|                                    | Director        | Anson Chiu             | NA           | NA                      |
|                                    | Supervisor      | Godspeed Chou          | NA           | NA                      |
|                                    | General Manager | Allen Liao             | NA           | NA                      |

| Company Name                                                                 | Title           | Name or Representative | Shareholding |                         |
|------------------------------------------------------------------------------|-----------------|------------------------|--------------|-------------------------|
|                                                                              |                 |                        | Shares       | Percentage of Ownership |
| Lite-On (Guangzhou) Automotive Electronics Limited                           | Chairman        | Tom Soong              | NA           | NA                      |
|                                                                              | Director        | Raymond Soong          | NA           | NA                      |
|                                                                              | Director        | Anson Chiu             | NA           | NA                      |
|                                                                              | Supervisor      | Godspeed Chou          | NA           | NA                      |
|                                                                              | General Manager | Allen Liao             | NA           | NA                      |
| Lite-On Automotive International (Cayman) Co., Ltd                           | Director        | Tom Soong              | 0            | 0.00%                   |
|                                                                              | Director        | Anson Chiu             | 0            | 0.00%                   |
| LITE-ON AUTOMOTIVE HOLDINGS (HONG KONG) CO., LIMITED                         | Director        | Tom Soong              | 0            | 0.00%                   |
|                                                                              | Director        | Anson Chiu             | 0            | 0.00%                   |
| LITE-ON MOBILE INDÚSTRIA E CCOMÉRCIO DE PLÁSTICOS LTDA.                      | Officer         | RENATO R. PANTOJA      | 0            | 0.00%                   |
| GUANGZHOU LITE-ON MOBILE ENGINEERING PLASTICS CO., LTD.                      | Chairman        | Tom Soong              | NA           | NA                      |
|                                                                              | Director        | Raymond Soong          | NA           | NA                      |
|                                                                              | Director        | Anson Chiu             | NA           | NA                      |
|                                                                              | Supervisor      | Godspeed Chou          | NA           | NA                      |
|                                                                              | General Manager | Brownson Chu           | NA           | NA                      |
| BEIJING LITE-ON MOBILE ELECTRONIC AND TELECOMMUNICATION COMPONENTS CO., LTD. | Chairman        | Tom Soong              | NA           | NA                      |
|                                                                              | Director        | Raymond Soong          | NA           | NA                      |
|                                                                              | Director        | Anson Chiu             | NA           | NA                      |
|                                                                              | Supervisor      | Godspeed Chou          | NA           | NA                      |
|                                                                              | General Manager | Brownson Chu           | NA           | NA                      |
| LITE-ON MOBILE PTE. LTD.                                                     | Director        | Tom Soong              | 0            | 0.00%                   |
|                                                                              | Director        | Anson Chiu             | 0            | 0.00%                   |
|                                                                              | Director        | Fu-Hai Huang           | 0            | 0.00%                   |
|                                                                              | Director        | LIM SIN HENG           | 0            | 0.00%                   |



| Company Name                                                                                                | Title      | Name or Representative | Shareholding |                         |
|-------------------------------------------------------------------------------------------------------------|------------|------------------------|--------------|-------------------------|
|                                                                                                             |            |                        | Shares       | Percentage of Ownership |
| Lite-On Japan Ltd.                                                                                          | Chairman   | Tom Soong              | 0            | 0.00%                   |
|                                                                                                             | Director   | Anson Chiu             | 0            | 0.00%                   |
|                                                                                                             | Director   | Steven Liao            | 0            | 0.00%                   |
|                                                                                                             | Supervisor | Brownson Chu           | 0            | 0.00%                   |
| Lite-On Japan (H.K.) Limited                                                                                | Director   | Steven Liao            | 0            | 0.00%                   |
|                                                                                                             | Director   | Eisuke Endo            | 0            | 0.00%                   |
| NL (SHANGHAI) CO., LTD.                                                                                     | Chairman   | Gen Tsuboi             | NA           | NA                      |
|                                                                                                             | Director   | Steven Liao            | NA           | NA                      |
|                                                                                                             | Director   | Eisuke Endo            | NA           | NA                      |
|                                                                                                             | Supervisor | Godspeed Chou          | NA           | NA                      |
| LITE-ON JAPAN (Thailand) CO., LTD                                                                           | Director   | Steven Liao            | 0            | 0.00%                   |
|                                                                                                             | Director   | WJ Lin                 | 0            | 0.00%                   |
|                                                                                                             | Director   | Eisuke Endo            | 0            | 0.00%                   |
| Lite-On Japan (Korea) Co., Ltd.                                                                             | Director   | Katsuhiro Mikawa       | 0            | 0.00%                   |
|                                                                                                             | Supervisor | Ono Miho               | 0            | 0.00%                   |
| Note: Obtained the approval document for liquidation in December 2021 and is in the process of liquidation. |            |                        |              |                         |

## 8.1.6 Operational Highlights of LITEON Subsidiaries

Unit: NT\$ thousands, except EPS (NT\$)

| Company Name                                        | Capital Stock | Assets      | Liabilities | Net Worth  | Net Revenues | Income (Loss) from Operation | Net Income (Loss) | Basic Earning (Loss) Per Share |
|-----------------------------------------------------|---------------|-------------|-------------|------------|--------------|------------------------------|-------------------|--------------------------------|
| Lite-On Technology Corporation                      | 23,508,670    | 154,187,774 | 81,846,706  | 72,341,068 | 106,254,835  | 4,288,165                    | 13,886,552        | 6.01                           |
| Skyla Corporation                                   | 319,501       | 569,968     | 167,837     | 402,131    | 451,498      | 62,263                       | 53,746            | 1.68                           |
| LEOTEK ROADWAY AND TRAFFIC INTELLIGENCE CORPORATION | 50            | 50          | -           | 50         | -            | -                            | -                 | -                              |
| Lite-On Integrated Service Inc.                     | 34,000        | 46,051      | 1,050       | 45,001     | 52,661       | (80)                         | 38                | 0.01                           |
| Philips & Lite-On Digital Solutions Corporation     | 350,000       | 3,027,828   | 2,568,510   | 459,318    | 6,771,600    | 63,693                       | 42,002            | 1.20                           |
| Lite-On Capital Corporation                         | 1,707,068     | 2,051,165   | 8,907       | 2,042,258  | 94,746       | 93,078                       | 93,078            | 0.55                           |
| Lite-On Green Technologies, Inc.                    | 670,000       | 297,743     | 66,254      | 231,489    | -            | (2,836)                      | 3,019             | 0.05                           |
| LITE-ON ELECTRONICS (TIANJIN) CO., LTD.             | 2,223,616     | 3,779,977   | 417,180     | 3,362,797  | 1,905,027    | 164,070                      | 118,754           | NA                             |
| LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED    | 1,521,281     | 6,903,394   | 1,929,391   | 4,974,003  | 12,915,401   | 465,448                      | 454,441           | NA                             |
| LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.       | 2,558,895     | 5,613,861   | 2,575,345   | 3,038,516  | 6,131,448    | 84,131                       | 49,081            | NA                             |
| LITEON LI SHIN TECHNOLOGY (GANZHOU) LTD             | 351,479       | 797,014     | 275,233     | 521,781    | 666,672      | 9,822                        | 10,809            | NA                             |
| Lite-On Automotive Electronics (CZ) Co.             | 972,376       | 1,035,469   | 89,042      | 946,427    | 305,946      | 21,889                       | 48,050            | NA                             |
| LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.            | 4,293,455     | 16,812,370  | 11,756,294  | 5,056,076  | 26,304,590   | 420,639                      | 358,956           | NA                             |
| LITE-ON MEDICAL DEVICE (CHANGZHOU) LTD.             | 133,158       | 122,066     | 14,019      | 108,047    | 60,863       | (364)                        | 1,969             | NA                             |
| LITE-ON TECHNOLOGY (XIANNING) CO., LTD.             | 187,116       | 599,597     | 209,138     | 390,459    | 696,191      | 8,214                        | 13,913            | NA                             |
| LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.             | 1,901,549     | 5,518,079   | 2,836,019   | 2,682,060  | 6,398,257    | 131,829                      | 158,510           | NA                             |
| LITE-ON INTELLIGENT TECHNOLOGY (YENCHENG) CORP.     | 84,428        | 205,909     | 128,393     | 77,516     | 3,190        | (44,024)                     | (30,475)          | NA                             |
| WUXI CHINA BRIDGE EXPRESS TRADING CO., LTD.         | 157,514       | 1,697,856   | 938,004     | 759,852    | 2,038,094    | 114,055                      | 106,218           | NA                             |
| CHINA BRIDGE (CHINA) CO., LTD.                      | 1,034,630     | 1,597,671   | -           | 1,597,671  | -            | (48)                         | 110,034           | NA                             |
| LITE-ON TECHNOLOGY (JIANGSU) CO., LTD.              | 4,773,380     | 9,382,188   | 25,545      | 9,356,643  | -            | (996)                        | 446,203           | NA                             |
| DONGGUAN LITE-ON COMPUTER CO., LTD.                 | 55,066        | 109,770     | 3,813       | 105,957    | -            | (125)                        | 1,247             | NA                             |
| LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.            | 1,179,495     | 6,231,832   | 3,028,482   | 3,203,350  | 14,225,489   | 229,054                      | 180,246           | NA                             |
| SILITEK ELEC. (DONGGUAN) CO., LTD.                  | 726,681       | 7,581,217   | 2,394,122   | 5,187,095  | 11,893,994   | 539,117                      | 500,564           | NA                             |
| LITE-ON POWER TECHNOLOGY (DONGGUAN) CO., LTD.       | 446,206       | 1,706,724   | 361,586     | 1,345,138  | 1,701,152    | 211,104                      | 165,712           | NA                             |
| LITE-ON ELECTRONICS H.K. LIMITED                    | 6,328,628     | 20,867,176  | 1,073,848   | 19,793,328 | 3,111,917    | 63,641                       | 1,430,526         | 80.07                          |
| LITE-ON ELECTRONICS COMPANY LIMITED                 | 10,922,874    | 21,323,318  | 446         | 21,322,872 | -            | (577)                        | 1,359,800         | 0.44                           |
| YET FOUNDATE LIMITED                                | 318,206       | 578,972     | 1,021       | 577,951    | -            | (3,061)                      | 810               | 0.01                           |
| CHANGZHOU LEOTEK NEW ENERGY TRADE LIMITED           | 26,880        | 119,636     | 174,806     | (55,170)   | 3,968        | (21,088)                     | (22,012)          | NA                             |

| Company Name                                            | Capital Stock | Assets     | Liabilities | Net Worth  | Net Revenues | Income (Loss) from Operation | Net Income (Loss) | Basic Earning (Loss) Per Share |
|---------------------------------------------------------|---------------|------------|-------------|------------|--------------|------------------------------|-------------------|--------------------------------|
| HUIZHOU LI SHIN ELECTRONIC CO., LTD.                    | 459,188       | 2,147,369  | 749,392     | 1,397,977  | 2,450,242    | 37,685                       | 46,525            | NA                             |
| FORDGOOD ELECTRONIC LIMITED                             | 354,772       | 544,135    | 63          | 544,072    | -            | (1,588)                      | 10,637            | 0.11                           |
| LITE-ON ELECTRONICS (GUANGZHOU) LIMITED                 | 4,458,089     | 20,794,273 | 10,505,508  | 10,288,765 | 23,497,756   | 582,823                      | 728,140           | NA                             |
| LITE-ON TECHNOLOGY (GZ) INVESTMENT COMPANY LIMITED      | 2,162,594     | 590,338    | 2,357       | 587,981    | -            | (40)                         | 34,165            | NA                             |
| LITE-ON (GUANGZHOU) INFORTECH CO., LTD.                 | -             | -          | -           | -          | 18,334       | 1,767                        | 3,440             | NA                             |
| LITE-ON IT INTERNATIONAL (HK) LIMITED                   | 2,828,800     | 6,135,712  | 112         | 6,135,600  | -            | (145)                        | 56,458            | 0.55                           |
| LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD.     | 1,527,730     | 2,209,088  | 536,721     | 1,672,367  | 464,531      | (107,033)                    | (62,968)          | NA                             |
| LiteON Auto Electric Technology (Guangzhou) Ltd.        | 67,188        | 201,533    | 116,399     | 85,134     | 271,444      | 6,380                        | 2,786             | NA                             |
| LITEON-IT OPTO TECH (BH) CO., LTD.                      | 1,633,902     | 6,450,159  | 2,075,859   | 4,374,300  | 5,011,642    | 98,987                       | 114,906           | NA                             |
| LET (HK) LIMITED                                        | 219,840       | 72,533     | 988         | 71,545     | -            | (161)                        | 22,610            | 0.36                           |
| Philips & LiteOn Digital Solutions (Shanghai) Co., Ltd. | 33,081        | 431,137    | 15,898      | 415,239    | 11,077       | (32,317)                     | (25,036)          | NA                             |
| TITANIC CAPITAL SERVICES LTD.                           | 656,791       | 588,224    | 17,905      | 570,319    | -            | (62)                         | 30,357            | 3.51                           |
| LITE-ON GREEN TECHNOLOGIES (NANJING) CORPORATION        | 22,257        | 6,753      | 13,810      | (7,057)    | -            | (899)                        | 4,848             | NA                             |
| Lite-on Green Energy (HK) Limited                       | 85,638        | 5,862      | 225         | 5,637      | -            | (51)                         | (62)              | (0.02)                         |
| Lite-On Electronics (Thailand) Co., Ltd.                | 501,290       | 3,745,307  | 1,793,288   | 1,952,019  | 4,411,871    | 169,733                      | 137,231           | 22.68                          |
| LITE-ON VIETNAM CO., LTD.                               | 1,436,500     | 2,268,563  | 541,642     | 1,726,921  | 1,565,325    | 218,240                      | 198,749           | NA                             |
| KBW-LEOTEK Jordan Private Shareholding Ltd.             | 3,902         | 2,336      | 1,512       | 824        | -            | (81)                         | 369               | 3.69                           |
| Leotek, PSC                                             | 1,951         | 10,897     | 7,272       | 3,625      | 9,617        | 962                          | 750               | 15.01                          |
| KBW-LITEON Jordan Private Shareholding Limited          | 1,409,738     | 802,979    | 342,609     | 460,370    | 6,605        | (1,350,765)                  | (1,287,769)       | (35.66)                        |
| LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED          | 375,268       | 1,294,568  | 971,563     | 323,005    | 2,018,500    | 140,165                      | 113,591           | 1.10                           |
| LITE-ON SINGAPORE PTE. LTD.                             | 819,081       | 40,186,696 | 17,804,402  | 22,382,294 | 74,867,724   | 6,343,584                    | 6,385,738         | 123.33                         |
| Philips & Lite-On Digital Solutions Korea Ltd.          | 2,067         | 34,784     | 4,706       | 30,078     | 3,197        | 299                          | 280               | 15.69                          |
| LITE-ON GREEN ENERGY (SINGAPORE) PTE. LTD.              | 108,072       | 95,533     | 426         | 95,107     | -            | (539)                        | 2,749             | 0.80                           |
| LITE-ON, INC.                                           | 82,875        | 616,457    | 378,260     | 238,197    | 1,182,734    | 30,747                       | 30,540            | 10.18                          |
| POWER INNOVATIONS INTERNATIONAL, INC.                   | 161,547       | 204,221    | 38,823      | 165,398    | 149,884      | (22,679)                     | (19,887)          | (1.47)                         |
| LITE-ON TRADING USA, INC.                               | 870,188       | 5,760,970  | 4,629,016   | 1,131,954  | 11,644,009   | 49,529                       | 33,191            | 105.37                         |
| LITE-ON TECHNOLOGY SERVICE, INC.                        | 28            | 60,901     | 7,538       | 53,363     | 48,066       | 2,612                        | 1,988             | 1,988.45                       |
| LITE-ON TECHNOLOGY USA, INC.                            | 1,486,112     | 2,249,491  | 1,361       | 2,248,130  | -            | (4,454)                      | 56,202            | 119.52                         |
| Lite-On International Holding Co., Ltd.                 | 10,047,916    | 22,691,310 | 28          | 22,691,282 | -            | (120)                        | 1,420,086         | 3.90                           |

| Company Name                                                                                       | Capital Stock | Assets     | Liabilities | Net Worth  | Net Revenues | Income (Loss) from Operation | Net Income (Loss) | Basic Earning (Loss) Per Share |
|----------------------------------------------------------------------------------------------------|---------------|------------|-------------|------------|--------------|------------------------------|-------------------|--------------------------------|
| LEOTEK ELECTRONICS USA LLC                                                                         | 196,138       | 802,589    | 369,282     | 433,307    | 1,247,559    | 32,147                       | 24,205            | NA                             |
| LITE-ON AUTOMOTIVE ELECTRONICS MEXICO, S.A. DE C.V.                                                | 202,432       | 408,825    | 120,594     | 288,231    | 409,973      | 86,720                       | 86,544            | 290.61                         |
| Philips & Lite-On Digital Solutions USA, Inc.                                                      | 28            | 1,049,144  | 805,478     | 243,666    | 3,860,988    | 14,125                       | 11,219            | 11,218.65                      |
| LTC GROUP LTD.                                                                                     | 909,300       | 2,779,424  | 9,206       | 2,770,218  | -            | (163)                        | 2,169,688         | 65.92                          |
| LITE-ON ELECTRONICS (EUROPE) LIMITED                                                               | 11,165        | 75,438     | 4,786       | 70,652     | 63,377       | 5,763                        | 4,643             | 15.48                          |
| PLDS Germany GmbH                                                                                  | 234,412       | 1,008,651  | 120,771     | 887,880    | 85,981       | (19,429)                     | 22,735            | NA                             |
| Lite-On Technology (Europe) B.V.                                                                   | 2,063,447     | 365,471    | 4,116       | 361,355    | 25,963       | 1,381                        | 12,172            | 19.86                          |
| Lite-On (Finland) Oy                                                                               | 78            | 248,488    | 31          | 248,457    | -            | (3)                          | 6,463             | 2,585.08                       |
| Lite-On Green Technologies B.V.                                                                    | 2,131         | 46,434     | 817         | 45,617     | -            | 5,018                        | 5,018             | 0.74                           |
| Lite-On Green Energy B.V.                                                                          | 19,996        | 19,290     | 415         | 18,875     | -            | (288)                        | (288)             | (0.03)                         |
| EAGLE ROCK INVESTMENT LTD.                                                                         | 276           | 1,415,758  | -           | 1,415,758  | -            | (138)                        | 46,798            | 4,679.75                       |
| G&W TECHNOLOGY (BVI) LIMITED                                                                       | 215,475       | 279,495    | 9,914       | 269,581    | -            | (3,326)                      | 27,206            | 3.49                           |
| G&W TECHNOLOGY LIMITED                                                                             | 1,782         | 149,917    | 108,401     | 41,516     | 39,943       | 24,725                       | 21,385            | 42.77                          |
| HIGH YIELD GROUP CO., LTD.                                                                         | 1,885,075     | 6,138,304  | 99          | 6,138,205  | -            | (207)                        | 56,251            | 0.82                           |
| Lite-On Overseas Trading Co., Ltd.                                                                 | 142,074       | 39,429,518 | 37,797,923  | 1,631,595  | -            | 1,601                        | 578,204           | 112.43                         |
| LITE-ON CHINA HOLDING CO. LTD.                                                                     | 11,805,310    | 22,682,482 | 36,281      | 22,646,201 | -            | (342)                        | 1,420,205         | 3.32                           |
| Lite-On Mobile Oyj                                                                                 | 2,500         | 324,317    | 85,361      | 238,956    | -            | (6,972)                      | 6,465             | 0.12                           |
| LITE-ON AUTOMOTIVE (WUXI) CO., LTD.                                                                | 179,851       | 552,438    | 16,177      | 536,261    | 3,129        | (353)                        | 11,380            | NA                             |
| Lite-On (Guangzhou) Automotive Electronics Limited                                                 | 202,680       | 3,827,003  | 1,887,022   | 1,939,981  | 4,549,664    | 191,428                      | 168,331           | NA                             |
| Lite-On Automotive International (Cayman) Co., Ltd.                                                | 330,597       | 2,490,814  | -           | 2,490,814  | -            | (281)                        | 179,768           | 15.02                          |
| LITE-ON AUTOMOTIVE HOLDINGS (HONG KONG) CO., LIMITED                                               | 358,669       | 2,478,054  | 58          | 2,477,996  | -            | (122)                        | 179,684           | 1.77                           |
| LITE-ON MOBILE INDÚSTRIA E COMÉRCIO DE PLÁSTICOS LTDA.                                             | 1,062,397     | 970,243    | 171,411     | 798,832    | 1,156,099    | 246,150                      | 244,471           | 1.11                           |
| GUANGZHOU LITE-ON MOBILE EGNINEERING PLASTICS CO., LTD.                                            | 688,739       | 1,902,412  | 7,772       | 1,894,640  | -            | 11                           | 30,140            | NA                             |
| BEIJING LITE-ON MOBILE ELECTRONIC AND TELECOMMUNICATION COMPONENTS CO., LTD.                       | 569,086       | 319,133    | 66,093      | 253,040    | -            | (55,201)                     | (180,754)         | NA                             |
| LITE-ON MOBILE PTE. LTD.                                                                           | 5,227,181     | 3,316,418  | 808,766     | 2,507,652  | -            | (598,435)                    | (475,046)         | (1.69)                         |
| Lite-On Japan Ltd.                                                                                 | 155,935       | 988,711    | 562,568     | 426,143    | 2,135,580    | 216,076                      | 70,015            | 5.62                           |
| Lite-On Japan (H.K.) Limited                                                                       | 17,818        | 236,884    | 5,442       | 231,442    | 234,254      | 27,338                       | 22,322            | 446.44                         |
| NL (SHANGHAI) CO., LTD.                                                                            | 10,556        | 96,405     | 4,637       | 91,768     | 195,091      | 20,561                       | 5,997             | 199.90                         |
| LITE-ON JAPAN (Thailand) CO., LTD.                                                                 | 16,572        | 311,897    | 172,116     | 139,781    | 434,458      | 23,998                       | 5,625             | 28.12                          |
| Lite-On Japan (Korea) Co., Ltd.                                                                    | 4,640         | 310        | -           | 310        | -            | -                            | -                 | -                              |
| Note: Foreign exchange rates for balance sheet amounts are valuation exchange rates of 2021/12/31. |               |            |             |            |              |                              |                   |                                |
| Foreign exchange rates for income statement amounts are average exchange rates of 2021.            |               |            |             |            |              |                              |                   |                                |

## 8.2 Private Placement of Company Shares: None

## 8.3 LITEON Shares Held / Sold by Subsidiaries

Unit: NT\$ thousands; Shares/ units; %

| Name of Subsidiary                  | Stock Capital Collected | Fund Source | Shareholding Ratio of the Company | Date of Acquisition or Disposition | Shares and Amount Acquired | Shares and Amount of Disposed | Investment Gain (Loss) | Shareholdings and Amount in Most Recent Year | Mortgage | Endorsement Amount Made for the Subsidiary | Amount Loaned to the Subsidiary |
|-------------------------------------|-------------------------|-------------|-----------------------------------|------------------------------------|----------------------------|-------------------------------|------------------------|----------------------------------------------|----------|--------------------------------------------|---------------------------------|
| Lite-On Capital Corporation.        | 1,707,068               | None        | 100                               | 2016/09/27                         | 75,066 shares              | -                             | -                      | 15,115,869 shares<br>1,033,925 thousands     | None     | None                                       | None                            |
| LITE-ON ELECTRONICS COMPANY LIMITED | 10,922,874              | None        | 100                               | 2016/09/27                         | 12,160 shares              | -                             | -                      | 2,450,370 shares<br>167,605 thousands        | None     | None                                       | None                            |
| TITANIC CAPITAL SERVICES LTD.       | 656,791                 | None        | 100                               | 2016/09/27                         | 34,776 shares              | -                             | -                      | 7,004,221 shares<br>479,089 thousands        | None     | None                                       | None                            |
| YET FOUNDATE LIMITED                | 318,206                 | None        | 100                               | 2016/09/27                         | 11,270 shares              | -                             | -                      | 2,271,040 shares<br>155,339 thousands        | None     | None                                       | None                            |

## 8.4 Other Supplementary Information: None

## 9. Other Significant Events Affecting Shareholders' Equity or Stock Price: None

## Appendix A. Consolidated Financial Statements

### **LITE-ON TECHNOLOGY CORPORATION and Subsidiaries**

**Consolidated Financial Statements for the  
Years Ended December 31, 2021 and 2020 and  
Independent Auditors' Report**

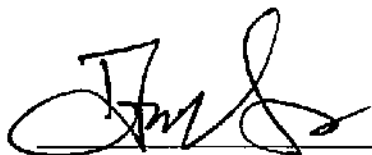
## DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2021 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standards No. 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

LITE-ON TECHNOLOGY CORPORATION

By

  
 \_\_\_\_\_  
 TOM SOONG  
 Chairman

February 24, 2022





## 勤業眾信

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### INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
LITE-ON TECHNOLOGY CORPORATION

#### Opinion

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

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

#### Basis for Opinion

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

#### Allowance for Impairment Loss of Trade Receivables

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

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

#### Allowance for Loss on Inventory Valuation

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

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

#### **Other Matter**

We have also audited the parent company only financial statements of LITE-ON TECHNOLOGY CORPORATION as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion.

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

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

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



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

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

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

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

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

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

Meng-Chieh, Chiu      Cheng-Tsai, Tsai

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 24, 2022

#### Notice to Readers

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

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

# LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

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

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



## LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

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

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

(Continued)

## LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

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

(Continued)

## LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

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

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

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

(Concluded)



LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
(in thousands of U.S. dollars)

|                                                                                                              | Equity Attributable to Owners of the Company |               |                                     |                 | Other Equity (Note 24)                                                                           |                            |                                                           |               |
|--------------------------------------------------------------------------------------------------------------|----------------------------------------------|---------------|-------------------------------------|-----------------|--------------------------------------------------------------------------------------------------|----------------------------|-----------------------------------------------------------|---------------|
|                                                                                                              | Share Capital (Note 24)                      |               | Retained Earnings (Notes 24 and 30) |                 | Unrealized Gain (Loss) on Financial Instruments at Fair Value Through Other Comprehensive Income |                            | Total                                                     |               |
|                                                                                                              | Shares                                       | Amount        | Legal Reserve                       | Special Reserve | Unrealized Gain (Loss) on Financial Instruments at Fair Value Through Other Comprehensive Income | Gain (Loss) on Instruments | Equity Directly Associated with Disposal of Held-for-sale | Total         |
| BALANCE AT JANUARY 1, 2020                                                                                   | 2,350,867                                    | \$ 23,508,670 | \$ 12,845,584                       | \$ 3,388,768    | \$ (312,940)                                                                                     | \$ 288                     | \$ (14,218)                                               | \$ 14,641,390 |
| Appropriation of 2019 earnings                                                                               | -                                            | -             | 943,969                             | -               | -                                                                                                | -                          | -                                                         | -             |
| Special reserve                                                                                              | -                                            | -             | -                                   | 1,343,307       | -                                                                                                | -                          | -                                                         | -             |
| Cash dividends                                                                                               | -                                            | -             | -                                   | (7,521,296)     | -                                                                                                | -                          | -                                                         | (7,521,296)   |
| Changes in non-controlling interests                                                                         | -                                            | -             | -                                   | -               | -                                                                                                | -                          | -                                                         | (16,995)      |
| Disposal of investments accounted for using the equity method                                                | -                                            | (248,234)     | -                                   | 7,712           | (7,712)                                                                                          | 1,201                      | -                                                         | (18,912)      |
| Difference between subsidiaries' disposal of consideration and carrying amount (Notes 14 and 30)             | -                                            | -             | -                                   | -               | -                                                                                                | -                          | -                                                         | (1,385,984)   |
| Changes in percentage of ownership interests in subsidiaries                                                 | -                                            | -             | -                                   | -               | 49,434                                                                                           | -                          | 16,305                                                    | 15,232        |
| Changes in capital surplus from investments in associates                                                    | -                                            | 36,218        | -                                   | (20,966)        | -                                                                                                | -                          | -                                                         | (13,447)      |
| Changes in capital surplus from cash dividends of the parent company paid to subsidiaries                    | -                                            | (13,411)      | -                                   | (36)            | -                                                                                                | -                          | -                                                         | 78,013        |
| Disposal of investments in equity instruments designated as at fair value through other comprehensive income | -                                            | -             | -                                   | -               | (30,707)                                                                                         | -                          | -                                                         | -             |
| Net profit (loss) for the year ended December 31, 2020                                                       | -                                            | -             | -                                   | -               | -                                                                                                | -                          | -                                                         | 9,829,204     |
| Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax                    | -                                            | -             | -                                   | -               | 56,062                                                                                           | (1,489)                    | (2,082)                                                   | (1,386,601)   |
| Total comprehensive income (loss) for the year ended December 31, 2020                                       | -                                            | -             | -                                   | -               | (1,392,562)                                                                                      | -                          | -                                                         | (1,392,562)   |
| BALANCE AT DECEMBER 31, 2020                                                                                 | 2,350,867                                    | \$ 23,508,670 | \$ 13,789,553                       | \$ 4,732,075    | \$ (392,562)                                                                                     | \$ (1,489)                 | \$ (2,082)                                                | \$ 14,414,514 |
| Appropriation of 2020 earnings                                                                               | -                                            | -             | 1,824,126                           | -               | (5,563,051)                                                                                      | -                          | -                                                         | -             |
| Special reserve                                                                                              | -                                            | -             | -                                   | 1,208,143       | -                                                                                                | -                          | -                                                         | -             |
| Cash dividends                                                                                               | -                                            | -             | -                                   | (12,692,187)    | -                                                                                                | -                          | -                                                         | (12,692,187)  |
| Changes in non-controlling interests                                                                         | -                                            | -             | -                                   | -               | -                                                                                                | -                          | -                                                         | (13,637)      |
| Disposal of investments accounted for using the equity method                                                | -                                            | -             | -                                   | -               | 69,958                                                                                           | -                          | -                                                         | 69,958        |
| Difference between subsidiaries' disposal of consideration and carrying amount                               | -                                            | -             | -                                   | -               | -                                                                                                | -                          | -                                                         | 25,860        |
| Changes in percentage of ownership interests in subsidiaries                                                 | -                                            | (829)         | -                                   | (1,393)         | -                                                                                                | -                          | -                                                         | (2,222)       |
| Changes in capital surplus from investments in associates                                                    | -                                            | 91,980        | -                                   | (2,895)         | -                                                                                                | -                          | -                                                         | 89,055        |
| Changes in capital surplus from cash dividends of the Company paid to subsidiaries                           | -                                            | 131,647       | -                                   | -               | -                                                                                                | -                          | -                                                         | 131,647       |
| Disposal of investments in equity instruments designated as at fair value through other comprehensive income | -                                            | -             | -                                   | (400)           | 400                                                                                              | -                          | -                                                         | -             |
| Buy-back of ordinary shares                                                                                  | -                                            | -             | -                                   | -               | -                                                                                                | -                          | -                                                         | (2,429,494)   |
| Net profit for the year ended December 31, 2021                                                              | -                                            | -             | -                                   | -               | -                                                                                                | -                          | -                                                         | 13,929,486    |
| Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax                    | -                                            | -             | -                                   | -               | 8,560                                                                                            | -                          | -                                                         | (48,672)      |
| Total comprehensive income for the year ended December 31, 2021                                              | -                                            | -             | -                                   | -               | (332,832)                                                                                        | -                          | -                                                         | (332,832)     |
| BALANCE AT DECEMBER 31, 2021                                                                                 | 2,350,867                                    | \$ 23,508,670 | \$ 15,613,679                       | \$ 5,480,218    | \$ (726,908)                                                                                     | \$ -                       | \$ -                                                      | \$ 17,855,043 |

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

# LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

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

(Continued)

## LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

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

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

(Concluded)

# **LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

### **1. GENERAL INFORMATION**

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

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

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

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

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

### **2. APPROVAL OF FINANCIAL STATEMENTS**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a. Statement of compliance

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

### b. Basis of preparation

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

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

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

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

Current assets include:

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

Current liabilities include:

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

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

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

d. Basis of consolidation

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

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

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

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

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

e. Business combinations

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

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

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



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

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

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

g. Foreign currencies

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

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

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

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

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

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



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

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

#### h. Inventories

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

#### i. Investments in associates

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

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

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

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

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

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

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

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

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

j. Property, plant and equipment

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

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

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

k. Investment properties

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

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

Depreciation is recognized using the straight-line method.

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

l. Goodwill

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

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

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

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

m. Intangible assets

1) Intangible assets acquired separately

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

2) Intangible assets acquired in a business combination

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

3) Derecognition of intangible assets

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

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

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

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

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

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

o. Non-current assets held for sale

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

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

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

p. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

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

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

ii. Financial assets at amortized cost

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

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

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

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

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

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

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

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets and contract assets

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

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

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

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

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

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

c) Derecognition of financial assets

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

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

## 2) Equity instruments

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

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

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

## 3) Financial liabilities

### a) Subsequent measurement

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

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

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

### b) Derecognition of financial liabilities

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

## 4) Derivative financial instruments

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

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

## q. Provisions

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



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

r. Revenue recognition

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

Revenue from the sale of goods

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

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

s. Leases

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

1) The Group as lessor

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

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

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

2) The Group as lessee

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



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

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

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

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

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

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

#### t. Borrowing costs

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

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

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

u. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. 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.

v. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

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

### 3) Current and deferred taxes

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

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

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

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

### Critical Accounting Judgements

#### Business model assessment for financial assets

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

## Key Sources of Estimation Uncertainty

### a. Estimated impairment of financial assets and contract assets

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

### b. Write-down of inventories

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

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

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

### d. Impairment of goodwill

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

## 6. CASH AND CASH EQUIVALENTS

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

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

|                 | December 31 |             |
|-----------------|-------------|-------------|
|                 | 2021        | 2020        |
| Demand deposits | 0%-3.3%     | 0%-3.8%     |
| Time deposits   | 0.25%-2.95% | 0.28%-2.10% |

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

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

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

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

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

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

### Investments in Equity Instruments at FVTOCI

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

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

## 9. FINANCIAL ASSETS AT AMORTIZED COSTS

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

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

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

Investments in debt instruments were classified at amortized cost.

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

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

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

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

### a. Notes receivable

The aging of notes receivable was as follows:

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

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



b. Trade receivables

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

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

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

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

December 31, 2021

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

December 31, 2020

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

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

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

c. Other receivables

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

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

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

## 12. INVENTORIES, NET

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

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

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

### 13. NON-CURRENT ASSETS HELD FOR SALE

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

### 14. SUBSIDIARIES

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

| Investor                                                                                                          | Investee                                                  | Main Business                                                                                                                                                                                                                                                                                                                  | % of Ownership<br>December 31 |        | Remark |
|-------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|--------|--------|
|                                                                                                                   |                                                           |                                                                                                                                                                                                                                                                                                                                | 2021                          | 2020   |        |
| The Company                                                                                                       | Lite-On Integrated Service Inc.                           | Information outsourcing and system integration                                                                                                                                                                                                                                                                                 | 100.00                        | 100.00 | -      |
|                                                                                                                   | Lite-On Capital Corporation                               | Investment activities                                                                                                                                                                                                                                                                                                          | 100.00                        | 100.00 | -      |
|                                                                                                                   | SKYLA CORPORATION                                         | Manufacture and sale of medical equipment                                                                                                                                                                                                                                                                                      | 62.60                         | 63.73  | -      |
|                                                                                                                   | LITE-ON ELECTRONICS H.K. LIMITED                          | Sale of LED optical products                                                                                                                                                                                                                                                                                                   | 100.00                        | 100.00 | -      |
|                                                                                                                   | Lite-On Electronics (Thailand) Co., Ltd.                  | Manufacture and sale of LED optical products                                                                                                                                                                                                                                                                                   | 100.00                        | 100.00 | -      |
|                                                                                                                   | Lite-On Japan Ltd.                                        | Sale of LED optical products and power supplies                                                                                                                                                                                                                                                                                | 100.00                        | 100.00 | -      |
|                                                                                                                   | Lite-On International Holding Co., Ltd.                   | Investment activities                                                                                                                                                                                                                                                                                                          | 100.00                        | 100.00 | -      |
|                                                                                                                   | LTC GROUP LTD.                                            | Investment activities                                                                                                                                                                                                                                                                                                          | 100.00                        | 100.00 | -      |
|                                                                                                                   | LITE-ON TECHNOLOGY USA, INC.                              | Investment activities                                                                                                                                                                                                                                                                                                          | 100.00                        | 100.00 | -      |
|                                                                                                                   | LITE-ON ELECTRONICS (EUROPE) LIMITED                      | Manufacture and sale of power supplies                                                                                                                                                                                                                                                                                         | 100.00                        | 100.00 | -      |
|                                                                                                                   | Lite-On Technology (Europe) B.V.                          | Market research and after-sales service                                                                                                                                                                                                                                                                                        | 54.00                         | 54.00  | -      |
|                                                                                                                   | Lite-On Overseas Trading Co., Ltd.                        | Investment activities                                                                                                                                                                                                                                                                                                          | 100.00                        | 100.00 | -      |
|                                                                                                                   | LITE-ON SINGAPORE PTE. LTD.                               | Manufacture and supply computer peripheral products                                                                                                                                                                                                                                                                            | 100.00                        | 100.00 | -      |
|                                                                                                                   | LITE-ON VIETNAM CO., LTD.                                 | Electronic contract manufacturing                                                                                                                                                                                                                                                                                              | 100.00                        | 100.00 | -      |
|                                                                                                                   | EAGLE ROCK INVESTMENT LTD.                                | Import and export and investment activities                                                                                                                                                                                                                                                                                    | 100.00                        | 100.00 | -      |
|                                                                                                                   | LITE-ON MOBILE PTE. LTD.                                  | Manufacture and sale of mobile phone modules and design of assembly line                                                                                                                                                                                                                                                       | 100.00                        | 100.00 | -      |
|                                                                                                                   | HIGH YIELD GROUP CO., LTD.                                | Holding company                                                                                                                                                                                                                                                                                                                | 100.00                        | 100.00 | -      |
|                                                                                                                   | Lite-On Information Technology B.V.                       | Market research and customer service                                                                                                                                                                                                                                                                                           | -                             | 100.00 | 1)     |
|                                                                                                                   | Philips & Lite-On Digital Solutions Corporation           | Sale of optical disc drives                                                                                                                                                                                                                                                                                                    | 49.00                         | 49.00  | -      |
|                                                                                                                   | LET (HK) LIMITED                                          | Sale of optical disc drives                                                                                                                                                                                                                                                                                                    | 100.00                        | 100.00 | -      |
|                                                                                                                   | Lite-On Automotive International (Cayman) Co., Ltd.       | Investment activities                                                                                                                                                                                                                                                                                                          | 100.00                        | 100.00 | -      |
|                                                                                                                   | LITE-ON AUTOMOTIVE ELECTRONICS MEXICO, S.A. DE C.V.       | Production, manufacture, sale, import and export of photovoltaic device, key electronic components, telecommunications equipment, information technology equipment, semiconductor applications, general lighting, automotive electronics, renewable energy products and systems and maintenance within the automotive industry | 99.00                         | 99.00  | -      |
|                                                                                                                   | LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED            | Manufacture and sale of phone chargers and power supplies                                                                                                                                                                                                                                                                      | 99.00                         | 99.00  | -      |
|                                                                                                                   | KBW-LITEON Jordan Private Shareholding Limited            | Production and manufacture of energy-saving lights and project construction and maintenance                                                                                                                                                                                                                                    | 99.86                         | 99.86  | -      |
|                                                                                                                   | KBW-LEOTEK Jordan Private Shareholding Limited            | Investment activities                                                                                                                                                                                                                                                                                                          | 49.00                         | 49.00  | -      |
|                                                                                                                   | LITE-ON INC.                                              | Investment activities                                                                                                                                                                                                                                                                                                          | -                             | 83.28  | 7)     |
|                                                                                                                   | DYNA INVESTMENT CO., LTD                                  | Investment activities                                                                                                                                                                                                                                                                                                          | -                             | 87.55  | 7)     |
|                                                                                                                   | LEOTEK CORPORATION (formerly: LEOTEK ROADWAY AND TRAFFIC) | Wholesale, import, export and installation of street lights, signal lights, scenery lights and new-type electronic components                                                                                                                                                                                                  | 100.00                        | -      | 2)     |
| Lite-On Capital Corporation                                                                                       | Lite-On Green Technologies Inc.                           | Manufacture and wholesale of electronic components and energy technology services                                                                                                                                                                                                                                              | 100.00                        | 100.00 | -      |
|                                                                                                                   | Lite-On Green Energy (HK) Limited                         | Investment activities                                                                                                                                                                                                                                                                                                          | 100.00                        | 100.00 | -      |
|                                                                                                                   | Lite-On Technology (Europe) B.V.                          | Market research and after-sales services                                                                                                                                                                                                                                                                                       | 46.00                         | 46.00  | -      |
| Lite-On Green Technologies Inc.<br>LITE-ON GREEN ENERGY (SINGAPORE) PTE. LTD.<br>LITE-ON ELECTRONICS H.K. LIMITED | LITE-ON GREEN ENERGY (SINGAPORE) PTE. LTD.                | Investment activities                                                                                                                                                                                                                                                                                                          | 100.00                        | 100.00 | -      |
|                                                                                                                   | Lite-On Green Technologies B.V.                           | Solar energy engineering                                                                                                                                                                                                                                                                                                       | 100.00                        | 100.00 | -      |
|                                                                                                                   | Lite-On Green Energy B.V.                                 | Investment activities                                                                                                                                                                                                                                                                                                          | 100.00                        | 100.00 | -      |
|                                                                                                                   | LITE-ON ELECTRONICS (TIANJIN) CO., LTD.                   | ODM services                                                                                                                                                                                                                                                                                                                   | 100.00                        | 100.00 | -      |
|                                                                                                                   | LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED          | Manufacture and sale of IT products                                                                                                                                                                                                                                                                                            | 100.00                        | 100.00 | -      |

(Continued)

| Investor                                           | Investee                                             | Main Business                                                                                                                                                                                                                                                                                                                   | % of Ownership<br>December 31 |        | Remark |
|----------------------------------------------------|------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|--------|--------|
|                                                    |                                                      |                                                                                                                                                                                                                                                                                                                                 | 2021                          | 2020   |        |
| CHINA BRIDGE (CHINA) CO., LTD.                     | CHINA BRIDGE (CHINA) CO., LTD.                       | Investment activities and acting as a sales agent                                                                                                                                                                                                                                                                               | 100.00                        | 100.00 | -      |
|                                                    | LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.             | Manufacture of electronic components                                                                                                                                                                                                                                                                                            | 100.00                        | 100.00 | -      |
|                                                    | SILITEK ELEC. (DONGGUAN) CO., LTD.                   | Manufacture and sale of keyboards                                                                                                                                                                                                                                                                                               | 100.00                        | 100.00 | -      |
|                                                    | LITE-ON COMPUTER TECHNOLOGY (DONGGUAN) CO., LTD.     | Manufacture and sale of display devices                                                                                                                                                                                                                                                                                         | 100.00                        | 100.00 | -      |
|                                                    | LITE-ON OPTO TECHNOLOGY                              | Development, manufacture of new-type electronic components and provision of technology consulting services, maintenance equipment and after-sales services                                                                                                                                                                      | 12.59                         | 12.59  | -      |
| LITE-ON ELECTRONICS COMPANY LIMITED                | WUXI CHINA BRIDGE EXPRESS TRADING CO., LTD.          | Express and sale of power supplies, printers, display devices and scanners                                                                                                                                                                                                                                                      | 100.00                        | 100.00 | -      |
|                                                    | LITEON COMMUNICATION (GUANGZHOU) COMPANY LIMITED     | Manufacture and sale of mobile terminal equipment                                                                                                                                                                                                                                                                               | 100.00                        | 100.00 | 3)     |
|                                                    | LITE-ON ELECTRONICS (GUANGZHOU) LIMITED              | Manufacture and sale of printers and scanners                                                                                                                                                                                                                                                                                   | 100.00                        | 100.00 | -      |
|                                                    | LITE-ON (GUANGZHOU) INFORTECH CO., LTD.              | Information outsourcing                                                                                                                                                                                                                                                                                                         | 100.00                        | 100.00 | -      |
|                                                    | LITEON ELECTRONICS AND WIRELESS (GUANGZHOU) LIMITED  | Manufacture and sale of mobile terminal equipment                                                                                                                                                                                                                                                                               | 100.00                        | 100.00 | 3)     |
|                                                    | LITE-ON (GUANGZHOU) PRECISION TOOLING LTD.           | Manufacture and sale of modules                                                                                                                                                                                                                                                                                                 | 67.03                         | 67.03  | 3)     |
|                                                    | LITE-ON TECHNOLOGY (GUANGZHOU) LIMITED               | Manufacture and sale of computer cases                                                                                                                                                                                                                                                                                          | 100.00                        | 100.00 | 3)     |
|                                                    | LITE-ON TECHNOLOGY (JIANGSU) CO., LTD.               | Investment activities and acting as a sales agent                                                                                                                                                                                                                                                                               | 100.00                        | 100.00 | -      |
|                                                    | LITE-ON TECHNOLOGY (GZ) INVESTMENT COMPANY LIMITED   | Investment activities                                                                                                                                                                                                                                                                                                           | 100.00                        | 100.00 | -      |
|                                                    | LITE-ON POWER TECHNOLOGY (DONGGUAN) CO., LTD.        | Development, manufacture and sale of electronic components, power supplies and provision of technology consulting services                                                                                                                                                                                                      | 100.00                        | 100.00 | -      |
| LITE-ON TECHNOLOGY (GZ) INVESTMENT COMPANY LIMITED | LITE-ON (GUANGZHOU) PRECISION TOOLING LTD.           | Manufacture and sale of modules                                                                                                                                                                                                                                                                                                 | 32.97                         | 32.97  | 3)     |
| LITE-ON TECHNOLOGY (JIANGSU) CO., LTD.             | LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.             | Development, manufacture, sale and installation of power supplies and transformers and provision of technology consulting services, maintenance equipment and after-sales services                                                                                                                                              | 100.00                        | 100.00 | -      |
|                                                    | LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.        | Development, manufacture and sale of new-type electronic components and LEDs and provision of technology consulting services, maintenance equipment and after-sales services                                                                                                                                                    | 87.41                         | 87.41  | -      |
|                                                    | LITE-ON MEDICAL DEVICE (CHANGZHOU) LTD.              | Manufacture and sale of medical equipment                                                                                                                                                                                                                                                                                       | 100.00                        | 100.00 | -      |
|                                                    | CHANGZHOU LEOTEK NEW ENERGY TRADE LIMITED            | Wholesale, import, export and installation of street lights, signal lights, scenery lights and new-type electronic components                                                                                                                                                                                                   | 100.00                        | 100.00 | -      |
|                                                    | LITE-ON COMPUTER (CHANGZHOU) CO., LTD.               | Design, development, manufacture and sale of computer laptop keyboard modules and components and provision of technology consulting services and after-sales services                                                                                                                                                           | -                             | 100.00 | 4)     |
| 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 | -      |
|                                                    | DONGGUAN LITE-ON COMPUTER CO., LTD.                  | Manufacture and sale of computer hosts and components                                                                                                                                                                                                                                                                           | 100.00                        | 100.00 | -      |
|                                                    | LITEON LI SHIN TECHNOLOGY (GANZHOU) LTD.             | Manufacture and sale of electronic components                                                                                                                                                                                                                                                                                   | 100.00                        | 100.00 | -      |
|                                                    | LITE-ON, INC.                                        | Sales data processing of optoelectronic products and power supplies                                                                                                                                                                                                                                                             | 100.00                        | 100.00 | -      |
| FORDGOOD ELECTRONIC LIMITED                        | 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 controls and energy management                                                                                                                                                                                                                                                     | 95.25                         | 95.25  | -      |
|                                                    | LITE-ON TECHNOLOGY SERVICE, INC.                     | After-sales service of optical products                                                                                                                                                                                                                                                                                         | 100.00                        | 100.00 | -      |
|                                                    | LITE-ON CHINA HOLDING CO., LTD.                      | Investment activities                                                                                                                                                                                                                                                                                                           | 100.00                        | 100.00 | -      |
| Lite-On International Holding Co., Ltd.            | LITE-ON TECHNOLOGY (XIANNING) CO., LTD.              | Manufacture and sale of electronic components                                                                                                                                                                                                                                                                                   | 100.00                        | 100.00 | -      |
| LITE-ON SINGAPORE PTE. LTD.                        | LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.              | Manufacture and sale of energy saving equipment                                                                                                                                                                                                                                                                                 | 100.00                        | 100.00 | -      |
|                                                    | LITE-ON AUTOMOTIVE ELECTRONICS MEXICO, S.A. DE C.V.  | Production, manufacture, sale, import and export of photovoltaic devices, key electronic components, telecommunications equipment, information technology equipment, semiconductor applications, general lighting, automotive electronics, renewable energy products and systems and maintenance within the automotive industry | 1.00                          | 1.00   | -      |
|                                                    | LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED       | Manufacture and sale of phone chargers and power supplies                                                                                                                                                                                                                                                                       | 1.00                          | 1.00   | -      |
|                                                    | LITE-ON INTELLIGENT TECHNOLOGY (YENCHENG) CORP.      | Wholesale, import, export and installation of street lights, signal lights, scenery lights and new-type electronic components                                                                                                                                                                                                   | 100.00                        | 100.00 | -      |
|                                                    |                                                      |                                                                                                                                                                                                                                                                                                                                 |                               |        |        |

(Continued)

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

(Concluded)

#### Remark:

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

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

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

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

The summarized financial information below represents amounts before intragroup eliminations.

Silitech Technology Corporation and its subsidiaries:

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

## 15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

### Investments in Associates

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

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

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

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

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

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

## 16. PROPERTY, PLANT AND EQUIPMENT, NET

|                                                 | Freehold Land       | Buildings            | Machinery Equipment  | Tooling Equipment   | Transportation Equipment | Office Equipment    | Other Equipment     | Total                |
|-------------------------------------------------|---------------------|----------------------|----------------------|---------------------|--------------------------|---------------------|---------------------|----------------------|
| <b>Cost</b>                                     |                     |                      |                      |                     |                          |                     |                     |                      |
| January 1, 2021                                 | \$ 2,721,273        | \$ 19,287,345        | \$ 24,006,797        | \$ 1,688,265        | \$ 29,810                | \$ 2,056,018        | \$ 5,391,106        | \$ 55,180,614        |
| Additions                                       | 95,815              | 194,289              | 2,274,774            | 77,723              | 6,229                    | 173,985             | 1,488,151           | 4,310,966            |
| Disposals                                       | (3,713)             | (591,279)            | (732,295)            | (383,996)           | (1,621)                  | (162,385)           | (1,051,398)         | (2,926,687)          |
| Reclassification                                | -                   | 616,258              | 375,657              | 9,157               | 791                      | 5,786               | (1,055,997)         | (48,348)             |
| Effect of foreign currency exchange differences | (3,457)             | 40,338               | (61,070)             | 1,133               | (407)                    | (3,750)             | (5,892)             | (33,105)             |
| December 31, 2021                               | <u>\$ 2,809,918</u> | <u>\$ 19,546,951</u> | <u>\$ 25,863,863</u> | <u>\$ 1,392,282</u> | <u>\$ 34,802</u>         | <u>\$ 2,069,654</u> | <u>\$ 4,765,970</u> | <u>\$ 56,483,440</u> |
| <b>Accumulated depreciation</b>                 |                     |                      |                      |                     |                          |                     |                     |                      |
| January 1, 2021                                 | \$ -                | \$ 9,832,573         | \$ 19,368,209        | \$ 1,568,892        | \$ 26,472                | \$ 1,733,206        | \$ 3,684,081        | \$ 36,213,433        |
| Additions                                       | -                   | 790,722              | 2,306,003            | 81,766              | 2,264                    | 176,327             | 225,038             | 3,582,120            |
| Disposals                                       | -                   | (431,615)            | (714,498)            | (383,498)           | (1,240)                  | (168,071)           | (1,048,854)         | (2,747,776)          |
| Reclassification                                | -                   | 19,049               | (21,261)             | -                   | 791                      | 114                 | 3,426               | 2,119                |
| Effect of foreign currency exchange differences | -                   | 19,983               | (44,376)             | 824                 | (368)                    | (1,740)             | 13,750              | (11,927)             |
| December 31, 2021                               | <u>\$ -</u>         | <u>\$ 10,230,712</u> | <u>\$ 20,894,077</u> | <u>\$ 1,267,984</u> | <u>\$ 27,919</u>         | <u>\$ 1,739,836</u> | <u>\$ 2,877,441</u> | <u>\$ 37,037,969</u> |
| <b>Accumulated impairment</b>                   |                     |                      |                      |                     |                          |                     |                     |                      |
| January 1, 2021                                 | \$ -                | \$ 14,837            | \$ 462,392           | \$ 6,139            | \$ 44                    | \$ 2,582            | \$ 92,133           | \$ 578,127           |
| Additions                                       | -                   | 3,392                | 4,863                | -                   | -                        | -                   | -                   | 8,255                |
| Disposals                                       | -                   | (5,449)              | (25,929)             | (498)               | -                        | (77)                | (5)                 | (31,958)             |
| Effect of foreign currency exchange differences | -                   | 176                  | 4,021                | 49                  | -                        | 23                  | (2,809)             | 1,460                |
| December 31, 2021                               | <u>\$ -</u>         | <u>\$ 12,956</u>     | <u>\$ 445,347</u>    | <u>\$ 5,690</u>     | <u>\$ 44</u>             | <u>\$ 2,528</u>     | <u>\$ 89,319</u>    | <u>\$ 555,884</u>    |
| December 31, 2021, net                          | <u>\$ 2,809,918</u> | <u>\$ 9,303,283</u>  | <u>\$ 4,524,439</u>  | <u>\$ 118,608</u>   | <u>\$ 6,839</u>          | <u>\$ 327,290</u>   | <u>\$ 1,799,210</u> | <u>\$ 18,889,587</u> |
| <b>Cost</b>                                     |                     |                      |                      |                     |                          |                     |                     |                      |
| January 1, 2020                                 | \$ 2,322,935        | \$ 19,203,997        | \$ 25,579,970        | \$ 2,057,199        | \$ 48,191                | \$ 2,051,727        | \$ 5,768,202        | \$ 57,032,221        |
| Additions                                       | 216,257             | 253,697              | 1,588,278            | 56,415              | 1,279                    | 212,894             | 831,453             | 3,160,273            |
| Disposals                                       | (2,150)             | (46,796)             | (2,381,212)          | (423,235)           | (8,631)                  | (130,301)           | (439,214)           | (3,431,539)          |
| Effect of business combination                  | 195,938             | (214,903)            | (769,353)            | -                   | (9,367)                  | (107,909)           | (151,779)           | (1,057,373)          |
| Reclassification                                | (5,732)             | 198,824              | 241,148              | 5,885               | (401)                    | 55,233              | (538,141)           | (43,184)             |
| Effect of foreign currency exchange differences | (5,975)             | (107,474)            | (252,034)            | (7,999)             | (1,261)                  | (25,626)            | (79,415)            | (479,784)            |
| December 31, 2020                               | <u>\$ 2,721,273</u> | <u>\$ 19,287,345</u> | <u>\$ 24,006,797</u> | <u>\$ 1,688,265</u> | <u>\$ 29,810</u>         | <u>\$ 2,056,018</u> | <u>\$ 5,391,106</u> | <u>\$ 55,180,614</u> |
| <b>Accumulated depreciation</b>                 |                     |                      |                      |                     |                          |                     |                     |                      |
| January 1, 2020                                 | \$ -                | \$ 9,327,522         | \$ 20,188,463        | \$ 1,885,187        | \$ 41,273                | \$ 1,781,730        | \$ 3,930,410        | \$ 37,154,585        |
| Additions                                       | -                   | 728,286              | 2,251,969            | 97,735              | 2,232                    | 177,476             | 232,082             | 3,489,780            |
| Disposals                                       | -                   | (39,494)             | (2,291,705)          | (406,767)           | (6,647)                  | (126,600)           | (389,833)           | (3,261,046)          |
| Effect of business combination                  | -                   | (198,373)            | (518,242)            | -                   | (9,367)                  | (86,246)            | (89,366)            | (901,594)            |
| Reclassification                                | -                   | 81,081               | (80,087)             | -                   | (6)                      | 4,851               | 16,034              | 21,873               |
| Effect of foreign currency exchange differences | -                   | (66,449)             | (182,189)            | (7,263)             | (1,013)                  | (18,005)            | (15,246)            | (290,165)            |
| December 31, 2020                               | <u>\$ -</u>         | <u>\$ 9,832,573</u>  | <u>\$ 19,368,209</u> | <u>\$ 1,568,892</u> | <u>\$ 26,472</u>         | <u>\$ 1,733,206</u> | <u>\$ 3,684,081</u> | <u>\$ 36,213,433</u> |
| <b>Accumulated impairment</b>                   |                     |                      |                      |                     |                          |                     |                     |                      |
| January 1, 2020                                 | \$ -                | \$ 35,006            | \$ 529,830           | \$ 19,024           | \$ 404                   | \$ 2,637            | \$ 119,361          | \$ 706,262           |
| Additions                                       | -                   | 543                  | 163,253              | 3,368               | 44                       | 12,672              | 85,663              | 265,543              |
| Disposals                                       | -                   | (409)                | (72,618)             | (16,192)            | (394)                    | (2,263)             | (42,922)            | (134,798)            |
| Effect of business combination                  | -                   | (64)                 | (142,247)            | -                   | -                        | (7,848)             | (61,394)            | (211,553)            |
| Reclassification                                | -                   | (10,633)             | (22,709)             | -                   | -                        | (2,474)             | 5,354               | (30,462)             |
| Effect of foreign currency exchange differences | -                   | (9,606)              | 6,883                | (61)                | (10)                     | (142)               | (13,929)            | (16,865)             |
| December 31, 2020                               | <u>\$ -</u>         | <u>\$ 14,837</u>     | <u>\$ 462,392</u>    | <u>\$ 6,139</u>     | <u>\$ 44</u>             | <u>\$ 2,582</u>     | <u>\$ 92,133</u>    | <u>\$ 578,127</u>    |
| December 31, 2020, net                          | <u>\$ 2,721,273</u> | <u>\$ 9,439,935</u>  | <u>\$ 4,176,196</u>  | <u>\$ 113,234</u>   | <u>\$ 3,294</u>          | <u>\$ 320,230</u>   | <u>\$ 1,614,892</u> | <u>\$ 18,389,054</u> |

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

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

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



## 17. LEASE ARRANGEMENTS

### a. Right-of-use assets

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

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

### b. Lease liabilities

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

Range of discount rate for lease liabilities was as follows:

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

c. Material lease-in activities and terms

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

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

d. Other lease information

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

**18. INVESTMENT PROPERTIES, NET**

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

(Continued)

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

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

Buildings 15-50 years

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

|            | <b>December 31,<br/>2021</b> |
|------------|------------------------------|
| Fair value | <u>\$ 1,434,949</u>          |

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

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

## 19. INTANGIBLE ASSETS, NET

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

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

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

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

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

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

## 20. OTHER ASSETS

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

## 21. SHORT-TERM BORROWINGS

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

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

|                       | December 31 |             |
|-----------------------|-------------|-------------|
|                       | 2021        | 2020        |
| Short-term borrowings | 0.27%-0.82% | 0.52%-6.25% |

## 22. PROVISIONS

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

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

## 23. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

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

### b. Defined benefit plans

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

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

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

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

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

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

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



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

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

|                                     | December 31 |             |
|-------------------------------------|-------------|-------------|
|                                     | 2021        | 2020        |
| Discount rate(s)                    | 0.5%-0.63%  | 0.25%-0.50% |
| Expected rate(s) of salary increase | 3.00%-3.25% | 3.00%-3.25% |

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

|                                     | December 31        |                    |
|-------------------------------------|--------------------|--------------------|
|                                     | 2021               | 2020               |
| Discount rate(s)                    |                    |                    |
| 0.25% increase                      | <u>\$ (17,297)</u> | <u>\$ (19,583)</u> |
| 0.25% decrease                      | <u>\$ 17,820</u>   | <u>\$ 20,205</u>   |
| Expected rate(s) of salary increase |                    |                    |
| 0.25% increase                      | <u>\$ 16,857</u>   | <u>\$ 19,114</u>   |
| 0.25% decrease                      | <u>\$ (16,461)</u> | <u>\$ (18,640)</u> |

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

|                                                          | December 31      |                  |
|----------------------------------------------------------|------------------|------------------|
|                                                          | 2021             | 2020             |
| The expected contributions to the plan for the next year | <u>\$ 13,230</u> | <u>\$ 13,864</u> |
| The average duration of the defined benefit obligation   | 7.63-14.5 years  | 8-16.04 years    |

## 24. EQUITY

### a. Share capital

#### 1) Ordinary shares

|                                                       | December 31          |                      |
|-------------------------------------------------------|----------------------|----------------------|
|                                                       | 2021                 | 2020                 |
| Number of shares authorized (in thousands)            | <u>3,500,000</u>     | <u>3,500,000</u>     |
| Amount of shares authorized                           | <u>\$ 35,000,000</u> | <u>\$ 35,000,000</u> |
| Number of shares issued and fully paid (in thousands) | <u>2,350,867</u>     | <u>2,350,867</u>     |
| Amount of shares issued                               | <u>\$ 23,508,670</u> | <u>\$ 23,508,670</u> |

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

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

2) Issued global depositary receipts

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

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

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

b. Capital surplus

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

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

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

c. Retained earnings and dividend policy

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

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

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

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

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

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

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

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

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

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

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

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

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

d. Other equity items

Movements in other equity items were as follows:

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

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

e. Non-controlling interests

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

f. Treasury shares

Unit: In Thousands of Shares

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

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

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

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

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

## 25. REVENUE

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

### a. Contract balances

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

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

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

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

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

b. Disaggregation of revenue

Refer to Note 38 for segment revenue information.

## 26. ADDITIONAL INFORMATION ON EXPENSES

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

(Continued)



**For the Year Ended December 31**  
**2021**                      **2020**

c. Employee benefit expenses

|                                                  |                      |                      |
|--------------------------------------------------|----------------------|----------------------|
| Post-employment benefits                         |                      |                      |
| Defined contribution plans                       | \$ 514,506           | \$ 402,324           |
| Defined benefit plans (Note 23)                  | <u>1,711</u>         | <u>(2,377)</u>       |
|                                                  | 516,217              | 399,947              |
| Termination benefits                             | 194,988              | 174,745              |
| Other employee benefits                          | <u>21,117,437</u>    | <u>20,047,434</u>    |
|                                                  | <u>\$ 21,828,642</u> | <u>\$ 20,622,126</u> |
| Employee benefits expense summarized by function |                      |                      |
| Recognized in operating costs                    | \$ 12,788,890        | \$ 11,519,478        |
| Recognized in operating expenses                 | <u>9,039,752</u>     | <u>9,102,648</u>     |
|                                                  | <u>\$ 21,828,642</u> | <u>\$ 20,622,126</u> |
|                                                  |                      | (Concluded)          |

d. Compensation of employees and remuneration of directors

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

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

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

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

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

## 27. INCOME TAX

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

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

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

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

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

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

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

c. Deferred income tax

The movements of deferred tax assets were as follows:

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

The movements of deferred tax liabilities were as follows:

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

d. Income tax assessments

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

## 28. EARNINGS PER SHARE

Unit: NT\$ Per Share

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

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

### Net Profit for the Year

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

### Weighted Average Number of Ordinary Shares Outstanding

Unit: In Thousands of Shares

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

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

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

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

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

### a. Assets acquired and liabilities assumed

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

### b. Net cash outflow on the acquisition of subsidiaries

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

## 30. DISPOSAL OF SUBSIDIARIES

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

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

a. Consideration received from disposals

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

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

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

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

c. Loss on disposal of subsidiaries

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

d. Net cash outflow on disposals of subsidiaries

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

### 31. CAPITAL MANAGEMENT

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

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

### 32. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

December 31, 2021

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

December 31, 2020

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

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

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



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

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

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

| <u>Financial Instruments</u>                           | <u>Valuation Techniques and Inputs</u>                                                                                                                                                                                                          |
|--------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Derivative instruments -<br>forward exchange contracts | Estimation of future cash flows using observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.                            |
| Derivative instruments -<br>currency swaps             | Estimation of fair value of a currency swap contract is based on its principal and interest rate on mutual agreement and the suitable discount rate that reflects the credit risk of various counterparties at the end of the reporting period. |
| Mutual funds                                           | Obtain the financial information of underlying assets, evaluate its market value, analyze the amount to be adjusted, and consider minority interest and liquidity reduction.                                                                    |

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

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

c. Categories of financial instruments

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

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

d. Financial risk management objectives and policies

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

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

1) Market risk

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

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

a) Foreign currency risk

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

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

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

Sensitivity analysis

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

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

|                | USD Impact                     |            |
|----------------|--------------------------------|------------|
|                | For the Year Ended December 31 |            |
|                | 2021                           | 2020       |
| Profit or loss | \$ 944,432                     | \$ 663,493 |

b) Interest rate risk

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

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

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

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

#### Sensitivity analysis

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

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

#### c) Other price risk

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

#### Sensitivity analysis

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

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

### 2) Credit risk

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

#### a) Business related credit risk

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

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

b) Financial related credit risk

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

3) Liquidity risk

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

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

December 31, 2021

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

December 31, 2020

|                                             | Weighted<br>Average<br>Effective<br>Interest Rate<br>(%) | On Demand or<br>Less than 1<br>Year | 1-3 Years         | Over 3 Years to<br>5 Years | 5+ Years          |
|---------------------------------------------|----------------------------------------------------------|-------------------------------------|-------------------|----------------------------|-------------------|
| <u>Non-derivative financial liabilities</u> |                                                          |                                     |                   |                            |                   |
| Non-interest bearing                        |                                                          | \$ 62,893,747                       | \$ 92,591         | \$ -                       | \$ -              |
| Lease liabilities                           | 0.70-9.20                                                | 253,638                             | 343,397           | 107,839                    | 173,801           |
| Fixed interest rate liabilities             | 0.52-6.25                                                | <u>24,948,113</u>                   | <u>-</u>          | <u>-</u>                   | <u>-</u>          |
|                                             |                                                          | <u>\$ 88,095,498</u>                | <u>\$ 435,988</u> | <u>\$ 107,839</u>          | <u>\$ 173,801</u> |

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

December 31, 2021

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

December 31, 2020

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

### 33. TRANSACTIONS WITH RELATED PARTIES

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

#### a. Related parties and relationships

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

b. Sales of goods

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

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

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

c. Purchases of goods

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

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

d. Receivables from related parties

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

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

e. Payables to related parties

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

The outstanding trade payables to related parties are unsecured.



f. Lease arrangements

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

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

g. Operating expenses

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

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

h. Other revenue

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

i. Acquisition of financial assets

For the year ended December 31, 2020

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

j. Acquisition of property, plant and equipment

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

k. Disposal of property, plant and equipment

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

I. Compensation of key management personnel

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

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

34. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

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

35. SIGNIFICANT CONTINGENT LIABILITIES

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

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

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

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

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

December 31, 2021

|                                                                                    | <b>Foreign<br/>Currencies<br/>(In Thousands)</b> | <b>Exchange Rate</b> | <b>Carrying<br/>Amount</b> |
|------------------------------------------------------------------------------------|--------------------------------------------------|----------------------|----------------------------|
| <u>Financial assets</u>                                                            |                                                  |                      |                            |
| Monetary items                                                                     |                                                  |                      |                            |
| USD                                                                                | \$ 1,257,222                                     | 27.6250 (USD:NTD)    | \$ 34,730,752              |
| USD                                                                                | 1,470,019                                        | 6.3565 (USD:CNY)     | 40,609,284                 |
| USD                                                                                | 61,786                                           | 7.7983 (USD:HKD)     | 1,706,832                  |
| USD                                                                                | 43,858                                           | 33.3400 (USD:THB)    | 1,211,584                  |
| USD                                                                                | 45,968                                           | 0.8839 (USD:EUR)     | 1,269,871                  |
| CNY                                                                                | 1,177,501                                        | 0.1573 (CNY:USD)     | <u>5,117,302</u>           |
|                                                                                    |                                                  |                      | <u>\$ 84,645,625</u>       |
| Non-monetary items                                                                 |                                                  |                      |                            |
| Investments in associates and joint ventures accounted for using the equity method |                                                  |                      |                            |
| USD                                                                                | 3,612                                            | 27.6250 (USD:NTD)    | <u>\$ 99,790</u>           |
| <u>Financial liabilities</u>                                                       |                                                  |                      |                            |
| Monetary items                                                                     |                                                  |                      |                            |
| USD                                                                                | 1,940,973                                        | 27.6250 (USD:NTD)    | \$ 53,619,384              |
| USD                                                                                | 940,435                                          | 6.3565 (USD:CNY)     | 25,979,506                 |
| USD                                                                                | 53,106                                           | 33.3400 (USD:THB)    | <u>1,467,059</u>           |
|                                                                                    |                                                  |                      | <u>\$ 81,065,949</u>       |

December 31, 2020

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

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

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

### 37. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

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

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

### 38. SEGMENT INFORMATION

a. General information

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

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

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

b. Measurement of segment information

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

c. Segment information

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

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

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

d. Geographic information

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

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

e. Information on major customers

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

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

f. Reconciliation information for segment profit

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

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

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

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

### 39. OTHER ITEMS

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



TABLE I

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

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

Note 1: Reasons for financing are as follows:

- a. Business relationship.
  - b. The need for short-term financing.
- Note 2: Financing limit for each borrower and aggregate financing limits are calculated based on the financing company's policy.
- Note 3: The net worth is based on the latest audited financial statements.
- Note 4: All intercompany financing transactions have been eliminated upon consolidation.

TABLE 2

**LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES**

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

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

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

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

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

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

TABLE 3

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2021

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

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

(Continued)

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

(Concluded)

TABLE 4

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2021  
(Amounts in Thousands of New Taiwan Dollars or in Thousands of Foreign Currencies)

| Holding Company                | Marketable Securities Type and Name        | Financial Statement Account                                | Counterparty                              | Nature of Relationship | Beginning Balance           |            | Acquisition                 |                  | Disposal                    |          | Gain (Loss) on Disposal |        | Ending Balance              |         |
|--------------------------------|--------------------------------------------|------------------------------------------------------------|-------------------------------------------|------------------------|-----------------------------|------------|-----------------------------|------------------|-----------------------------|----------|-------------------------|--------|-----------------------------|---------|
|                                |                                            |                                                            |                                           |                        | Shares/Units (In Thousands) | Amount     | Shares/Units (In Thousands) | Amount           | Shares/Units (In Thousands) | Amount   | Gain (Loss) on Disposal | Amount | Shares/Units (In Thousands) | Amount  |
| Lite-On Technology Corporation | Shares of SUZHOU LITE-ON STORAGE CO., LTD. | Investments accounted for using the equity method (Note 4) | SUZHOU HUAXIUHU NO.1 INVESTMENT CO., LTD. | -                      | -                           | \$ 880,249 | -                           | \$ -             | -                           | (Note 1) | (Note 1)                | \$ -   | -                           | -       |
|                                | Shares of PlayNitride Inc.                 | Financial assets at FVTOCI                                 | PlayNitride Inc.                          | -                      | 2,684 (Note 2)              | 267,562    | 1,295 (Note 2)              | 157,360 (Note 3) | -                           | -        | -                       | -      | 3,979                       | 424,922 |

Note 1: The monetary amount of the shares disposed of is CNY735,000 thousand, and the related gain on the disposal of the equity shares is \$61,640 thousand.

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

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

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

TABLE 5

**LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES**

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars or in Thousands of Foreign Currencies)

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

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

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

TABLE 6

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

FOR THE YEAR ENDED DECEMBER 31, 2021

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

| Company Name                                          | Related Party                                        | Nature of Relationship | Purchase/<br>Sale | Transaction Details |               | Abnormal Transaction |               | Notes/Trade (Payable) or<br>Receivable |               | Note |
|-------------------------------------------------------|------------------------------------------------------|------------------------|-------------------|---------------------|---------------|----------------------|---------------|----------------------------------------|---------------|------|
|                                                       |                                                      |                        |                   | Amount              | % of<br>Total | Unit Price           | Payment Terms | Ending Balance                         | % of<br>Total |      |
| Lite-On Technology Corporation                        | Philips & Lite-On Digital Solutions Corporation      | Subsidiary             | Sale              | \$ (6,502,792)      | (6.12)        | Cost-plus pricing    | About 90 days | \$ 2,164,450                           | 6.87          |      |
|                                                       | LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.             | Fourth-tier subsidiary | Sale              | (943,089)           | (0.89)        | Cost-plus pricing    | About 90 days | 361,713                                | 1.15          |      |
|                                                       | LITE-ON SINGAPORE PTE. LTD.                          | Subsidiary             | Sale              | (3,777,244)         | (3.55)        | Cost-plus pricing    | About 90 days | 749,503                                | 2.38          |      |
|                                                       | Lite-On Japan Ltd.                                   | Subsidiary             | Sale              | (452,091)           | (0.43)        | Cost-plus pricing    | About 90 days | 161,670                                | 0.51          |      |
|                                                       | LITE-ON JAPAN (THAILAND) CO., LTD.                   | Sub-subsubsidiary      | Sale              | (133,256)           | (0.13)        | Cost-plus pricing    | About 90 days | 57,004                                 | 0.18          |      |
|                                                       | LITE-ON TRADING USA, INC.                            | Sub-subsubsidiary      | Sale              | (2,950,084)         | (2.77)        | Cost-plus pricing    | About 90 days | 1,007,723                              | 3.20          |      |
|                                                       | LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.             | Fourth-tier subsidiary | Purchase          | 724,897             | (0.68)        | Cost-plus pricing    | About 90 days | (205,298)                              | (0.59)        |      |
|                                                       | LITE-ON VIETNAM CO., LTD.                            | Subsidiary             | Purchase          | 1,048,097           | 1.12          | Cost-plus pricing    | About 90 days | (539,618)                              | (1.56)        |      |
|                                                       | LITE-ON SINGAPORE PTE. LTD.                          | Subsidiary             | Purchase          | 24,288,991          | 25.99         | Cost-plus pricing    | About 90 days | (8,562,582)                            | (24.78)       |      |
|                                                       | Lite-On Overseas Trading Co., Ltd.                   | Subsidiary             | Purchase          | 60,970,183          | 65.24         | Cost-plus pricing    | About 90 days | (20,667,024)                           | (59.81)       |      |
|                                                       | Philips & Lite-On Digital Solutions USA, Inc.        | Subsidiary             | Sale              | (3,677,022)         | (54.30)       | Cost-plus pricing    | About 90 days | 596,152                                | 56.19         |      |
|                                                       | LITE-ON SINGAPORE PTE. LTD.                          | Affiliate              | Sale              | (1,904,774)         | (100.00)      | Cost-plus pricing    | About 90 days | 150,554                                | 100.00        |      |
|                                                       | LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED     | Affiliate              | Sale              | (160,824)           | (1.24)        | Cost-plus pricing    | About 90 days | 80,567                                 | 75.29         |      |
|                                                       | Lite-On Overseas Trading Co., Ltd.                   | Affiliate              | Sale              | (12,633,689)        | (97.80)       | Cost-plus pricing    | About 90 days | -                                      | -             |      |
| Philips & Lite-On Digital Solutions Corporation       | LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.        | Affiliate              | Sale              | (6,131,967)         | (100.00)      | Cost-plus pricing    | About 90 days | 1,442,756                              | 100.00        |      |
|                                                       | LITEON LI SHIN TECHNOLOGY (GANZHOU) LTD.             | Affiliate              | Sale              | (666,737)           | (100.00)      | Cost-plus pricing    | About 90 days | 58,691                                 | 100.00        |      |
|                                                       | LITE-ON AUTOMOTIVE ELECTRONICS (CHANGZHOU) CO., LTD. | Affiliate              | Sale              | (172,141)           | (56.28)       | Cost-plus pricing    | About 90 days | 57,117                                 | 61.41         |      |
|                                                       | LITE-ON SINGAPORE PTE. LTD.                          | Affiliate              | Sale              | (131,402)           | (42.96)       | Cost-plus pricing    | About 90 days | 35,347                                 | 38.00         |      |
|                                                       | LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.             | Affiliate              | Sale              | (15,304,105)        | (58.17)       | Cost-plus pricing    | About 90 days | 3,773,727                              | 61.05         |      |
|                                                       | Lite-On Overseas Trading Co., Ltd.                   | Affiliate              | Sale              | (10,258,225)        | (38.99)       | Cost-plus pricing    | About 90 days | 2,191,892                              | 35.46         |      |
|                                                       | Lite-On Overseas Trading Co., Ltd.                   | Affiliate              | Sale              | (696,424)           | (100.00)      | Cost-plus pricing    | About 90 days | 68,868                                 | 100.00        |      |
|                                                       | LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.        | Affiliate              | Sale              | (319,687)           | (5.00)        | Cost-plus pricing    | About 90 days | 69,941                                 | 3.96          |      |
|                                                       | LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.             | Affiliate              | Sale              | (173,490)           | (2.71)        | Cost-plus pricing    | About 90 days | 61,220                                 | 3.47          |      |
|                                                       | Lite-On Overseas Trading Co., Ltd.                   | Affiliate              | Sale              | (14,203,708)        | (99.86)       | Cost-plus pricing    | About 90 days | 2,960,289                              | 100.00        |      |
|                                                       | LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.             | Affiliate              | Sale              | (526,717)           | (4.43)        | Cost-plus pricing    | About 90 days | 156,352                                | 4.68          |      |
|                                                       | LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.              | Affiliate              | Sale              | (264,721)           | (2.23)        | Cost-plus pricing    | About 90 days | 130,830                                | 3.92          |      |
|                                                       | Lite-On Overseas Trading Co., Ltd.                   | Affiliate              | Sale              | (1,085,123)         | (91.25)       | Cost-plus pricing    | About 90 days | 3,024,169                              | 90.51         |      |
|                                                       | LITE-ON SINGAPORE PTE. LTD.                          | Affiliate              | Sale              | (1,701,316)         | (100.00)      | Cost-plus pricing    | About 90 days | 175,007                                | 100.00        |      |
| LITEON AUTO ELECTRIC TECHNOLOGY (GUANGZHOU) CO., LTD. | Lite-On Overseas Trading Co., Ltd.                   | Affiliate              | Sale              | (249,952)           | (8.03)        | Cost-plus pricing    | About 90 days | 83,490                                 | 14.19         |      |
|                                                       | Lite-On Overseas Trading Co., Ltd.                   | Affiliate              | Sale              | (2,198,891)         | (89.72)       | Cost-plus pricing    | About 90 days | 243,631                                | 73.10         |      |
|                                                       | LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.              | Affiliate              | Sale              | (1,640,242)         | (6.98)        | Cost-plus pricing    | About 90 days | 558,184                                | 7.54          |      |
|                                                       | WUXI CHINA BRIDGE EXPRESS TRADING CO., LTD.          | Affiliate              | Sale              | (732,869)           | (3.12)        | Cost-plus pricing    | About 90 days | 381,056                                | 5.15          |      |
|                                                       | Lite-On Overseas Trading Co., Ltd.                   | Affiliate              | Sale              | (20,325,563)        | (86.48)       | Cost-plus pricing    | About 90 days | 5,358,049                              | 72.38         |      |
|                                                       | Lite-On Overseas Trading Co., Ltd.                   | Affiliate              | Sale              | (464,566)           | (100.00)      | Cost-plus pricing    | About 90 days | 115,691                                | 100.00        |      |
|                                                       | LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.              | Affiliate              | Sale              | (266,551)           | (98.17)       | Cost-plus pricing    | About 90 days | 34,635                                 | 99.63         |      |
|                                                       | Lite-On Overseas Trading Co., Ltd.                   | Affiliate              | Sale              | (5,012,261)         | (100.00)      | Cost-plus pricing    | About 90 days | 1,365,860                              | 100.00        |      |
|                                                       | LITE-ON SINGAPORE PTE. LTD.                          | Affiliate              | Sale              | (4,254,767)         | (96.72)       | Cost-plus pricing    | About 90 days | 689,186                                | 93.28         |      |
|                                                       | LITE-ON JAPAN (THAILAND) CO., LTD.                   | Affiliate              | Sale              | (144,200)           | (3.28)        | Cost-plus pricing    | About 90 days | 49,664                                 | 6.72          |      |
|                                                       | LITEON Auto Electric Technology (Guangzhou) Ltd.     | Affiliate              | Sale              | (266,551)           | (98.17)       | Cost-plus pricing    | About 90 days | 34,635                                 | 99.63         |      |
|                                                       | LITEON-HI OPTO TECH (BH) CO., LTD.                   | Affiliate              | Sale              | (5,012,261)         | (100.00)      | Cost-plus pricing    | About 90 days | 1,365,860                              | 100.00        |      |
|                                                       | Lite-On Electronics (Thailand) Co., Ltd.             | Affiliate              | Sale              | (4,254,767)         | (96.72)       | Cost-plus pricing    | About 90 days | 689,186                                | 93.28         |      |
|                                                       | LITE-ON JAPAN (THAILAND) CO., LTD.                   | Affiliate              | Sale              | (144,200)           | (3.28)        | Cost-plus pricing    | About 90 days | 49,664                                 | 6.72          |      |

(Continued)

| Company Name                                        | Related Party                                          | Nature of Relationship | Transaction Details |              |            | Abnormal Transaction |                           | Notes/Trade (Payable) or Receivable | Note   |
|-----------------------------------------------------|--------------------------------------------------------|------------------------|---------------------|--------------|------------|----------------------|---------------------------|-------------------------------------|--------|
|                                                     |                                                        |                        | Purchase/Sale       | Amount       | % of Total | Unit Price           | Payment Terms             | Ending Balance                      |        |
| LITE-ON VIETNAM CO., LTD.                           | LITE-ON SINGAPORE PTE. LTD.                            | Affiliate              | Sale                | \$ (516,224) | (33.00)    | Cost-plus pricing    | No significant difference | \$ 197,664                          | 26.81  |
| LITE-ON SINGAPORE PTE. LTD.                         | LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.                | Subsidiary             | Sale                | (1,110,692)  | (1.48)     | Cost-plus pricing    | No significant difference | 421,966                             | 1.87   |
|                                                     | WUXI CHINA BRIDGE EXPRESS TRADING CO., LTD.            | Affiliate              | Sale                | (1,093,206)  | (4.42)     | Cost-plus pricing    | No significant difference | 595,290                             | 2.53   |
|                                                     | LITE-ON ELECTRONICS H.K. LIMITED                       | Affiliate              | Sale                | (3,033,965)  | (4.05)     | Cost-plus pricing    | No significant difference | 1,046,669                           | 0.63   |
|                                                     | Lite-On Japan Ltd.                                     | Affiliate              | Sale                | (581,216)    | (0.78)     | Cost-plus pricing    | No significant difference | 150,668                             | 0.67   |
|                                                     | LITE-ON, INC.                                          | Affiliate              | Sale                | (828,775)    | (1.11)     | Cost-plus pricing    | No significant difference | 330,940                             | 1.46   |
|                                                     | LITE-ON TRADING USA, INC.                              | Affiliate              | Sale                | (8,638,495)  | (11.57)    | Cost-plus pricing    | No significant difference | 3,491,679                           | 15.44  |
|                                                     | LEOTEK ELECTRONICS USA LLC.                            | Affiliate              | Sale                | (783,578)    | (1.05)     | Cost-plus pricing    | No significant difference | 141,827                             | 0.63   |
|                                                     | Lite-On Overseas Trading Co., Ltd.                     | Affiliate              | Sale                | (128,451)    | (0.17)     | Cost-plus pricing    | No significant difference | 25,919                              | 0.11   |
|                                                     | LITE-ON MOBILE INDUSTRIA E COMERCIO DE PLASTICOS LTDA. | Affiliate              | Sale                | (563,385)    | (0.75)     | Cost-plus pricing    | No significant difference | 122,851                             | 0.54   |
| Lite-On Japan Ltd.                                  | LITE-ON SINGAPORE PTE. LTD.                            | Affiliate              | Sale                | (223,164)    | (8.74)     | Cost-plus pricing    | No significant difference | 46,522                              | 8.27   |
|                                                     | Lite-On Overseas Trading Co., Ltd.                     | Affiliate              | Sale                | (156,545)    | (6.13)     | Cost-plus pricing    | No significant difference | 83,351                              | 14.82  |
| LITE-ON AUTOMOTIVE ELECTRONICS MEXICO, S.A. DE C.V. | LITE-ON SINGAPORE PTE. LTD.                            | Affiliate              | Sale                | (408,994)    | (100.00)   | Cost-plus pricing    | No significant difference | 35,661                              | 100.00 |
| Lite-On Overseas Trading Co., Ltd.                  | LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED       | Affiliate              | Sale                | (10,492,634) | (7.29)     | Cost-plus pricing    | No significant difference | 931,695                             | 2.56   |
|                                                     | LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.               | Affiliate              | Sale                | (12,509,278) | (8.69)     | Cost-plus pricing    | No significant difference | 4,417,133                           | 12.12  |
|                                                     | LITE-ON ELECTRONICS (XIANNING) CO., LTD.               | Affiliate              | Sale                | (153,335)    | (0.11)     | Cost-plus pricing    | No significant difference | 16,503                              | 0.05   |
|                                                     | LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.               | Affiliate              | Sale                | (12,324,607) | (8.58)     | Cost-plus pricing    | No significant difference | 1,524,844                           | 4.18   |
|                                                     | SHENZHEN LITE-ON ELECTRONICS CO., LTD.                 | Affiliate              | Sale                | (8,581,664)  | (3.85)     | Cost-plus pricing    | No significant difference | 865,299                             | 2.65   |
|                                                     | BUZHEU LISHI ELECTRONIC CO., LTD.                      | Affiliate              | Sale                | (780,645)    | (1.38)     | Cost-plus pricing    | No significant difference | 388,206                             | 0.84   |
|                                                     | LITE-ON ELECTRONICS (GUANGZHOU) LIMITED                | Affiliate              | Sale                | (16,378,557) | (11.38)    | Cost-plus pricing    | No significant difference | 4,314,321                           | 11.84  |
|                                                     | LITE-ON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD.   | Affiliate              | Sale                | (347,668)    | (0.24)     | Cost-plus pricing    | No significant difference | 125,095                             | 0.34   |
|                                                     | Lite-On Auto Electric Technology (Guangzhou) Ltd.      | Affiliate              | Sale                | (115,248)    | (0.08)     | Cost-plus pricing    | No significant difference | 50,657                              | 0.14   |
|                                                     | LITE-ON JT OPTO TECH (BHD) CO., LTD.                   | Affiliate              | Sale                | (4,464,873)  | (3.10)     | Cost-plus pricing    | No significant difference | 1,423,766                           | 3.91   |
|                                                     | LITE-ON VIETNAM CO., LTD.                              | Affiliate              | Sale                | (733,841)    | (0.51)     | Cost-plus pricing    | No significant difference | 340,807                             | 0.94   |
|                                                     | LITE-ON SINGAPORE PTE. LTD.                            | Affiliate              | Sale                | (15,922,178) | (11.06)    | Cost-plus pricing    | No significant difference | 1,486,080                           | 4.08   |
|                                                     | Lite-Space Technology Company Limited                  | Associate              | Purchase            | 1,066,838    | 0.74       | Cost-plus pricing    | No significant difference | (34,661)                            | (0.10) |
| Lite-On (Guangzhou) Automotive Electronics Limited  | LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.                | Affiliate              | Sale                | (2,001,264)  | (43.98)    | Cost-plus pricing    | No significant difference | 782,782                             | 57.23  |
|                                                     | LITE-ON SINGAPORE PTE. LTD.                            | Affiliate              | Sale                | (2,026,283)  | (44.53)    | Cost-plus pricing    | No significant difference | 241,345                             | 17.65  |

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

(Concluded)



TABLE 7

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
DECEMBER 31, 2021  
(Amounts in Thousands of New Taiwan Dollars or in Thousands of Foreign Currencies)

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

(Continued)

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

Note: All intercompany transactions have been eliminated upon consolidation.

(Concluded)

TABLE 8

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION ON INVESTEEES

FOR THE YEAR ENDED DECEMBER 31, 2021

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

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

(Continued)

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

(Continued)

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

(Continued)

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

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

Note 2: Liquidated in December 2021.

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

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

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

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

Note 7: Liquidated in March 2021.

Note 8: Disposed in August 2021.

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

(Concluded)

TABLE 2

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(Amounts in Thousands of New Taiwan Dollars or in Thousands of Foreign Currencies)

| Investor Company               | Investee Company                                     | Main Businesses and Products                                                                                                  | Total Amount of Paid-in Capital (Note 2) | Method of Investment (Note 1) | Accumulated Outflow of Investment from Taiwan as of |                   | Investment of Flows |        | Not Income (Losses) of the Investee Company (Note 2) | Percentage of Ownership | Share of Profits/Losses (Note 2) | Carrying Amount as of December 31, 2021 | Accumulated Inward Remittance of Earnings as of December 31, 2021 | Note      |
|--------------------------------|------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|-------------------------------|-----------------------------------------------------|-------------------|---------------------|--------|------------------------------------------------------|-------------------------|----------------------------------|-----------------------------------------|-------------------------------------------------------------------|-----------|
|                                |                                                      |                                                                                                                               |                                          |                               | January 1, 2021                                     | December 31, 2021 | Outflow             | Inflow |                                                      |                         |                                  |                                         |                                                                   |           |
| Lite-On Technology Corporation | LITE-ON COMPUTER TECHNOLOGY (DONGGUAN) CO., LTD.     | Manufacture and sale of display device                                                                                        | \$ 433,050                               | a                             | \$ 786,469                                          | \$ -              | \$ -                | \$ -   | \$ -                                                 | 100.00%                 | \$ -                             | \$ -                                    | \$ -                                                              | Note 3    |
|                                | LITE-ON ELECTRONICS (TIANJIN) CO., LTD.              | ODM services                                                                                                                  | (US\$ 16,400)                            | a                             | (US\$ 28,469)                                       | (US\$ 1,837,007)  | -                   | -      | 118,754                                              | 100.00%                 | CNY 27,446                       | (HK\$ 3,362,794)                        | -                                                                 |           |
|                                | LITE-ON ELECTRONICS                                  | Manufacture of electronic components                                                                                          | (US\$ 69,500)                            | a                             | (US\$ 66,498)                                       | (US\$ 97,925)     | -                   | -      | 180,246                                              | 100.00%                 | CNY 41,658                       | (HK\$ 520,298)                          | -                                                                 |           |
|                                | SHIBER ELECTRIC (DONGGUAN) CO., LTD.                 | Manufacture and sale of keyboards                                                                                             | (US\$ 33,400)                            | a                             | (US\$ 97,925)                                       | (US\$ 33,400)     | -                   | -      | 50,000                                               | 100.00%                 | CNY 115,689                      | (HK\$ 51,875)                           | -                                                                 | Note 3    |
|                                | LITE-ON ELECTRONICS                                  | Manufacture and sale of printers and scanners                                                                                 | (US\$ 132,800)                           | a                             | (US\$ 132,800)                                      | (US\$ 132,800)    | -                   | -      | 728,140                                              | 100.00%                 | CNY 168,286                      | (HK\$ 1,464,292)                        | -                                                                 |           |
|                                | CHINA BRIDGE (CHINA) CO., LTD.                       | Investment activities, consulting services and acting as a sales agent                                                        | (US\$ 1,011,075)                         | a                             | (US\$ 36,600)                                       | (US\$ 821,697)    | -                   | -      | 110,034                                              | 100.00%                 | CNY 25,431                       | (HK\$ 451,014)                          | -                                                                 | Note 4, 5 |
|                                | LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED     | Manufacture and sale of IT products                                                                                           | (US\$ 828,750)                           | a                             | (US\$ 29,745)                                       | (US\$ 1,190,498)  | -                   | -      | 454,441                                              | 100.00%                 | CNY 105,029                      | (HK\$ 1,404,133)                        | -                                                                 |           |
|                                | LITE-ON COMMUNICATION (GUANGZHOU) COMPANY LIMITED    | Manufacture and sale of mobile terminal equipment                                                                             | (US\$ 24,560)                            | a                             | (US\$ 678,470)                                      | (US\$ 24,560)     | -                   | -      | -                                                    | 100.00%                 | -                                | -                                       | -                                                                 | Note 4    |
|                                | LITE-ON TECHNOLOGY (GUANGZHOU) LIMITED               | Manufacture and sale of computer case                                                                                         | (US\$ 917,150)                           | a                             | (US\$ 33,200)                                       | (US\$ 917,150)    | -                   | -      | -                                                    | 100.00%                 | -                                | -                                       | -                                                                 | Note 4    |
|                                | COMMIT Incorporated                                  | Manufacture and sale of application software and multimedia product design                                                    | (US\$ 886,376)                           | a                             | (US\$ 16,575)                                       | (US\$ 16,575)     | -                   | -      | -                                                    | 1.87%                   | -                                | -                                       | -                                                                 |           |
|                                | LITE-ON ELECTRONICS AND WIRELESS (GUANGZHOU) LIMITED | Manufacture and sale of mobile terminal equipment                                                                             | (US\$ 436,751)                           | a                             | (US\$ 436,751)                                      | (US\$ 15,810)     | -                   | -      | -                                                    | 100.00%                 | -                                | -                                       | -                                                                 | Note 4    |
|                                | LITE-ON (GUANGZHOU) INFOTECH CO., LTD.               | Information outsourcing                                                                                                       | (US\$ 35,084)                            | a                             | (US\$ 64,751)                                       | (US\$ 2,344)      | -                   | -      | 3,440                                                | 100.00%                 | CNY 795                          | -                                       | -                                                                 | Note 5    |
|                                | TOOLING LTD.                                         | Manufacture and sale of modules                                                                                               | (US\$ 502,775)                           | a                             | (US\$ 337,025)                                      | (US\$ 12,200)     | -                   | -      | 10,809                                               | 100.00%                 | CNY 10,809                       | (HK\$ 521,780)                          | -                                                                 | Note 4    |
|                                | LITE-ON LISHI TECHNOLOGY (GUANGZHOU) LTD.            | Manufacture and sale of electronic components                                                                                 | (US\$ 331,500)                           | a                             | (US\$ 384,416)                                      | (US\$ 179,536)    | -                   | -      | 3,907                                                | 100.00%                 | CNY 13,216                       | (HK\$ 390,458)                          | -                                                                 |           |
|                                | LITE-ON TECHNOLOGY (XIANNING) CO., LTD.              | Manufacture and sale of electronic components                                                                                 | (US\$ 179,536)                           | a                             | (US\$ 179,536)                                      | (US\$ 6,500)      | -                   | -      | 3,216                                                | 100.00%                 | CNY 446,203                      | (US\$ 14,134)                           | -                                                                 |           |
|                                | LITE-ON TECHNOLOGY (JIANGSU) CO., LTD.               | Investment activities, consulting services and acting as a sales agent                                                        | (US\$ 4,585,750)                         | a                             | (US\$ 4,585,750)                                    | (US\$ 166,000)    | -                   | -      | 103,126                                              | 100.00%                 | CNY 34,165                       | (HK\$ 935,641)                          | -                                                                 |           |
|                                | LITE-ON TECHNOLOGY (GZ) INVESTMENT COMPANY LIMITED   | Investment activities                                                                                                         | (US\$ 2,210,000)                         | a                             | (US\$ 2,210,000)                                    | (US\$ 80,000)     | -                   | -      | 7,896                                                | 100.00%                 | CNY 165,712                      | (HK\$ 589,967)                          | -                                                                 |           |
|                                | LITE-ON POWER TECHNOLOGY (DONGGUAN) CO., LTD.        | Development, manufacture and sale of electronic components, power supplies and provision of technology consulting services    | (US\$ 441,221)                           | a                             | (US\$ 441,221)                                      | (US\$ 15,972)     | -                   | -      | 38,299                                               | 100.00%                 | CNY 38,299                       | (HK\$ 379,727)                          | -                                                                 |           |
|                                | CHANGZHOU LEOTEK NEW ENERGY TRADE LIMITED            | Wholesale, import, export and installation of street lights, signal lights, scenery lights and new-type electronic components | (US\$ 27,625)                            | a                             | (US\$ 27,625)                                       | (US\$ 1,000)      | -                   | -      | (22,012)                                             | 100.00%                 | CNY (5,087)                      | (CNY (55,170))                          | -                                                                 |           |
|                                | LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD.  | Manufacture automotive components                                                                                             | (US\$ 1,187,875)                         | a                             | (US\$ 1,187,875)                                    | (US\$ 43,000)     | -                   | -      | (62,968)                                             | 100.00%                 | CNY (14,553)                     | (US\$ 1,672,365)                        | -                                                                 |           |
|                                | LiteOn Auto Electric Technology (Guangzhou) Ltd.     | Manufacture and sale of optical disc drives                                                                                   | (US\$ 55,250)                            | a                             | (US\$ 55,250)                                       | (US\$ 2,000)      | -                   | -      | 2,786                                                | 100.00%                 | CNY 644                          | (US\$ 85,135)                           | -                                                                 |           |
|                                | LITEON-IT OPTO TECH (BH) CO., LTD.                   | Manufacture and sale of optical disc drives                                                                                   | (US\$ 1,519,375)                         | a                             | (US\$ 1,519,375)                                    | (US\$ 55,000)     | -                   | -      | 114,906                                              | 100.00%                 | CNY 26,557                       | (US\$ 4,374,301)                        | -                                                                 |           |
|                                | Lite-On (Guangzhou) Automotive Electronics Limited   | Manufacture, sale and processing of electronic products                                                                       | (US\$ 171,275)                           | a                             | (US\$ 162,162)                                      | (US\$ 5,870)      | -                   | -      | 168,331                                              | 100.00%                 | CNY 38,904                       | (HK\$ 1,939,981)                        | -                                                                 |           |

(Continued)

| Investor Company                                | Investee Company                                                             | Main Businesses and Products                                                                                                                                                                                                                                              | Total Amount of Paid-in Capital (Note 2) | Method of Investment (Note 1) | Accumulated Outflow of Investment from Taiwan as of January 1, 2021 | Investment of Flows |                            | Accumulated Outflow of Investment from Taiwan as of December 31, 2021 | Net Income (Losses) of Investee Company (Note 2) | Percentage of Ownership | Share of Profits/Losses (Note 2) | Carrying Amount as of December 31, 2021 | Accumulated Inward Remittance of Earnings as of December 31, 2021 | Note   |
|-------------------------------------------------|------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|-------------------------------|---------------------------------------------------------------------|---------------------|----------------------------|-----------------------------------------------------------------------|--------------------------------------------------|-------------------------|----------------------------------|-----------------------------------------|-------------------------------------------------------------------|--------|
| Lite-On Technology Corporation                  | LITE-ON AUTOMOTIVE (WUXI) CO., LTD.                                          | Manufacture, sale and processing of electronic products                                                                                                                                                                                                                   | \$ 138,125 (US\$ 5,000)                  | a                             | \$ 138,125 (US\$ 5,000)                                             | -                   | \$ -                       | \$ 138,125 (US\$ 5,000)                                               | \$ 11,380 (CNY 2,630)                            | 100.00%                 | \$ 11,380 (CNY 2,630)            | \$ 536,258 (HK\$ 151,383)               | \$ -                                                              |        |
|                                                 | HUIZHOU LISHIN ELECTRONIC CO., LTD.                                          | Manufacture of computer peripheral products                                                                                                                                                                                                                               | \$ 366,754 (US\$ 13,276)                 | a                             | \$ 177,957 (US\$ 6,442)                                             | -                   | -                          | \$ 177,957 (US\$ 6,442)                                               | \$ 46,525 (CNY 10,753)                           | 100.00%                 | \$ 46,525 (CNY 10,753)           | \$ 1,397,976 (US\$ 50,605)              | -                                                                 |        |
|                                                 | LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.                                      | Manufacture and sale of energy-saving equipment                                                                                                                                                                                                                           | \$ 1,961,375 (US\$ 71,000)               | a                             | \$ 1,961,375 (US\$ 71,000)                                          | -                   | -                          | \$ 1,961,375 (US\$ 71,000)                                            | \$ 158,510 (CNY 36,635)                          | 100.00%                 | \$ 158,510 (CNY 36,635)          | \$ 2,683,460 (US\$ 97,139)              | -                                                                 |        |
|                                                 | SUZHOU LITE-ON STORAGE CO., LTD.                                             | Research, development, manufacture, sale of SSD and smart storage device (including high-speed with more than 100TB storage capacity) provide after-sales service and technical support, import and export as a principal or an agent, assorted products and technologies | \$ -                                     | b                             | \$ 1,250,775 (US\$ 45,000)                                          | -                   | \$ 1,014,378 (US\$ 36,265) | \$ 236,397 (US\$ 8,735)                                               | \$ 75,460 (CNY -17,445)                          | 100.00%                 | \$ 151,113 (CNY -3,489)          | -                                       | \$ 1,014,378 (US\$ 235,000)                                       | Note 6 |
| Philips & Lite-On Digital Solutions Corporation | BEIJING LITE-ON MOBILE ELECTRONIC AND TELECOMMUNICATION COMPONENTS CO., LTD. | Manufacture and sale of mobile phone modules and design of assembly lines                                                                                                                                                                                                 | \$ 442,000 (US\$ 16,000)                 | a                             | \$ 1,446,566 (US\$ 52,364)                                          | -                   | -                          | \$ 1,446,566 (US\$ 52,364)                                            | \$ (180,754) (CNY -41,775)                       | 100.00%                 | \$ (180,754) (CNY -41,775)       | \$ 253,039 (US\$ 9,160)                 | -                                                                 |        |
|                                                 | GUANGZHOU LITE-ON MOBILE ENGINEERING PLASTICS CO., LTD.                      | Manufacture and sale of mobile phone modules and design of assembly lines                                                                                                                                                                                                 | \$ 540,621 (US\$ 19,570)                 | a                             | \$ 2,503,584 (US\$ 90,627)                                          | -                   | -                          | \$ 2,503,584 (US\$ 90,627)                                            | \$ 30,140 (CNY 6,966)                            | 100.00%                 | \$ 30,140 (CNY 6,966)            | \$ 1,894,640 (US\$ 68,584)              | -                                                                 |        |
|                                                 | LITE-ON GREEN TECHNOLOGIES (NANJING) CORPORATION                             | Solar energy engineering                                                                                                                                                                                                                                                  | \$ 750 (US\$ 750)                        | a                             | \$ 20,719 (US\$ 750)                                                | -                   | -                          | \$ 20,719 (US\$ 750)                                                  | \$ 4,848 (CNY 1,120)                             | 100.00%                 | \$ 4,848 (CNY 1,120)             | \$ (7,058) (-1,624)                     | -                                                                 |        |
|                                                 | Changzhou Binhui Thin Film Solar Greenhouse Co., Ltd.                        | Manufacture and sale of solar energy engineering                                                                                                                                                                                                                          | \$ 434,590 (CNY 100,000)                 | a                             | \$ 82,784 (US\$ 2,997)                                              | -                   | -                          | \$ 82,784 (US\$ 2,997)                                                | \$ 8281 (CNY 140)                                | 19.90%                  | \$ -                             | \$ 3,854 (US\$ 140)                     | -                                                                 |        |
| Philips & Lite-On Digital Solutions Corporation | Epri crystal (Changzhou) Co., Ltd.                                           | Design, manufacture and sale of light-emitting diode and related display                                                                                                                                                                                                  | \$ 4,337,125 (US\$ 157,000)              | a                             | \$ 745,875 (US\$ 27,000)                                            | -                   | -                          | \$ 745,875 (US\$ 27,000)                                              | \$ 41,957 (CNY 9,697)                            | 19.74%                  | \$ 8,281 (CNY 1,914)             | \$ 933,317 (CNY 214,758)                | -                                                                 |        |
|                                                 | DONGGUAN LITE-ON COMPUTER CO., LTD.                                          | Manufacture and sale of computer hosts and components, keyboards, scanners, printers and mouses                                                                                                                                                                           | \$ 55,250 (US\$ 2,000)                   | a                             | \$ 55,250 (US\$ 2,000)                                              | -                   | -                          | \$ 55,250 (US\$ 2,000)                                                | \$ 1,247 (CNY 288)                               | 100.00%                 | \$ 1,247 (CNY 288)               | \$ 104,974 (CNY 24,155)                 | -                                                                 |        |
|                                                 | Dongguan Huajiang Information Technology Co., Ltd.                           | Manufacture and sale of laser heads and digital player machine cores                                                                                                                                                                                                      | \$ -                                     | a                             | \$ 48,123 (US\$ 1,742)                                              | -                   | -                          | \$ 48,123 (US\$ 1,742)                                                | \$ (7,577) (CNY -1,756)                          | -                       | \$ (3,538) (CNY -820)            | -                                       | -                                                                 | Note 7 |
|                                                 | NL (SHANGHAI) CO., LTD.                                                      | Import and export of electronic components                                                                                                                                                                                                                                | \$ 8,288 (US\$ 300)                      | a                             | \$ 85,582 (US\$ 3,098)                                              | -                   | -                          | \$ 85,582 (US\$ 3,098)                                                | \$ 5,989 (JPY 33,467)                            | 100.00%                 | \$ 5,989 (JPY 33,467)            | \$ 8,554 (JPY 35,655)                   | -                                                                 | Note 8 |
| Philips & Lite-On Digital Solutions Corporation | Philips & Lite-On Digital Solutions (Shanghai) Co., Ltd.                     | Sale of optical disc drives                                                                                                                                                                                                                                               | \$ 27,625 (US\$ 1,000)                   | a                             | \$ 27,625 (US\$ 1,000)                                              | -                   | -                          | \$ 27,625 (US\$ 1,000)                                                | \$ (25,036) (CNY -5,786)                         | 100.00%                 | \$ (25,036) (CNY -5,786)         | \$ 415,239                              | -                                                                 |        |

| Investor Company                                | Accumulated Investment in Mainland China as of December 31, 2021 | Investment Amounts Authorized by Investment Commission, MOEA | Upper Limit on Investment |
|-------------------------------------------------|------------------------------------------------------------------|--------------------------------------------------------------|---------------------------|
| Lite-On Technology Corporation                  | \$ 27,417,567 (US\$ 993,754)                                     | \$ 34,134,362 (US\$ 1,235,633)                               | Note 9                    |
| Philips & Lite-On Digital Solutions Corporation | 27,625 (US\$ 1,000)                                              | 27,625 (US\$ 1,000)                                          | \$ 275,591 (Note 10)      |

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

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

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

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

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

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

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

(Continued)



Note 7: Disposed by Lite-Space Technology Company Limited, an associate of the Group, in March 2021, and was approved by the Ministry of Economic Affairs on June 24, 2021 under Order No. 11000155670.

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

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

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

(Concluded)

TABLE 10

**LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES**

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

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

(Continued)

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

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

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

Note 2: Nature of relationship is as follows:

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

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

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

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

(Concluded)

## **Appendix B. Standalone Financial Statements**

### **LITE-ON TECHNOLOGY CORPORATION**

**Financial Statements for the  
Years Ended December 31, 2021 and 2020 and  
Independent Auditors' Report**



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### INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
LITE-ON TECHNOLOGY CORPORATION

#### Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### Basis for Opinion

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

#### Allowance for Impairment Loss of Trade Receivables

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



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

#### Allowance for Loss on Inventory Valuation

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

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

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

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

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

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

#### **Auditors' Responsibilities for the Audit of the Financial Statements**

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



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

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

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

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

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

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

*Meng-Chieh, Chiu*

*Cheng-Tsai, Tsai*

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 24, 2022

Notice to Readers

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

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



# LITE-ON TECHNOLOGY CORPORATION

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

| ASSETS                                                                               | 2021                  |            | 2020                  |            |
|--------------------------------------------------------------------------------------|-----------------------|------------|-----------------------|------------|
|                                                                                      | Amount                | %          | Amount                | %          |
| <b>CURRENT ASSETS</b>                                                                |                       |            |                       |            |
| Cash and cash equivalents (Note 6)                                                   | \$ 5,074,516          | 3          | \$ 6,101,978          | 4          |
| Financial assets at fair value through profit or loss (Note 7)                       | 594,306               | -          | 738,188               | 1          |
| Financial assets at amortized cost (Notes 9 and 31)                                  | 3,209                 | -          | 27,186                | -          |
| Contract assets                                                                      | 115,014               | -          | 271,395               | -          |
| Trade receivables, net (Note 11)                                                     | 24,739,559            | 16         | 21,407,212            | 15         |
| Trade receivables from related parties (Note 30)                                     | 6,779,064             | 5          | 8,198,192             | 6          |
| Other receivables                                                                    | 521,911               | -          | 1,142,397             | 1          |
| Other receivables from related parties (Note 30)                                     | 204,911               | -          | 171,790               | -          |
| Inventories, net (Note 12)                                                           | 7,051,578             | 5          | 5,641,260             | 4          |
| Prepayments                                                                          | 734,242               | 1          | 678,143               | -          |
| Total current assets                                                                 | 45,818,310            | 30         | 44,377,741            | 31         |
| <b>NON-CURRENT ASSETS</b>                                                            |                       |            |                       |            |
| Financial assets at fair value through profit or loss (Note 7)                       | 154,685               | -          | 69,176                | -          |
| Financial assets at fair value through other comprehensive income (Note 8)           | 879,524               | 1          | 468,536               | -          |
| Financial assets at amortized cost (Notes 9 and 31)                                  | 226,756               | -          | 291,774               | -          |
| Investments accounted for using the equity method (Notes 14 and 30)                  | 90,305,425            | 59         | 81,084,824            | 57         |
| Property, plant and equipment, net (Notes 15 and 30)                                 | 8,986,767             | 6          | 8,240,165             | 6          |
| Right-of-use assets, net (Note 16)                                                   | 497,187               | -          | 163,449               | -          |
| Intangible assets, net (Note 17)                                                     | 3,556,210             | 2          | 4,748,110             | 3          |
| Deferred tax assets (Note 24)                                                        | 3,638,738             | 2          | 3,955,980             | 3          |
| Refundable deposits                                                                  | 74,571                | -          | 39,342                | -          |
| Net defined benefit assets (Note 20)                                                 | 43,130                | -          | 13,081                | -          |
| Other non-current assets                                                             | 6,471                 | -          | 6,471                 | -          |
| Total non-current assets                                                             | 108,369,464           | 70         | 99,080,908            | 69         |
| <b>TOTAL</b>                                                                         | <b>\$ 154,187,774</b> | <b>100</b> | <b>\$ 143,458,649</b> | <b>100</b> |
| <b>LIABILITIES AND EQUITY</b>                                                        |                       |            |                       |            |
| <b>CURRENT LIABILITIES</b>                                                           |                       |            |                       |            |
| Short-term borrowings (Note 18)                                                      | \$ 24,876,688         | 16         | \$ 16,786,635         | 12         |
| Financial liabilities at fair value through profit or loss (Note 7)                  | 364,175               | -          | 1,348,761             | 1          |
| Contract liabilities                                                                 | 98                    | -          | 13,059                | -          |
| Notes payable                                                                        | 2                     | -          | -                     | -          |
| Trade payables                                                                       | 4,572,463             | 3          | 3,474,791             | 2          |
| Trade payables to related parties (Note 30)                                          | 29,980,063            | 20         | 27,791,580            | 19         |
| Other payables                                                                       | 12,692,899            | 8          | 12,517,062            | 9          |
| Other payables to related parties (Note 30)                                          | 146,314               | -          | 105,885               | -          |
| Current tax liabilities                                                              | 4,297,967             | 3          | 3,803,573             | 3          |
| Provisions (Note 19)                                                                 | 879,600               | 1          | 996,166               | 1          |
| Lease liabilities (Note 16)                                                          | 165,018               | -          | 23,502                | -          |
| Advances received                                                                    | 1,798,587             | 1          | 1,356,933             | 1          |
| Total current liabilities                                                            | 79,773,874            | 52         | 68,217,947            | 48         |
| <b>NON-CURRENT LIABILITIES</b>                                                       |                       |            |                       |            |
| Deferred tax liabilities (Note 24)                                                   | 1,702,890             | 1          | 1,489,510             | 1          |
| Lease liabilities (Note 16)                                                          | 349,106               | -          | 141,699               | -          |
| Guarantee deposits                                                                   | 20,836                | -          | 19,818                | -          |
| Total non-current liabilities                                                        | 2,072,832             | 1          | 1,651,027             | 1          |
| Total liabilities                                                                    | 81,846,706            | 53         | 69,868,974            | 49         |
| <b>EQUITY</b>                                                                        |                       |            |                       |            |
| Share capital                                                                        |                       |            |                       |            |
| Ordinary shares                                                                      | 23,508,670            | 15         | 23,508,670            | 16         |
| Capital surplus                                                                      | 21,836,342            | 14         | 21,613,574            | 15         |
| Retained earnings                                                                    |                       |            |                       |            |
| Legal reserve                                                                        | 15,613,679            | 10         | 13,789,553            | 10         |
| Special reserve                                                                      | 5,940,218             | 4          | 4,732,075             | 3          |
| Unappropriated earnings                                                              | 15,199,955            | 10         | 17,026,026            | 12         |
| Total retained earnings                                                              | 36,753,852            | 24         | 35,547,654            | 25         |
| Other equity                                                                         |                       |            |                       |            |
| Exchange differences on translating the financial statements of foreign operations   | (5,820,080)           | (4)        | (5,563,051)           | (4)        |
| Unrealized loss of financial assets at fair value through other comprehensive income | (236,908)             | -          | (245,858)             | -          |
| Total other equity                                                                   | (6,056,988)           | (4)        | (5,808,909)           | (4)        |
| Treasury shares                                                                      | (3,700,808)           | (2)        | (1,271,314)           | (1)        |
| Total equity                                                                         | 72,341,068            | 47         | 73,589,675            | 51         |
| <b>TOTAL</b>                                                                         | <b>\$ 154,187,774</b> | <b>100</b> | <b>\$ 143,458,649</b> | <b>100</b> |

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

# LITE-ON TECHNOLOGY CORPORATION

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

|                                                                                         | 2021                |             | 2020                |             |
|-----------------------------------------------------------------------------------------|---------------------|-------------|---------------------|-------------|
|                                                                                         | Amount              | %           | Amount              | %           |
| OPERATING REVENUE                                                                       |                     |             |                     |             |
| Sales (Notes 22 and 30)                                                                 | \$ 109,019,699      | 102         | \$ 101,992,611      | 102         |
| Less: Sales returns                                                                     | 367,988             | -           | 365,624             | -           |
| Sales allowance                                                                         | <u>2,396,876</u>    | <u>2</u>    | <u>2,073,363</u>    | <u>2</u>    |
| Total operating revenue                                                                 | <u>106,254,835</u>  | <u>100</u>  | <u>99,553,624</u>   | <u>100</u>  |
| COST OF GOODS SOLD (Notes 12, 23 and 30)                                                | <u>(93,456,480)</u> | <u>(88)</u> | <u>(86,767,469)</u> | <u>(87)</u> |
| GROSS PROFIT                                                                            | 12,798,355          | 12          | 12,786,155          | 13          |
| UNREALIZED GAIN ON TRANSACTIONS WITH<br>SUBSIDIARIES AND ASSOCIATES                     | -                   | -           | (41,044)            | -           |
| REALIZED GAIN ON TRANSACTIONS WITH<br>SUBSIDIARIES AND ASSOCIATES                       | <u>147,496</u>      | <u>-</u>    | <u>-</u>            | <u>-</u>    |
| REALIZED GROSS PROFIT                                                                   | <u>12,945,851</u>   | <u>12</u>   | <u>12,745,111</u>   | <u>13</u>   |
| OPERATING EXPENSES (Notes 23 and 30)                                                    |                     |             |                     |             |
| Selling and marketing expenses                                                          | (1,371,106)         | (1)         | (2,069,021)         | (2)         |
| General and administrative expenses                                                     | (3,454,692)         | (3)         | (4,419,077)         | (5)         |
| Research and development expenses                                                       | (3,870,268)         | (4)         | (2,865,416)         | (3)         |
| Expected credit (loss) gain (Notes 11)                                                  | <u>38,380</u>       | <u>-</u>    | <u>(21,178)</u>     | <u>-</u>    |
| Total operating expenses                                                                | <u>(8,657,686)</u>  | <u>(8)</u>  | <u>(9,374,692)</u>  | <u>(10)</u> |
| OPERATING INCOME                                                                        | <u>4,288,165</u>    | <u>4</u>    | <u>3,370,419</u>    | <u>3</u>    |
| NON-OPERATING INCOME AND EXPENSES                                                       |                     |             |                     |             |
| Share of profit of subsidiaries and associates<br>accounted for using the equity method | 10,510,200          | 10          | 6,241,446           | 6           |
| Interest income                                                                         | 15,401              | -           | 19,388              | -           |
| Dividend income                                                                         | 3,272               | -           | 11,113              | -           |
| Other income (Note 30)                                                                  | 919,218             | 1           | 665,930             | 1           |
| Net gain (loss) on disposal of property, plant and<br>equipment                         | (115,189)           | -           | 24,257              | -           |
| Net gain on disposal of investments                                                     | 59,300              | -           | 992,891             | 1           |
| Net gain on foreign currency exchange                                                   | 315,895             | -           | 1,281,464           | 1           |
| Net gain on financial assets at fair value through<br>profit or loss                    | 1,441,618           | 1           | 558,183             | 1           |
| Finance costs (Notes 23 and 30)                                                         | (94,518)            | -           | (197,981)           | -           |
| Other expenses                                                                          | (6,512)             | -           | (13,398)            | -           |

(Continued)

## LITE-ON TECHNOLOGY CORPORATION

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

|                                                                                                                           | 2021                 |            | 2020                |            |
|---------------------------------------------------------------------------------------------------------------------------|----------------------|------------|---------------------|------------|
|                                                                                                                           | Amount               | %          | Amount              | %          |
| Net loss on disposal of intangible asset                                                                                  | \$ -                 | -          | \$ (72)             | -          |
| Impairment loss (Notes 14, 15 and 17)                                                                                     | <u>(1,180,743)</u>   | <u>(1)</u> | <u>(1,580,584)</u>  | <u>(2)</u> |
| Total non-operating income and expenses                                                                                   | <u>11,867,942</u>    | <u>11</u>  | <u>8,002,637</u>    | <u>8</u>   |
| PROFIT BEFORE INCOME TAX                                                                                                  | 16,156,107           | 15         | 11,373,056          | 11         |
| INCOME TAX EXPENSE (Note 24)                                                                                              | <u>(2,269,555)</u>   | <u>(2)</u> | <u>(1,357,018)</u>  | <u>(1)</u> |
| NET PROFIT FOR THE YEAR                                                                                                   | <u>13,886,552</u>    | <u>13</u>  | <u>10,016,038</u>   | <u>10</u>  |
| OTHER COMPREHENSIVE INCOME (LOSS)<br>(Notes 20, 21 and 24)                                                                |                      |            |                     |            |
| Items that will not be reclassified subsequently to<br>profit or loss:                                                    |                      |            |                     |            |
| Remeasurement of defined benefit plans                                                                                    | 18,311               | -          | (11,145)            | -          |
| Unrealized gain on investments in equity<br>instruments designated as at fair value through<br>other comprehensive income | 11,572               | -          | 62,668              | -          |
| Share of other comprehensive income (loss) of<br>subsidiaries and associates accounted for using<br>the equity method     | (1,150)              | -          | (5,388)             | -          |
| Income tax relating to items will not be<br>reclassified subsequently to profit or loss                                   | <u>(3,662)</u>       | <u>-</u>   | <u>2,229</u>        | <u>-</u>   |
|                                                                                                                           | <u>25,071</u>        | <u>-</u>   | <u>48,364</u>       | <u>-</u>   |
| Items that may be reclassified subsequently to profit<br>or loss:                                                         |                      |            |                     |            |
| Exchange differences on translating the financial<br>statements of foreign operations                                     | (300,307)            | -          | (1,725,075)         | (2)        |
| Share of other comprehensive loss of subsidiaries<br>and associates accounted for using the equity<br>method              | (91,290)             | -          | (14,635)            | -          |
| Income tax relating to items that may be<br>reclassified subsequently to profit or loss                                   | <u>38,760</u>        | <u>-</u>   | <u>343,572</u>      | <u>1</u>   |
|                                                                                                                           | <u>(352,837)</u>     | <u>-</u>   | <u>(1,396,138)</u>  | <u>(1)</u> |
| Other comprehensive loss for the year, net of<br>income tax                                                               | <u>(327,766)</u>     | <u>-</u>   | <u>(1,347,774)</u>  | <u>(1)</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE<br>YEAR                                                                                | <u>\$ 13,558,786</u> | <u>13</u>  | <u>\$ 8,668,264</u> | <u>9</u>   |

(Continued)

## LITE-ON TECHNOLOGY CORPORATION

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

|                                                  | <u>2021</u>   |          | <u>2020</u>   |          |
|--------------------------------------------------|---------------|----------|---------------|----------|
|                                                  | <u>Amount</u> | <u>%</u> | <u>Amount</u> | <u>%</u> |
| EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 25) |               |          |               |          |
| From continuing operations                       |               |          |               |          |
| Basic                                            | <u>\$6.01</u> |          | <u>\$4.31</u> |          |
| Diluted                                          | <u>\$5.92</u> |          | <u>\$4.25</u> |          |

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

(Concluded)

LITE-ON TECHNOLOGY CORPORATION

STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
(In Thousands of New Taiwan Dollars)

|                                                                                                                    | Issue of Share Capital (Note 21) |               | Capital Surplus (Note 21) |                 | Retained Earnings (Note 21) |                         | Unappropriated Earnings (Note 21) |                                                        | Other Equity (Note 21)                                                                      |                                    |                |                           |
|--------------------------------------------------------------------------------------------------------------------|----------------------------------|---------------|---------------------------|-----------------|-----------------------------|-------------------------|-----------------------------------|--------------------------------------------------------|---------------------------------------------------------------------------------------------|------------------------------------|----------------|---------------------------|
|                                                                                                                    | Shares (In Thousands)            | Amount        | Legal Reserve             | Special Reserve | Special Reserve             | Unappropriated Earnings | Total                             | Exchange Differences on Translating Foreign Operations | Unrealized Gain (Loss) on Foreign Exchange at Fair Value Through Other Comprehensive Income | Gain (Loss) on Hedging Instruments | Total          | Treasury Shares (Note 21) |
| BALANCE AT JANUARY 1, 2020                                                                                         | 2,350,867                        | \$ 23,508,670 | \$ 12,845,584             | \$ 3,388,768    | \$ 16,885,813               | \$ 33,120,165           | \$ 33,120,165                     | \$ (4,804,444)                                         | \$ (312,940)                                                                                | \$ 288                             | \$ (4,717,096) | \$ (1,271,314)            |
| Appropriation of 2019 earnings                                                                                     | -                                | -             | 943,969                   | -               | (943,969)                   | -                       | -                                 | -                                                      | -                                                                                           | -                                  | -              | -                         |
| Legal reserve                                                                                                      | -                                | -             | (1,343,307)               | 1,343,307       | (1,343,307)                 | -                       | -                                 | -                                                      | -                                                                                           | -                                  | -              | -                         |
| Special reserve                                                                                                    | -                                | -             | -                         | -               | (7,521,296)                 | -                       | (7,521,296)                       | -                                                      | -                                                                                           | -                                  | -              | (7,521,296)               |
| Cash dividends                                                                                                     | -                                | -             | -                         | -               | -                           | -                       | -                                 | -                                                      | -                                                                                           | -                                  | -              | -                         |
| Disposal of investments accounted for using the equity method                                                      | -                                | -             | (288,234)                 | -               | 7,712                       | 7,712                   | 7,712                             | 168,121                                                | (7,712)                                                                                     | 1,201                              | 161,610        | (118,912)                 |
| Difference between subsidiaries' disposal of consideration and carrying amount (Note 14)                           | -                                | -             | (18,362)                  | -               | (76,967)                    | (76,967)                | (76,967)                          | 67,921                                                 | 49,434                                                                                      | -                                  | 117,355        | 22,026                    |
| Changes in percentage of ownership interests in subsidiaries                                                       | -                                | -             | -                         | -               | (20,966)                    | (20,966)                | (20,966)                          | -                                                      | -                                                                                           | -                                  | -              | 15,252                    |
| Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method | -                                | -             | (13,411)                  | -               | (36)                        | (36)                    | (36)                              | -                                                      | -                                                                                           | -                                  | -              | (13,447)                  |
| Changes in capital surplus from cash dividends of the Company paid to subsidiaries                                 | -                                | -             | -                         | -               | -                           | -                       | -                                 | -                                                      | -                                                                                           | -                                  | -              | -                         |
| Disposal of investments in equity instruments designated as fair value through other comprehensive income          | -                                | -             | -                         | -               | -                           | -                       | -                                 | -                                                      | -                                                                                           | -                                  | -              | 78,013                    |
| Net profit for the year ended December 31, 2020                                                                    | -                                | -             | -                         | -               | 30,707                      | 30,707                  | 30,707                            | -                                                      | (30,707)                                                                                    | -                                  | (30,707)       | -                         |
| Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax                          | -                                | -             | -                         | -               | 10,016,038                  | 10,016,038              | 10,016,038                        | -                                                      | -                                                                                           | -                                  | -              | 10,016,038                |
| Total comprehensive income (loss) for the year ended December 31, 2020                                             | -                                | -             | -                         | -               | (7,703)                     | (7,703)                 | (7,703)                           | (1,394,649)                                            | 56,067                                                                                      | (1,489)                            | (1,347,774)    | -                         |
| BALANCE AT DECEMBER 31, 2020                                                                                       | 2,350,867                        | 23,508,670    | 13,789,553                | 4,732,075       | 17,026,026                  | 35,547,654              | 35,547,654                        | (5,863,051)                                            | (245,858)                                                                                   | -                                  | (5,808,909)    | 73,589,675                |
| Appropriation of 2020 earnings                                                                                     | -                                | -             | 1,824,126                 | -               | (1,824,126)                 | -                       | -                                 | -                                                      | -                                                                                           | -                                  | -              | -                         |
| Legal reserve                                                                                                      | -                                | -             | -                         | 1,208,143       | (1,208,143)                 | -                       | -                                 | -                                                      | -                                                                                           | -                                  | -              | -                         |
| Special reserve                                                                                                    | -                                | -             | -                         | -               | (12,692,187)                | -                       | (12,692,187)                      | -                                                      | -                                                                                           | -                                  | -              | (12,692,187)              |
| Cash dividends                                                                                                     | -                                | -             | -                         | -               | -                           | -                       | -                                 | -                                                      | -                                                                                           | -                                  | -              | -                         |
| Disposal of investments accounted for using the equity method                                                      | -                                | -             | -                         | -               | -                           | -                       | -                                 | 69,958                                                 | -                                                                                           | -                                  | 69,958         | -                         |
| Difference between subsidiaries' disposal of consideration and carrying amount                                     | -                                | -             | -                         | -               | -                           | -                       | -                                 | 25,850                                                 | -                                                                                           | -                                  | 25,850         | -                         |
| Changes in percentage of ownership interest in subsidiaries                                                        | -                                | -             | (829)                     | -               | (1,393)                     | (1,393)                 | (1,393)                           | -                                                      | -                                                                                           | -                                  | (2,222)        | -                         |
| Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method | -                                | -             | 91,950                    | -               | (2,895)                     | (2,895)                 | (2,895)                           | -                                                      | -                                                                                           | -                                  | -              | 89,055                    |
| Changes in capital surplus from cash dividends of the Company paid to subsidiaries                                 | -                                | -             | 131,647                   | -               | -                           | -                       | -                                 | -                                                      | -                                                                                           | -                                  | -              | 131,647                   |
| Disposal of investments in equity instruments designated as at fair value through other comprehensive income       | -                                | -             | -                         | -               | (400)                       | (400)                   | (400)                             | -                                                      | 400                                                                                         | -                                  | -              | -                         |
| Buy-back of ordinary shares                                                                                        | -                                | -             | -                         | -               | -                           | -                       | -                                 | -                                                      | -                                                                                           | -                                  | -              | (2,429,494)               |
| Net profit for the year ended December 31, 2021                                                                    | -                                | -             | -                         | -               | 13,886,552                  | 13,886,552              | 13,886,552                        | -                                                      | -                                                                                           | -                                  | -              | 13,886,552                |
| Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax                          | -                                | -             | -                         | -               | 16,521                      | 16,521                  | 16,521                            | (352,837)                                              | 8,550                                                                                       | -                                  | (344,287)      | -                         |
| Total comprehensive income (loss) for the year ended December 31, 2021                                             | -                                | -             | -                         | -               | 13,903,073                  | 13,903,073              | 13,903,073                        | (352,837)                                              | 8,550                                                                                       | -                                  | (344,287)      | -                         |
| BALANCE AT DECEMBER 31, 2021                                                                                       | 2,350,867                        | 23,508,670    | 15,613,679                | 5,940,218       | 15,199,955                  | 36,753,852              | 36,753,852                        | (5,820,080)                                            | (216,908)                                                                                   | -                                  | (6,036,988)    | (13,700,808)              |

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

## LITE-ON TECHNOLOGY CORPORATION

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

|                                                                                            | 2021          | 2020          |
|--------------------------------------------------------------------------------------------|---------------|---------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                                |               |               |
| Income before income tax                                                                   | \$ 16,156,107 | \$ 11,373,056 |
| Adjustments for:                                                                           |               |               |
| Depreciation expenses                                                                      | 750,844       | 598,874       |
| Amortization expenses                                                                      | 159,277       | 176,525       |
| Expected credit loss (gain)                                                                | (38,380)      | 21,178        |
| Net gain on fair value changes of financial assets as at fair value through profit or loss | (1,441,618)   | (558,183)     |
| Finance costs                                                                              | 94,518        | 197,981       |
| Interest income                                                                            | (15,401)      | (19,388)      |
| Dividend income                                                                            | (3,272)       | (11,113)      |
| Share of profit of subsidiaries and associates accounted for using the equity method       | (10,510,200)  | (6,241,446)   |
| Net loss (gain) on disposal of property, plant and equipment                               | 115,189       | (24,257)      |
| Net loss on disposal of intangible assets                                                  | -             | 72            |
| Net gain on disposal of investments                                                        | (59,300)      | (992,891)     |
| Impairment loss recognized on non-financial assets                                         | 1,388,427     | 1,485,864     |
| Unrealized gain on transactions with subsidiaries and associates                           | -             | 41,044        |
| Realized gain on transactions with subsidiaries and associates                             | (147,496)     | -             |
| Unrealized net gain on foreign currency exchange                                           | 270,205       | (9,072)       |
| Recognition of provisions                                                                  | 79,246        | 366,374       |
| Changes in operating assets and liabilities                                                |               |               |
| Financial assets mandatorily classified as at fair value through profit or loss            | 515,405       | 1,296,520     |
| Contract assets                                                                            | 156,381       | 4,734         |
| Notes receivable                                                                           | -             | 207           |
| Trade receivables                                                                          | (2,757,512)   | 192,419       |
| Trade receivables from related parties                                                     | 1,419,128     | 941,632       |
| Other receivables                                                                          | 620,215       | (626,181)     |
| Other receivables from related parties                                                     | (33,121)      | 34,020        |
| Inventories                                                                                | (1,618,002)   | 860,607       |
| Prepayments                                                                                | (56,099)      | (55,684)      |
| Contract liabilities                                                                       | (12,961)      | 13,059        |
| Notes payable                                                                              | 2             | -             |
| Trade payables                                                                             | 380,372       | 350,001       |
| Trade payables to related parties                                                          | 2,188,483     | (3,781,448)   |
| Other payables                                                                             | 80,222        | 865,920       |
| Other payables to related parties                                                          | 40,429        | (180,609)     |
| Provisions                                                                                 | (195,812)     | (233,746)     |
| Advance receipts                                                                           | 441,654       | 193,758       |
| Net defined benefit liabilities                                                            | (11,738)      | (14,948)      |
| Cash generated from operations                                                             | 7,955,192     | 6,264,879     |
| Interest received                                                                          | 15,672        | 19,345        |
| Dividends received                                                                         | 3,272         | 11,113        |

(Continued)

## LITE-ON TECHNOLOGY CORPORATION

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

|                                                                                             | 2021               | 2020                |
|---------------------------------------------------------------------------------------------|--------------------|---------------------|
| Interest paid                                                                               | \$ (92,148)        | \$ (216,888)        |
| Income tax paid                                                                             | <u>(1,209,441)</u> | <u>(752,547)</u>    |
| Net cash generated from operating activities                                                | <u>6,672,547</u>   | <u>5,325,902</u>    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                                 |                    |                     |
| Purchases of financial assets at fair value through other comprehensive income              | (417,475)          | (267,562)           |
| Proceeds from disposal of financial assets at fair value through other comprehensive income | 18,059             | 140,318             |
| Purchases of financial assets at amortized costs                                            | (257)              | (89,272)            |
| Proceeds from disposal of financial assets at amortized costs                               | 89,252             | 121,723             |
| Proceeds from disposal of investments accounted for using the equity method                 | 1,014,378          | 2,423,867           |
| Net cash outflow on acquisition of subsidiaries (Note 26)                                   | -                  | (321,461)           |
| Proceeds from capital reduction of investments accounted for using the equity method        | -                  | 609,528             |
| Proceeds from disposal of non-current assets held for sale                                  | -                  | 5,415,152           |
| Purchases of property, plant and equipment                                                  | (1,219,376)        | (886,425)           |
| Proceeds from disposal of property, plant and equipment                                     | 43,503             | 32,800              |
| Decrease (increase) in refundable deposits                                                  | (35,229)           | 63,371              |
| Purchases of intangible assets                                                              | (131,216)          | (87,314)            |
| Proceeds from disposal of intangible assets                                                 | 55                 | 207                 |
| Net cash inflows from business combination                                                  | 24,784             | -                   |
| Dividends received from subsidiaries and associates                                         | <u>99,482</u>      | <u>179,603</u>      |
| Net cash generated from (used in) investing activities                                      | <u>(514,040)</u>   | <u>7,334,535</u>    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                                 |                    |                     |
| Proceeds from short-term borrowings                                                         | 7,999,787          | -                   |
| Repayments of short-term borrowings                                                         | -                  | (3,524,025)         |
| Proceeds from guarantee deposits received                                                   | 1,018              | 3,225               |
| Repayments of the principal portion of lease liabilities                                    | (62,129)           | (32,094)            |
| Cash dividends paid                                                                         | (12,692,187)       | (7,521,296)         |
| Payments for buy-back of ordinary shares                                                    | (2,429,494)        | -                   |
| Acquisition of subsidiaries                                                                 | (2,964)            | (940,230)           |
| Disposal of partial interests in subsidiary without a loss of control                       | <u>-</u>           | <u>295,686</u>      |
| Net cash used in financing activities                                                       | <u>(7,185,969)</u> | <u>(11,718,734)</u> |

(Continued)

## LITE-ON TECHNOLOGY CORPORATION

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

|                                                        | 2021                | 2020                |
|--------------------------------------------------------|---------------------|---------------------|
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS   | \$ (1,027,462)      | \$ 941,703          |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | <u>6,101,978</u>    | <u>5,160,275</u>    |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR       | <u>\$ 5,074,516</u> | <u>\$ 6,101,978</u> |

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

(Concluded)



# LITE-ON TECHNOLOGY CORPORATION

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

### 1. GENERAL INFORMATION

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

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

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

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

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

### 2. APPROVAL OF FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### a. Statement of compliance

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

##### b. Basis of preparation

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

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

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

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

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

Current assets include:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the reporting period; and

- Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the reporting period, and
- Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Foreign currencies

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

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

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

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

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

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

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

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

e. Inventories

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

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

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

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

When the Company acquires a subsidiary that does not constitute a business, the Company appropriately allocates the cost of acquisition to the Company's share of the amounts of the identifiable assets acquired (including intangible assets) and liabilities assumed, and the transaction does not give rise to goodwill nor gains.

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

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

Profit or loss resulting from downstream transactions between subsidiaries is eliminated in full in the financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only to the extent of interests in the subsidiaries that are not related to the Company.

g. Investments in associates

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

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

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

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

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

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

The entire carrying amount of 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 Company 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 Company 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 Company continues to apply the equity method and does not remeasure the retained interest.

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

#### h. Property, plant and equipment

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

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

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

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

#### i. Goodwill

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

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

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

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

j. Intangible assets

1) Intangible assets acquired separately

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

2) Intangible assets acquired in a business combination

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

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

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

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

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

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

l. Non-current assets held for sale

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



When a sale plan would result in a loss of control of a subsidiary, all of the carrying amounts of the investments in that subsidiary are classified as held for sale, regardless of whether there is any residual interest in that subsidiary after the sale. However, such investment is still accounted for using the equity method.

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

m. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 28: Financial Instruments.

ii. Financial assets at amortized cost

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

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

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

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

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

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

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

Cash equivalents include time deposits held for with original maturities with 3 months from the date of acquisition, highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

### iii. Investments in equity instruments at FVTOCI

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

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

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

## b) Impairment of financial assets and contract assets

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

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

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

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

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

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

## c) Derecognition of financial assets

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

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

## 2) Equity instruments

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

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

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

### 3) Financial liabilities

#### a) Subsequent measurement

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

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

Fair value is determined in the manner described in Note 28.

#### b) Derecognition of financial liabilities

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

### 4) Derivative financial instruments

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

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

#### n. Provisions

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

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

#### o. Revenue recognition

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

1) Revenue from the sale of goods

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

2) Revenue from the services

Services revenue are recognized when services are provided.

p. Leases

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

1) The Company as lessor

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

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

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

2) The Company as lessee

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

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

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

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

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

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

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

q. Borrowing costs

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

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

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

r. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

### 3) Termination benefits

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

## s. Taxation

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

### 1) Current tax

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

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

### 2) Deferred tax

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

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

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

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



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

### 3) Current and deferred taxes

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

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

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

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

### Critical Accounting Judgements

- Business model assessment for financial assets

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

### Key Sources of Estimation Uncertainty

- a. Estimated impairment of financial assets

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



b. Write-down of inventories

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

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

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

d. Impairment of goodwill

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

6. CASH AND CASH EQUIVALENTS

|                   | December 31         |                     |
|-------------------|---------------------|---------------------|
|                   | 2021                | 2020                |
| Cash on hand      | \$ 316              | \$ 349              |
| Checking accounts | 2,516               | 42,223              |
| Demand deposits   | <u>5,071,684</u>    | <u>6,059,406</u>    |
|                   | <u>\$ 5,074,516</u> | <u>\$ 6,101,978</u> |

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

|                 | December 31 |         |
|-----------------|-------------|---------|
|                 | 2021        | 2020    |
| Demand deposits | 0%-0.3%     | 0%-0.3% |

## 7. FINANCIAL INSTRUMENTS AT FVTPL

|                                                          | <b>December 31</b> |                     |
|----------------------------------------------------------|--------------------|---------------------|
|                                                          | <b>2021</b>        | <b>2020</b>         |
| <u>Financial assets at FVTPL - current</u>               |                    |                     |
| Financial assets mandatorily classified as at FVTPL      |                    |                     |
| Derivative financial assets (not under hedge accounting) |                    |                     |
| Forward exchange contracts                               | \$ 349,815         | \$ -                |
| Currency swaps                                           | <u>244,491</u>     | <u>738,188</u>      |
|                                                          | <u>\$ 594,306</u>  | <u>\$ 738,188</u>   |
| <u>Financial assets at FVTPL - non-current</u>           |                    |                     |
| Financial assets mandatorily classified as at FVTPL      |                    |                     |
| Non-derivative financial assets                          |                    |                     |
| Mutual funds                                             | \$ 137,467         | \$ 50,589           |
| Domestic listed shares                                   | <u>17,218</u>      | <u>18,587</u>       |
|                                                          | <u>\$ 154,685</u>  | <u>\$ 69,176</u>    |
| <u>Financial liabilities at FVTPL - current</u>          |                    |                     |
| Financial liabilities held for trading                   |                    |                     |
| Derivative financial assets (not under hedge accounting) |                    |                     |
| Forward exchange contracts                               | <u>\$ 364,175</u>  | <u>\$ 1,348,761</u> |

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

|                            | <b>Currency</b> | <b>Maturity Date</b>  | <b>Notional Amount<br/>(In Thousands)</b> |
|----------------------------|-----------------|-----------------------|-------------------------------------------|
| <u>December 31, 2021</u>   |                 |                       |                                           |
| Currency swaps             | USD/NTD         | 2022.01.18-2022.07.11 | USD940,000/NTD26,202,240                  |
| Forward exchange contracts | USD/NTD         | 2022.01.07-2022.12.27 | USD1,756,000/NTD47,668,097                |
| <u>December 31, 2020</u>   |                 |                       |                                           |
| Currency swaps             | USD/NTD         | 2021.01.07-2021.05.06 | USD1,090,000/NTD31,298,920                |
| Forward exchange contracts | USD/NTD         | 2021.01.28-2021.12.20 | USD1,490,000/NTD41,770,771                |

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

## 8. FINANCIAL ASSETS AT FVOCI

### Investments in Equity Instruments at FVTOCI

|                      | December 31       |                   |
|----------------------|-------------------|-------------------|
|                      | 2021              | 2020              |
| <u>Non-current</u>   |                   |                   |
| Domestic investments |                   |                   |
| Listed shares        | \$ 161,393        | \$ 145,982        |
| Unlisted shares      | <u>14,809</u>     | <u>45,190</u>     |
|                      | <u>176,202</u>    | <u>191,172</u>    |
| Foreign investments  |                   |                   |
| Unlisted shares      | <u>703,322</u>    | <u>277,364</u>    |
|                      | <u>\$ 879,524</u> | <u>\$ 468,536</u> |

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

## 9. FINANCIAL ASSETS AT AMORTIZED COSTS

|                  | December 31       |                   |
|------------------|-------------------|-------------------|
|                  | 2021              | 2020              |
| Pledged deposits | <u>\$ 229,965</u> | <u>\$ 318,960</u> |
| Current          | \$ 3,209          | \$ 27,186         |
| Non-current      | <u>226,756</u>    | <u>291,774</u>    |
|                  | <u>\$ 229,965</u> | <u>\$ 318,960</u> |

- Refer to Note 10 for credit risk management and impairment evaluation for investments in financial assets at amortized cost.
- Refer to Note 31 for information of investments in financial assets at amortized cost pledged as security.

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

Investments in debt instruments are classified as at amortized cost.

|                                     | December 31       |                   |
|-------------------------------------|-------------------|-------------------|
|                                     | 2021              | 2020              |
| <u>At amortized cost</u>            |                   |                   |
| Gross carrying amount               | \$ 229,965        | \$ 318,960        |
| Less: Allowance for impairment loss | <u>-</u>          | <u>-</u>          |
| Net carrying amount                 | <u>\$ 229,965</u> | <u>\$ 318,960</u> |

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

## 11. TRADE RECEIVABLES, NET

|                               | December 31          |                      |
|-------------------------------|----------------------|----------------------|
|                               | 2021                 | 2020                 |
| <u>Trade receivables</u>      |                      |                      |
| At amortized cost             |                      |                      |
| Gross carrying amount         | \$ 24,741,425        | \$ 21,474,921        |
| Allowance for impairment loss | <u>(1,866)</u>       | <u>(67,709)</u>      |
|                               | <u>\$ 24,739,559</u> | <u>\$ 21,407,212</u> |

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

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

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

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

December 31, 2021

|                           | Not Past Due         | Past Due Within 60 Days | Past Due 61 to 210 Days | Past Due 211 to 240 Days | Past Due Over 241 Days | Total                |
|---------------------------|----------------------|-------------------------|-------------------------|--------------------------|------------------------|----------------------|
| Expected credit loss rate | 0%                   | 0.1%-5%                 | 40%-70%                 | 50%-100%                 | 100%                   |                      |
| Gross carrying amount     | \$ 24,606,663        | \$ 132,442              | \$ 1,618                | \$ -                     | \$ 702                 | \$ 24,741,425        |
| Loss allowance            | -                    | (245)                   | (919)                   | -                        | (702)                  | (1,866)              |
| Net carrying amount       | <u>\$ 24,606,663</u> | <u>\$ 132,197</u>       | <u>\$ 699</u>           | <u>\$ -</u>              | <u>\$ -</u>            | <u>\$ 24,739,559</u> |

December 31, 2020

|                           | Not Past Due         | Past Due Within 60 Days | Past Due 61 to 210 Days | Past Due 211 to 240 Days | Past Due Over 241 Days | Total                |
|---------------------------|----------------------|-------------------------|-------------------------|--------------------------|------------------------|----------------------|
| Expected credit loss rate | 0%                   | 0.1%-5%                 | 40%-70%                 | 50%-100%                 | 100%                   |                      |
| Gross carrying amount     | \$ 21,374,104        | \$ 25,267               | \$ 21,231               | \$ -                     | \$ 54,319              | \$ 21,474,921        |
| Loss allowance            | -                    | (51)                    | (13,339)                | -                        | (54,319)               | (67,709)             |
| Net carrying amount       | <u>\$ 21,374,104</u> | <u>\$ 25,216</u>        | <u>\$ 7,892</u>         | <u>\$ -</u>              | <u>\$ -</u>            | <u>\$ 21,407,212</u> |

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

|                             | <u>For the Year Ended December 31</u> |                  |
|-----------------------------|---------------------------------------|------------------|
|                             | 2021                                  | 2020             |
| Balance at January 1        | \$ 67,709                             | \$ 51,489        |
| Expected credit loss (gain) | (38,380)                              | 21,178           |
| Amounts written off         | <u>(27,463)</u>                       | <u>(4,958)</u>   |
| Balance at December 31      | <u>\$ 1,866</u>                       | <u>\$ 67,709</u> |

**12. INVENTORIES, NET**

|                      | <u>December 31</u>  |                     |
|----------------------|---------------------|---------------------|
|                      | 2021                | 2020                |
| Finished good        | \$ 5,375,651        | \$ 5,020,352        |
| Raw materials        | 1,461,584           | 474,926             |
| Work in progress     | 214,274             | 145,982             |
| Inventory in transit | <u>69</u>           | <u>-</u>            |
|                      | <u>\$ 7,051,578</u> | <u>\$ 5,641,260</u> |

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020 was \$93,456,480 thousand and \$86,767,469 thousand, respectively.

The cost of inventories recognized as cost of goods sold included an increase in cost of goods sold due to inventory write-downs to the net realizable value and a reduction of cost of goods sold due to the reversal of write-down in inventory's net realizable value. The separate columns are as follows:

|                                         | <b>For the Year Ended December 31</b> |                    |
|-----------------------------------------|---------------------------------------|--------------------|
|                                         | <b>2021</b>                           | <b>2020</b>        |
| (Reversal of) write-down of inventories | <u>\$ 207,684</u>                     | <u>\$ (94,720)</u> |

### 13. NON-CURRENT ASSETS HELD FOR SALE

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

### 14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

|                             | <b>December 31</b>   |                      |
|-----------------------------|----------------------|----------------------|
|                             | <b>2021</b>          | <b>2020</b>          |
| Investments in subsidiaries | \$ 89,404,000        | \$ 79,355,847        |
| Investments in associates   | <u>901,425</u>       | <u>1,728,977</u>     |
|                             | <u>\$ 90,305,425</u> | <u>\$ 81,084,824</u> |

#### a. Investments in subsidiaries

|                                                     | <b>December 31</b> |                   |             |                   |
|-----------------------------------------------------|--------------------|-------------------|-------------|-------------------|
|                                                     | <b>2021</b>        |                   | <b>2020</b> |                   |
|                                                     | <b>%</b>           | <b>Book Value</b> | <b>%</b>    | <b>Book Value</b> |
| Lite-On International Holding Co., Ltd.             | 100.00             | \$ 21,568,426     | 100.00      | \$ 20,212,804     |
| LITE-ON ELECTRONICS H.K. LIMITED                    | 100.00             | 20,067,506        | 100.00      | 18,455,896        |
| LITE-ON SINGAPORE PTE. LTD.                         | 100.00             | 21,816,172        | 100.00      | 15,866,145        |
| HIGH YIELD GROUP CO., LTD.                          | 100.00             | 5,993,663         | 100.00      | 5,806,406         |
| LITE-ON MOBILE PTE. LTD.                            | 100.00             | 2,517,919         | 100.00      | 3,036,630         |
| LITE-ON TECHNOLOGY USA, INC.                        | 100.00             | 2,195,274         | 100.00      | 2,181,028         |
| Lite-On Automotive International (Cayman) Co., Ltd. | 100.00             | 2,461,167         | 100.00      | 2,277,805         |
| Lite-On Electronics (Thailand) Co., Ltd.            | 100.00             | 1,839,836         | 100.00      | 2,059,766         |
| KBW-LITEON Jordan Private Shareholding Limited      | 99.86              | 449,882           | 99.86       | 1,749,747         |
| Lite-On Capital Corporation                         | 100.00             | 1,088,606         | 100.00      | 1,094,239         |
| EAGLE ROCK INVESTMENT LTD.                          | 100.00             | 1,415,758         | 100.00      | 1,355,973         |

(Continued)

|                                                     | December 31 |                      |        |                                     |
|-----------------------------------------------------|-------------|----------------------|--------|-------------------------------------|
|                                                     | 2021        |                      | 2020   |                                     |
|                                                     | %           | Book Value           | %      | Book Value                          |
| Lite-On Japan Ltd.                                  | 100.00      | \$ 867,884           | 100.00 | \$ 822,303                          |
| LITE-ON VIETNAM CO., LTD.                           | 100.00      | 1,726,921            | 100.00 | 1,553,161                           |
| Lite-On Technology (Europe) B.V.                    | 54.00       | 195,888              | 54.00  | 209,234                             |
| LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED      | 99.00       | 319,776              | 99.00  | 217,430                             |
| Philips & Lite-On Digital Solutions Corporation     | 49.00       | 225,065              | 49.00  | 276,338                             |
| Lite-On Overseas Trading Co., Ltd.                  | 100.00      | 1,631,594            | 100.00 | 1,074,513                           |
| LITE-ON AUTOMOTIVE ELECTRONICS MEXICO, S.A. DE C.V. | 99.00       | 285,349              | 99.00  | 212,149                             |
| SKYLA CORPORATION                                   | 62.60       | 226,315              | 63.73  | 207,800                             |
| LTC GROUP LTD.                                      | 100.00      | 2,323,349            | 100.00 | 175,165                             |
| LITE-ON ELECTRONICS (EUROPE) LIMITED                | 100.00      | 70,651               | 100.00 | 67,887                              |
| Lite-On Integrated Service Inc.                     | 100.00      | 45,000               | 100.00 | 53,213                              |
| LET (HK) LIMITED                                    | 100.00      | 71,545               | 100.00 | 50,260                              |
| Lite-On Information Technology B.V.                 | -           | -                    | 100.00 | 16,337                              |
| KBW-LEOTEK Jordan Private Shareholding Limited      | 49.00       | 404                  | 49.00  | 228                                 |
| LITE-ON INC.                                        | -           | -                    | 83.28  | 151,997                             |
| DYNA INVESTMENT CO., LTD.                           | -           | -                    | 87.55  | 171,393                             |
| LEOTEK CORPORATION                                  | 100.00      | 50                   | -      | -                                   |
|                                                     |             | <u>\$ 89,404,000</u> |        | <u>\$ 79,355,847</u><br>(Concluded) |

The Company signed an agreement to dispose of part of the equity of Silitech Technology Corporation in 2020, and completed the disposal in the same year, and resulted in the Company lost control over Silitech Technology Corporation and its subsidiaries. Refer to Note 30 to the consolidated financial report for more details about the disposal.

b. Investments in associates

|                                                                               | December 31       |                     |
|-------------------------------------------------------------------------------|-------------------|---------------------|
|                                                                               | 2021              | 2020                |
| Associates that are not individually material                                 | <u>\$ 901,425</u> | <u>\$ 1,728,977</u> |
| <u>Aggregate information of associates that are not individually material</u> |                   |                     |

|                                         | For the Year Ended December 31 |                   |
|-----------------------------------------|--------------------------------|-------------------|
|                                         | 2021                           | 2020              |
| The Company's share of:                 |                                |                   |
| Net profit for the year                 | \$ 67,563                      | \$ 373,444        |
| Other comprehensive loss                | <u>(13,139)</u>                | <u>(11,402)</u>   |
| Total comprehensive income for the year | <u>\$ 54,424</u>               | <u>\$ 362,042</u> |

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

|                                                                                                              | <b>Amount</b>     |
|--------------------------------------------------------------------------------------------------------------|-------------------|
| Proceeds of disposal                                                                                         | \$ 2,423,867      |
| Less: Carrying amount of disposed of investment                                                              | (1,796,019)       |
| Add: Share of equity items other comprehensive income of the associate accounted for using the equity method | <u>102,330</u>    |
| Gain recognized (included in non-operating income and expenses, net gain on disposal of investment)          | <u>\$ 730,178</u> |

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

## 15. PROPERTY, PLANT AND EQUIPMENT, NET

|                          | For the Year Ended December 31, 2021 |                     |                     |                   |                          |                   |                     |                      |
|--------------------------|--------------------------------------|---------------------|---------------------|-------------------|--------------------------|-------------------|---------------------|----------------------|
| Cost                     | Freehold Land                        | Buildings           | Machinery Equipment | Tooling Equipment | Transportation Equipment | Office Equipment  | Other Equipment     | Total                |
| January 1, 2021          | \$ 2,438,638                         | \$ 7,125,011        | \$ 2,083,511        | \$ 693,025        | \$ 3,890                 | \$ 833,541        | \$ 594,272          | \$ 13,771,888        |
| Additions                | 95,752                               | 96,887              | 397,528             | 18,136            | 280                      | 69,952            | 589,541             | 1,268,076            |
| Disposals                | (3,713)                              | (370,309)           | (140,880)           | (126,265)         | (542)                    | (103,786)         | (77,395)            | (822,890)            |
|                          | 238,197                              | 90,866              | -                   | -                 | -                        | -                 | -                   | 329,063              |
| Reclassification         | -                                    | 55,555              | 70,398              | 8,502             | -                        | 8,315             | (104,400)           | 38,370               |
| December 31, 2021        | <u>\$ 2,768,874</u>                  | <u>\$ 6,988,010</u> | <u>\$ 2,410,557</u> | <u>\$ 593,398</u> | <u>\$ 3,628</u>          | <u>\$ 808,022</u> | <u>\$ 1,002,018</u> | <u>\$ 14,584,507</u> |
| Accumulated depreciation |                                      |                     |                     |                   |                          |                   |                     |                      |
| January 1, 2021          | \$ -                                 | \$ 2,218,152        | \$ 1,559,059        | \$ 658,533        | \$ 2,767                 | \$ 754,488        | \$ 335,989          | \$ 5,528,988         |
| Additions                | -                                    | 243,417             | 298,892             | 22,185            | 355                      | 54,558            | 54,123              | 673,530              |
| Disposals                | -                                    | (219,520)           | (139,309)           | (126,265)         | (542)                    | (103,675)         | (74,805)            | (664,116)            |
|                          | -                                    | 32,339              | -                   | -                 | -                        | -                 | -                   | 32,339               |
| Reclassification         | -                                    | 9,412               | 3,059               | 7,455             | -                        | 4,261             | 159                 | 24,346               |
| December 31, 2021        | <u>\$ -</u>                          | <u>\$ 2,283,800</u> | <u>\$ 1,721,701</u> | <u>\$ 561,908</u> | <u>\$ 2,580</u>          | <u>\$ 709,632</u> | <u>\$ 315,466</u>   | <u>\$ 5,595,087</u>  |
| Accumulated impairment   |                                      |                     |                     |                   |                          |                   |                     |                      |
| January 1, 2021          | \$ -                                 | \$ -                | \$ 466              | \$ 751            | \$ -                     | \$ 309            | \$ 1,209            | \$ 2,735             |
| Additions                | -                                    | -                   | -                   | -                 | -                        | -                 | -                   | -                    |
| Disposals                | -                                    | -                   | (40)                | -                 | -                        | (42)              | -                   | (82)                 |
| December 31, 2021        | <u>\$ -</u>                          | <u>\$ -</u>         | <u>\$ 426</u>       | <u>\$ 751</u>     | <u>\$ -</u>              | <u>\$ 267</u>     | <u>\$ 1,209</u>     | <u>\$ 2,653</u>      |
| December 31, 2021, net   | <u>\$ 2,768,874</u>                  | <u>\$ 4,714,210</u> | <u>\$ 688,430</u>   | <u>\$ 30,739</u>  | <u>\$ 1,048</u>          | <u>\$ 98,123</u>  | <u>\$ 685,343</u>   | <u>\$ 8,986,767</u>  |



|                          | For the Year Ended December 31, 2020 |                     |                     |                   |                          |                   |                   |                      |
|--------------------------|--------------------------------------|---------------------|---------------------|-------------------|--------------------------|-------------------|-------------------|----------------------|
| Cost                     | Freehold Land                        | Buildings           | Machinery Equipment | Tooling Equipment | Transportation Equipment | Office Equipment  | Other Equipment   | Total                |
| January 1, 2020          | \$ 2,222,381                         | \$ 6,979,097        | \$ 2,415,275        | \$ 778,478        | \$ 3,438                 | \$ 800,894        | \$ 540,529        | \$ 13,740,092        |
| Additions                | 216,257                              | 116,866             | 362,968             | -                 | 1,279                    | 46,266            | 214,749           | 958,385              |
| Disposals                | -                                    | (22,326)            | (762,028)           | (113,152)         | (827)                    | (19,820)          | (36,820)          | (954,973)            |
| Reclassification         | -                                    | 51,374              | 67,296              | 27,699            | -                        | 6,201             | (124,186)         | 28,384               |
| December 31, 2020        | <u>\$ 2,438,638</u>                  | <u>\$ 7,125,011</u> | <u>\$ 2,083,511</u> | <u>\$ 693,025</u> | <u>\$ 3,890</u>          | <u>\$ 833,541</u> | <u>\$ 594,272</u> | <u>\$ 13,771,888</u> |
| Accumulated depreciation |                                      |                     |                     |                   |                          |                   |                   |                      |
| January 1, 2020          | \$ -                                 | \$ 2,015,498        | \$ 2,102,888        | \$ 702,571        | \$ 3,342                 | \$ 695,875        | \$ 323,538        | \$ 5,843,712         |
| Additions                | -                                    | 224,644             | 199,214             | 26,286            | 252                      | 72,095            | 45,815            | 568,306              |
| Disposals                | -                                    | (21,990)            | (759,577)           | (94,395)          | (827)                    | (19,683)          | (33,364)          | (929,836)            |
| Reclassification         | -                                    | -                   | 16,534              | 24,071            | -                        | 6,201             | -                 | 46,806               |
| December 31, 2020        | <u>\$ -</u>                          | <u>\$ 2,218,152</u> | <u>\$ 1,559,059</u> | <u>\$ 658,533</u> | <u>\$ 2,767</u>          | <u>\$ 754,488</u> | <u>\$ 335,989</u> | <u>\$ 5,528,988</u>  |
| Accumulated impairment   |                                      |                     |                     |                   |                          |                   |                   |                      |
| January 1, 2020          | \$ -                                 | \$ -                | \$ 474              | \$ 8,844          | \$ -                     | \$ 313            | \$ 1,209          | \$ 10,840            |
| Additions                | -                                    | 336                 | 2,156               | 2,858             | -                        | -                 | 3,139             | 8,489                |
| Disposals                | -                                    | (336)               | (2,164)             | (10,951)          | -                        | (4)               | (3,139)           | (16,594)             |
| December 31, 2020        | <u>\$ -</u>                          | <u>\$ -</u>         | <u>\$ 466</u>       | <u>\$ 751</u>     | <u>\$ -</u>              | <u>\$ 309</u>     | <u>\$ 1,209</u>   | <u>\$ 2,735</u>      |
| December 31, 2020, net   | <u>\$ 2,438,638</u>                  | <u>\$ 4,906,859</u> | <u>\$ 523,986</u>   | <u>\$ 33,741</u>  | <u>\$ 1,123</u>          | <u>\$ 78,744</u>  | <u>\$ 257,074</u> | <u>\$ 8,240,165</u>  |

As a result of the decline in sales of partial products, the estimated future cash flows expected to arise from the related equipment decreased. The Company carried out a review of the recoverable amount of the related equipment and determined that the recoverable amount was lower than the carrying amount. Therefore, the recoverable amount was lower than the carrying amount. Consequently, the Company recognized impairment loss of \$8,489 thousand for the year ended December 31, 2020. The impairment loss was recognized in the statements of comprehensive income. No impairment assessment was performed for the year ended December 31, 2019 as there was no indication of impairment.

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

|                          |            |
|--------------------------|------------|
| Buildings                | 5-60 years |
| Machinery equipment      | 2-10 years |
| Tooling equipment        | 2-10 years |
| Transportation equipment | 3-10 years |
| Office equipment         | 2-10 years |
| Other equipment          | 2-10 years |

## 16. LEASE ARRANGEMENTS

### a. Right-of-use assets

|                          | December 31       |                   |
|--------------------------|-------------------|-------------------|
|                          | 2021              | 2020              |
| <u>Carrying amount</u>   |                   |                   |
| Land                     | \$ 125,824        | \$ 135,696        |
| Buildings                | 357,122           | 10,928            |
| Transportation equipment | <u>14,241</u>     | <u>16,825</u>     |
|                          | <u>\$ 497,187</u> | <u>\$ 163,449</u> |

|                                             | <b>For the Year Ended December 31</b> |                   |
|---------------------------------------------|---------------------------------------|-------------------|
|                                             | <b>2021</b>                           | <b>2020</b>       |
| Additions to right-of-use assets            | <u>\$ 416,678</u>                     | <u>\$ 151,245</u> |
| Depreciation charge for right-of-use assets |                                       |                   |
| Land                                        | \$ 9,872                              | \$ 9,206          |
| Buildings                                   | 61,297                                | 13,264            |
| Transportation equipment                    | <u>6,145</u>                          | <u>8,098</u>      |
|                                             | <u>\$ 77,314</u>                      | <u>\$ 30,568</u>  |

b. Lease liabilities

|                         | <b>December 31</b> |                   |
|-------------------------|--------------------|-------------------|
|                         | <b>2021</b>        | <b>2020</b>       |
| <u>Carrying amounts</u> |                    |                   |
| Current                 | <u>\$ 165,018</u>  | <u>\$ 23,502</u>  |
| Non-current             | <u>\$ 349,106</u>  | <u>\$ 141,699</u> |

Range of discount rate for lease liabilities was as follows:

|                          | <b>December 31</b> |             |
|--------------------------|--------------------|-------------|
|                          | <b>2021</b>        | <b>2020</b> |
| Land                     | 1.79%              | 1.79%       |
| Buildings                | 1.10%-4.51%        | 1.79%-4.51% |
| Transportation equipment | 1.10%-1.79%        | 1.79%       |

c. Material lease-in activities and terms

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

Because of the market conditions severely affected by COVID-19 in 2020, the Company negotiated with the lessor for rent concessions for land and building leases. The lessor agreed to provide unconditional rent reduction for 2020. The Company recognized the impact of rent concessions in profit of \$265 thousand (presented as a deduction of operating expense) for the year ended December 31, 2020.

d. Other lease information

|                                                                                                   | <b>For the Year Ended December 31</b> |                   |
|---------------------------------------------------------------------------------------------------|---------------------------------------|-------------------|
|                                                                                                   | <b>2021</b>                           | <b>2020</b>       |
| Expenses relating to short-term leases                                                            | <u>\$ 13,092</u>                      | <u>\$ 12,218</u>  |
| Expenses relating to low-value asset leases                                                       | <u>\$ 198,440</u>                     | <u>\$ 205,360</u> |
| Expenses relating to variable lease payments not included in the measurement of lease liabilities | <u>\$ 79,021</u>                      | <u>\$ 60,754</u>  |
| Total cash outflow for leases                                                                     | <u>\$ 357,225</u>                     | <u>\$ 312,630</u> |

## 17. INTANGIBLE ASSETS, NET

|                                 | For the Year Ended December 31, 2021 |                     |                     |                      |                      |
|---------------------------------|--------------------------------------|---------------------|---------------------|----------------------|----------------------|
|                                 | Goodwill                             | Patents             | Software            | Client Relationships | Total                |
| <u>Cost</u>                     |                                      |                     |                     |                      |                      |
| January 1, 2021                 | \$ 5,662,190                         | \$ 3,421,562        | \$ 1,730,645        | \$ 163,819           | \$ 10,978,216        |
| Additions                       | -                                    | 19,010              | 112,206             | -                    | 131,216              |
| Disposals                       | -                                    | -                   | (70,083)            | -                    | (70,083)             |
| Reclassification                | -                                    | -                   | 16,959              | -                    | 16,959               |
| December 31, 2021               | <u>\$ 5,662,190</u>                  | <u>\$ 3,440,572</u> | <u>\$ 1,789,727</u> | <u>\$ 163,819</u>    | <u>\$ 11,056,308</u> |
| <u>Accumulated amortization</u> |                                      |                     |                     |                      |                      |
| January 1, 2021                 | \$ 77,234                            | \$ 3,421,549        | \$ 1,523,011        | \$ 163,819           | \$ 5,185,613         |
| Additions                       | -                                    | 2,122               | 157,155             | -                    | 159,277              |
| Disposals                       | -                                    | -                   | (70,020)            | -                    | (70,020)             |
| December 31, 2021               | <u>\$ 77,234</u>                     | <u>\$ 3,423,671</u> | <u>\$ 1,610,146</u> | <u>\$ 163,819</u>    | <u>\$ 5,274,870</u>  |
| <u>Accumulated impairment</u>   |                                      |                     |                     |                      |                      |
| January 1, 2021                 | \$ 1,034,623                         | \$ -                | \$ 9,870            | \$ -                 | \$ 1,044,493         |
| Additions                       | 1,180,743                            | -                   | -                   | -                    | 1,180,743            |
| Disposals                       | -                                    | -                   | (8)                 | -                    | (8)                  |
| December 31, 2021               | <u>\$ 2,215,366</u>                  | <u>\$ -</u>         | <u>\$ 9,862</u>     | <u>\$ -</u>          | <u>\$ 2,225,228</u>  |
| December 31, 2021, net          | <u>\$ 3,369,590</u>                  | <u>\$ 16,901</u>    | <u>\$ 169,719</u>   | <u>\$ -</u>          | <u>\$ 3,556,210</u>  |
|                                 | For the Year Ended December 31, 2020 |                     |                     |                      |                      |
|                                 | Goodwill                             | Patents             | Software            | Client Relationships | Total                |
| <u>Cost</u>                     |                                      |                     |                     |                      |                      |
| January 1, 2020                 | \$ 5,662,190                         | \$ 3,421,562        | \$ 1,723,925        | \$ 163,819           | \$ 10,971,496        |
| Additions                       | -                                    | -                   | 87,314              | -                    | 87,314               |
| Disposals                       | -                                    | -                   | (115,571)           | -                    | (115,571)            |
| Reclassification                | -                                    | -                   | 34,977              | -                    | 34,977               |
| December 31, 2020               | <u>\$ 5,662,190</u>                  | <u>\$ 3,461,562</u> | <u>\$ 1,730,645</u> | <u>\$ 163,819</u>    | <u>\$ 10,978,216</u> |
| <u>Accumulated amortization</u> |                                      |                     |                     |                      |                      |
| January 1, 2020                 | \$ 77,234                            | \$ 3,421,292        | \$ 1,444,097        | \$ 163,819           | \$ 5,106,442         |
| Additions                       | -                                    | 257                 | 176,268             | -                    | 176,525              |
| Disposals                       | -                                    | -                   | (113,907)           | -                    | (113,907)            |
| Reclassification                | -                                    | -                   | 16,553              | -                    | 16,553               |
| December 31, 2020               | <u>\$ 77,234</u>                     | <u>\$ 3,421,549</u> | <u>\$ 1,523,011</u> | <u>\$ 163,819</u>    | <u>\$ 5,185,613</u>  |
| <u>Accumulated impairment</u>   |                                      |                     |                     |                      |                      |
| January 1, 2020                 | \$ 336,210                           | \$ -                | \$ 8                | \$ -                 | \$ 336,218           |
| Additions                       | 698,413                              | -                   | 11,247              | -                    | 709,660              |
| Disposals                       | -                                    | -                   | (1,385)             | -                    | (1,385)              |
| December 31, 2020               | <u>\$ 1,034,623</u>                  | <u>\$ -</u>         | <u>\$ 9,870</u>     | <u>\$ -</u>          | <u>\$ 1,044,493</u>  |
| December 31, 2020, net          | <u>\$ 4,550,333</u>                  | <u>\$ 13</u>        | <u>\$ 197,764</u>   | <u>\$ -</u>          | <u>\$ 4,748,110</u>  |

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

|                      |            |
|----------------------|------------|
| Patents              | 3-6 years  |
| Software             | 1-14 years |
| Client relationships | 4 years    |

- a. Goodwill is allocated to the Company's recoverable amount of cash-generating units based on value in use calculations. These calculations used pre-tax cash flow projections based on financial budgets approved by the management covering a 5-year period.
- b. The Company observed the current status and future development direction of the global information street light and lighting electronics industry in the first quarter 2021 and assessed that there was an impairment indication. Therefore, the Company conducted a goodwill impairment assessment. According to the assessment, the Company recognized the impairment loss of \$220,170 thousand, and the discount rate used to assess the value in use was 12.57%. The Company observed the current status and future development direction of the global optical disc drive industry in the fourth quarter of 2021 and third quarter of 2020, and assessed that there was an indication of impairment. Therefore, the Group conducted an impairment test for goodwill. According to the assessment, the Company recognized an impairment loss of \$960,573 and \$698,413 thousand, and the discount rate used to assess the value in use was 12.57% and 13.31%, respectively.
- c. Some computer software cannot meet the Company's current needs, and their expected future cash flows decreased accordingly. Therefore, the recoverable amount was lower than the carrying amount. Consequently, the Company recognized impairment loss of \$11,247 thousand for the year ended December 31, 2020. The impairment loss was recognized in the statements of comprehensive income.
- d. The Company's management determined gross margin based on past performance expected profits under normal operations and management's expectations of market development. The growth rate used is consistent with the forecasts included in industry reports. The discount rate used was 12.50% and 12.57% as of December 31, 2021 and 2020, respectively and reflects specific risks relating to the relevant cash-generating units.

#### Ⅲ. SHORT-TERM BORROWINGS

|                             | December 31   |               |
|-----------------------------|---------------|---------------|
|                             | 2021          | 2020          |
| <u>Unsecured borrowings</u> |               |               |
| Line of credit borrowings   | \$ 24,876,688 | \$ 16,786,635 |

The range of interest rates on unsecured borrowings was 0.42%-0.77% and 0.52%-0.61% per annum as of December 31, 2021 and 2020, respectively.

#### Ⅳ. PROVISIONS

|                | December 31 |            |
|----------------|-------------|------------|
|                | 2021        | 2020       |
| <u>Current</u> |             |            |
| Warranties     | \$ 879,600  | \$ 996,166 |

Movements in the provisions were as follows:

|                           | <b>For the Year Ended December 31</b> |                   |
|---------------------------|---------------------------------------|-------------------|
|                           | <b>2021</b>                           | <b>2020</b>       |
| Balance at January 1      | \$ 996,166                            | \$ 863,538        |
| Recognition of provisions | 79,246                                | 366,374           |
| Usage                     | <u>(195,812)</u>                      | <u>(233,746)</u>  |
| Balance at December 31    | <u>\$ 879,600</u>                     | <u>\$ 996,166</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 Company's obligations for warranties under contracts for the sale of goods. The estimate had been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

## 20. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

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

### b. Defined benefit plans

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

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

|                                             | <b>December 31</b> |                    |
|---------------------------------------------|--------------------|--------------------|
|                                             | <b>2021</b>        | <b>2020</b>        |
| Present value of defined benefit obligation | \$ 904,007         | \$ 975,537         |
| Fair value of plan assets                   | <u>(947,137)</u>   | <u>(988,618)</u>   |
| Net defined benefit assets                  | <u>\$ (43,130)</u> | <u>\$ (13,081)</u> |

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

|                                                     | <b>Present Value<br/>of the Defined<br/>Benefit<br/>Obligation</b> | <b>Fair Value of<br/>the Plan Assets</b> | <b>Net Defined<br/>Benefit<br/>Liabilities<br/>(Assets)</b> |
|-----------------------------------------------------|--------------------------------------------------------------------|------------------------------------------|-------------------------------------------------------------|
| Balance at January 1, 2020                          | \$ 1,044,709                                                       | \$ (1,053,987)                           | \$ (9,278)                                                  |
| Service cost                                        | 2,301                                                              | -                                        | 2,301                                                       |
| Net interest expense (income)                       | 7,080                                                              | (7,204)                                  | (124)                                                       |
| Recognized in profit or loss                        | 9,381                                                              | (7,204)                                  | 2,177                                                       |
| Remeasurement                                       |                                                                    |                                          |                                                             |
| Return on plan assets                               | -                                                                  | (35,636)                                 | (35,636)                                                    |
| Actuarial loss - changes in financial assumptions   | 33,984                                                             | -                                        | 33,984                                                      |
| Actuarial loss - experience adjustments             | 12,797                                                             | -                                        | 12,797                                                      |
| Recognized in other comprehensive loss (gain)       | 46,781                                                             | (35,636)                                 | 11,145                                                      |
| Contributions from the employer                     | -                                                                  | (17,125)                                 | (17,125)                                                    |
| Benefits paid                                       | (125,334)                                                          | 125,334                                  | -                                                           |
| Balance at December 31, 2020                        | \$ 975,537                                                         | \$ (988,618)                             | \$ (13,081)                                                 |
| Balance at January 1, 2021                          | \$ 975,537                                                         | \$ (988,618)                             | \$ (13,081)                                                 |
| Service cost                                        | 1,739                                                              | -                                        | 1,739                                                       |
| Net interest expense (income)                       | 2,367                                                              | (2,417)                                  | (50)                                                        |
| Recognized in profit or loss                        | 4,106                                                              | (2,417)                                  | 1,689                                                       |
| Remeasurement                                       |                                                                    |                                          |                                                             |
| Return on plan assets                               | -                                                                  | (15,859)                                 | (15,859)                                                    |
| Actuarial loss - changes in demographic assumptions | 16,413                                                             | -                                        | 16,413                                                      |
| Actuarial loss - changes in financial assumptions   | (17,418)                                                           | -                                        | (17,418)                                                    |
| Actuarial loss - experience adjustments             | (1,447)                                                            | -                                        | (1,447)                                                     |
| Recognized in other comprehensive loss (gain)       | (2,452)                                                            | (15,859)                                 | (18,311)                                                    |
| Contributions from the employer                     | -                                                                  | (13,427)                                 | (13,427)                                                    |
| Benefits paid                                       | (73,184)                                                           | 73,184                                   | -                                                           |
| Balance at December 31, 2021                        | \$ 904,007                                                         | \$ (947,137)                             | \$ (43,130)                                                 |

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

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

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

|                                  | December 31 |       |
|----------------------------------|-------------|-------|
|                                  | 2021        | 2020  |
| Discount rate                    | 0.50%       | 0.25% |
| Expected rate of salary increase | 3.00%       | 3.00% |

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

|                                  | December 31        |                    |
|----------------------------------|--------------------|--------------------|
|                                  | 2021               | 2020               |
| Discount rate                    |                    |                    |
| 0.25% increase                   | <u>\$ (16,910)</u> | <u>\$ (19,113)</u> |
| 0.25% decrease                   | <u>\$ 17,418</u>   | <u>\$ 19,715</u>   |
| Expected rate of salary increase |                    |                    |
| 0.25% increase                   | <u>\$ 16,469</u>   | <u>\$ 18,643</u>   |
| 0.25% decrease                   | <u>\$ (16,085)</u> | <u>\$ (18,185)</u> |

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

|                                                          | December 31      |                  |
|----------------------------------------------------------|------------------|------------------|
|                                                          | 2021             | 2020             |
| The expected contributions to the plan for the next year | <u>\$ 13,105</u> | <u>\$ 13,755</u> |
| The average duration of the defined benefit obligation   | 7.63 years       | 8 years          |

## 21. EQUITY

### a. Share capital

#### 1) Ordinary shares

|                                                       | December 31          |                      |
|-------------------------------------------------------|----------------------|----------------------|
|                                                       | 2021                 | 2020                 |
| Number of shares authorized (in thousands)            | <u>3,500,000</u>     | <u>3,500,000</u>     |
| Amount of shares authorized                           | <u>\$ 35,000,000</u> | <u>\$ 35,000,000</u> |
| Number of shares issued and fully paid (in thousands) | <u>2,350,867</u>     | <u>2,350,867</u>     |
| Amount of shares issued                               | <u>\$ 23,508,670</u> | <u>\$ 23,508,670</u> |

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

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

2) Issued global depositary receipts

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

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

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

b. Capital surplus

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

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

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

c. Retained earnings and dividend policy

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



If there is net profit after tax upon the final settlement of account of each fiscal year, the Company shall first offset any previous accumulated losses (including unappropriated earnings adjustment if any) and set aside a legal reserve at 10% of the net profits, unless the accumulated legal reserve is equal to the total capital of the Company; then set aside special reserve in accordance with relevant laws or regulations or as requested by the authorities in charge. The remaining net profit, plus the beginning unappropriated earnings (including adjustment of unappropriated earnings if any), shall be distributed into dividends to shareholders according to the distribution plan proposed by the board of directors and submitted to the shareholders' meeting for approval. Where the Company distributes preceding surplus earning, legal reserve and capital reserve in the form of cash, such distribution is authorized by a special resolution; and in addition to a report of such distribution shall be submitted to the shareholders' meeting; if such distribution is in the form of new shares to be issued, it shall be approved by shareholders meetings according to the regulations. For the policies on distribution of compensation of employees and remuneration of directors before and after amendment, refer to Note 23(d) on compensation of employees and remuneration of directors.

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

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

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

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

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

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

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

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

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

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

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

d. Other equity items

Movements in other equity items were as follows:

|                                                                            | <b>For the Year Ended December 31, 2021</b>             |                                                                                   |                       |
|----------------------------------------------------------------------------|---------------------------------------------------------|-----------------------------------------------------------------------------------|-----------------------|
|                                                                            | <b>Foreign<br/>Currency<br/>Translation<br/>Reserve</b> | <b>Unrealized<br/>Gain<br/>(Loss) from<br/>Financial<br/>Assets at<br/>FVTOCI</b> | <b>Total</b>          |
| Balance at January 1                                                       | \$ (5,563,051)                                          | \$ (245,858)                                                                      | \$ (5,808,909)        |
| Exchange differences on translating foreign operations                     | (300,307)                                               | -                                                                                 | (300,307)             |
| Unrealized gain on equity instruments designated as at FVTOCI              | -                                                       | 11,572                                                                            | 11,572                |
| Share of associates and subsidiaries accounted for using the equity method | (91,290)                                                | (3,022)                                                                           | (94,312)              |
| Disposal of subsidiaries accounted for using the equity method             | 25,850                                                  | -                                                                                 | 25,850                |
| Disposal of associates accounted for using the equity method               | 69,958                                                  | -                                                                                 | 69,958                |
| Disposal of investments in equity instruments designated as at FVTOCI      | -                                                       | 400                                                                               | 400                   |
| Income tax benefit                                                         | 38,760                                                  | -                                                                                 | 38,760                |
| Balance at December 31                                                     | <u>\$ (5,820,080)</u>                                   | <u>\$ (236,908)</u>                                                               | <u>\$ (6,056,988)</u> |

|                                                                            | For the Year Ended December 31, 2020          |                                                                    |                                          |                       |
|----------------------------------------------------------------------------|-----------------------------------------------|--------------------------------------------------------------------|------------------------------------------|-----------------------|
|                                                                            | Foreign<br>Currency<br>Translation<br>Reserve | Unrealized<br>Gain (Loss)<br>from Financial<br>Assets at<br>FVTOCI | Gain (Loss) on<br>Hedging<br>Instruments | Total                 |
| Balance at January 1                                                       | \$ (4,404,444)                                | \$ (312,940)                                                       | \$ 288                                   | \$ (4,717,096)        |
| Exchange differences on translating foreign operations                     | (1,725,075)                                   | -                                                                  | -                                        | (1,725,075)           |
| Unrealized gain on equity instruments designated as at FVTOCI              | -                                             | 62,668                                                             | -                                        | 62,668                |
| Share of associates and subsidiaries accounted for using the equity method | (13,146)                                      | (6,601)                                                            | (1,489)                                  | (21,236)              |
| Disposal of subsidiaries accounted for using the equity method             | 67,921                                        | 49,434                                                             | -                                        | 117,355               |
| Disposal of associates accounted for using the equity method               | 168,121                                       | (7,712)                                                            | 1,201                                    | 161,610               |
| Disposal of investments in equity instruments designated as at FVTOCI      | -                                             | (30,707)                                                           | -                                        | (30,707)              |
| Income tax benefit                                                         | <u>343,572</u>                                | <u>-</u>                                                           | <u>-</u>                                 | <u>343,572</u>        |
| Balance at December 31                                                     | <u>\$ (5,563,051)</u>                         | <u>\$ (245,858)</u>                                                | <u>\$ -</u>                              | <u>\$ (5,808,909)</u> |

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

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

e. Treasury shares

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

(Continued)

| Purpose of Buyback                                                                                      | Number of<br>Shares at<br>January 1 | Increase<br>During the<br>Year | Decrease<br>During the<br>Year | Number of<br>Shares at<br>December 31 |
|---------------------------------------------------------------------------------------------------------|-------------------------------------|--------------------------------|--------------------------------|---------------------------------------|
| <u>For the year ended December 31, 2020</u>                                                             |                                     |                                |                                |                                       |
| Shares held by its subsidiaries                                                                         | 26,841                              | -                              | -                              | 26,841                                |
| Buyback of dissenting shareholders' shares in accordance with the Business Mergers and Acquisitions Act | <u>462</u>                          | <u>-</u>                       | <u>-</u>                       | <u>462</u>                            |
|                                                                                                         | <u>27,303</u>                       | <u>-</u>                       | <u>-</u>                       | <u>27,303</u><br>(Concluded)          |

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

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

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

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

## 22. REVENUE

|                                       | <b>For the Year Ended December 31</b> |                      |
|---------------------------------------|---------------------------------------|----------------------|
|                                       | <b>2021</b>                           | <b>2020</b>          |
| Revenue from contracts with customers |                                       |                      |
| Revenue from the sale of goods        | \$ 104,511,551                        | \$ 98,028,732        |
| Royalty income                        | 873,538                               | 749,666              |
| Revenue from management services      | 779,441                               | 678,179              |
| Rental income from property           | <u>90,305</u>                         | <u>97,047</u>        |
|                                       | <u>\$ 106,254,835</u>                 | <u>\$ 99,553,624</u> |

### Contract Balances

|                             | <b>December 31,<br/>2021</b> | <b>December 31,<br/>2020</b> | <b>January 1,<br/>2020</b> |
|-----------------------------|------------------------------|------------------------------|----------------------------|
| Trade receivables (Note 11) | <u>\$ 24,739,559</u>         | <u>\$ 21,407,212</u>         | <u>\$ 21,578,655</u>       |
| Contract assets             |                              |                              |                            |
| Sale of goods               | <u>\$ 115,014</u>            | <u>\$ 271,395</u>            | <u>\$ 276,129</u>          |
| Contract liabilities        |                              |                              |                            |
| Sale of goods               | <u>\$ 98</u>                 | <u>\$ 13,059</u>             | <u>\$ -</u>                |

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

|                                               | <b>December 31</b> |                   |
|-----------------------------------------------|--------------------|-------------------|
|                                               | <b>2021</b>        | <b>2020</b>       |
| Gross carrying amount                         | \$ 115,014         | \$ 271,395        |
| Allowance for impairment loss (lifetime ECLs) | <u>-</u>           | <u>-</u>          |
|                                               | <u>\$ 115,014</u>  | <u>\$ 271,395</u> |

## 23. ADDITIONAL INFORMATION ON EXPENSES

|                               | <b>For the Year Ended December 31</b> |                   |
|-------------------------------|---------------------------------------|-------------------|
|                               | <b>2021</b>                           | <b>2020</b>       |
| a. Finance costs              |                                       |                   |
| Interest on borrowings        | \$ 89,975                             | \$ 195,777        |
| Interest on lease liabilities | <u>4,543</u>                          | <u>2,204</u>      |
|                               | <u>\$ 94,518</u>                      | <u>\$ 197,981</u> |

(Continued)

**For the Year Ended December 31**

b. Depreciation and amortization

|                               |                   |                   |
|-------------------------------|-------------------|-------------------|
| Property, plant and equipment | \$ 673,530        | \$ 568,306        |
| Intangible assets             | 159,277           | 176,525           |
| Right-of-use assets           | <u>77,314</u>     | <u>30,568</u>     |
|                               | <u>\$ 910,121</u> | <u>\$ 775,399</u> |

An analysis of depreciation by function

|                                  |                   |                   |
|----------------------------------|-------------------|-------------------|
| Recognized in operating costs    | \$ 219,634        | \$ 128,512        |
| Recognized in operating expenses | <u>531,210</u>    | <u>470,362</u>    |
|                                  | <u>\$ 750,844</u> | <u>\$ 598,874</u> |

An analysis of amortization by function

|                                  |                   |                   |
|----------------------------------|-------------------|-------------------|
| Recognized in operating costs    | \$ 2,549          | \$ 3,183          |
| Recognized in operating expenses | <u>156,728</u>    | <u>173,342</u>    |
|                                  | <u>\$ 159,277</u> | <u>\$ 176,525</u> |

c. Employee benefit expenses

Post-employment benefits

|                                 |                  |                  |
|---------------------------------|------------------|------------------|
| Defined contribution plans      | \$ 199,365       | \$ 184,453       |
| Defined benefit plans (Note 20) | <u>1,689</u>     | <u>2,177</u>     |
|                                 | 201,054          | 186,630          |
| Termination benefits            | 59,130           | 87,382           |
| Other employee benefits         | <u>6,972,757</u> | <u>6,029,408</u> |

\$ 7,232,941 \$ 6,303,420

Employee benefit expenses summarized by function

|                                  |                  |                  |
|----------------------------------|------------------|------------------|
| Recognized in operating costs    | \$ 1,283,099     | \$ 645,467       |
| Recognized in operating expenses | <u>5,949,842</u> | <u>5,657,953</u> |

\$ 7,232,941 \$ 6,303,420

(Concluded)

d. Compensation of employees and remuneration of directors

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

**For the Year Ended December 31**

|                           | <b>2021</b>  |              | <b>2020</b>  |              |
|---------------------------|--------------|--------------|--------------|--------------|
|                           | <b>Cash</b>  | <b>Share</b> | <b>Cash</b>  | <b>Share</b> |
| Compensation of employees | \$ 1,909,002 | \$ -         | \$ 1,363,183 | \$ -         |
| Remuneration of directors | 173,980      | -            | 139,223      | -            |

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

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

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

## 24. INCOME TAX

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

The major components of tax expense were as follows:

|                                                       | <b>For the Year Ended December 31</b> |                     |
|-------------------------------------------------------|---------------------------------------|---------------------|
|                                                       | <b>2021</b>                           | <b>2020</b>         |
| Current income tax expense                            |                                       |                     |
| In respect of the current year                        | \$ 1,703,835                          | \$ 1,134,693        |
| Adjustments for prior year                            | <u>-</u>                              | <u>-</u>            |
|                                                       | <u>1,703,835</u>                      | <u>1,134,693</u>    |
| Deferred tax                                          |                                       |                     |
| The recognition and reversal of temporary differences | <u>565,720</u>                        | <u>222,325</u>      |
| Income tax expense recognized in profit or loss       | <u>\$ 2,269,555</u>                   | <u>\$ 1,357,018</u> |

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

|                                                       | <b>For the Year Ended December 31</b> |                      |
|-------------------------------------------------------|---------------------------------------|----------------------|
|                                                       | <b>2021</b>                           | <b>2020</b>          |
| Income before income tax                              | <u>\$ 16,156,107</u>                  | <u>\$ 11,373,056</u> |
| Income tax expense calculated at the statutory rate   | \$ 3,231,221                          | \$ 2,274,611         |
| Nondeductible items in determining taxable income     | (1,527,386)                           | (1,139,918)          |
| The recognition and reversal of temporary differences | <u>565,720</u>                        | <u>222,325</u>       |
| Income tax expense recognized in profit or loss       | <u>\$ 2,269,555</u>                   | <u>\$ 1,357,018</u>  |

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

|                                                                       | <b>For the Year Ended December 31</b> |                     |
|-----------------------------------------------------------------------|---------------------------------------|---------------------|
|                                                                       | <b>2021</b>                           | <b>2020</b>         |
| <u>Deferred tax</u>                                                   |                                       |                     |
| In respect of the current year                                        |                                       |                     |
| Translation of foreign operations                                     | \$ (38,760)                           | \$ (343,572)        |
| Remeasurement on defined benefit plans                                | <u>3,662</u>                          | <u>(2,229)</u>      |
| Income tax (benefit) recognized in other comprehensive income benefit | <u>\$ (35,098)</u>                    | <u>\$ (345,801)</u> |

c. Deferred tax assets and liabilities

The analysis of deferred tax assets was as follows:

|                                                  | <b>Opening<br/>Balance</b> | <b>Recognized in<br/>Loss (Profit)</b> | <b>Recognized in<br/>Other<br/>Comprehensive<br/>Loss (Income)</b> | <b>Closing Balance</b> |
|--------------------------------------------------|----------------------------|----------------------------------------|--------------------------------------------------------------------|------------------------|
| <u>For the year ended December 31, 2021</u>      |                            |                                        |                                                                    |                        |
| Temporary differences                            |                            |                                        |                                                                    |                        |
| Investment accounted for using the equity method | \$ 2,244,828               | \$ (302,433)                           | \$ 38,760                                                          | \$ 1,981,155           |
| Impairment loss on assets                        | 1,104,424                  | 81,655                                 | -                                                                  | 1,186,079              |
| Accrued warranty expense                         | 199,233                    | (23,313)                               | -                                                                  | 175,920                |
| Unrealized loss on inventories                   | 150,818                    | (11,488)                               | -                                                                  | 139,330                |
| Unrealized loss and expense                      | 57,204                     | (57,204)                               | -                                                                  | -                      |
| Net defined benefit liability                    | 77,359                     | -                                      | (3,662)                                                            | 73,697                 |
| Unrealized loss on financial assets              | 122,114                    | (122,114)                              | -                                                                  | -                      |
| Unrealized sales allowance                       | <u>-</u>                   | <u>82,557</u>                          | <u>-</u>                                                           | <u>82,557</u>          |
|                                                  | <u>\$ 3,955,980</u>        | <u>\$ (352,340)</u>                    | <u>\$ 35,098</u>                                                   | <u>\$ 3,638,738</u>    |
| <u>For the year ended December 31, 2020</u>      |                            |                                        |                                                                    |                        |
| Temporary differences                            |                            |                                        |                                                                    |                        |
| Investment accounted for using the equity method | \$ 2,385,831               | \$ (484,575)                           | \$ 343,572                                                         | \$ 2,244,828           |
| Impairment loss on assets                        | 1,139,222                  | (34,798)                               | -                                                                  | 1,104,424              |
| Accrued warranty expense                         | 172,708                    | 26,525                                 | -                                                                  | 199,233                |
| Unrealized loss on inventories                   | 82,366                     | 68,452                                 | -                                                                  | 150,818                |
| Unrealized loss and expense                      | 57,204                     | -                                      | -                                                                  | 57,204                 |
| Net defined benefit liability                    | 75,130                     | -                                      | 2,229                                                              | 77,359                 |
| Unrealized loss on financial assets              | <u>-</u>                   | <u>122,114</u>                         | <u>-</u>                                                           | <u>122,114</u>         |
|                                                  | <u>\$ 3,912,461</u>        | <u>\$ (302,282)</u>                    | <u>\$ 345,801</u>                                                  | <u>\$ 3,955,980</u>    |



The analysis of deferred tax liabilities was as follows:

|                                                  | Opening<br>Balance  | Recognized in<br>Loss (Profit) | Recognized in<br>Other<br>Comprehensive<br>Loss (Income) | Closing Balance     |
|--------------------------------------------------|---------------------|--------------------------------|----------------------------------------------------------|---------------------|
| <u>For the year ended December 31, 2021</u>      |                     |                                |                                                          |                     |
| Temporary differences                            |                     |                                |                                                          |                     |
| Investment accounted for using the equity method | \$ 582,659          | \$ (41,439)                    | \$ -                                                     | \$ 541,220          |
| Unrealized amortization of goodwill              | 416,245             | 257,673                        | -                                                        | 673,918             |
| Land value increment tax                         | 270,843             | -                              | -                                                        | 270,843             |
| Unrealized net exchange gains                    | 205,313             | (77,604)                       | -                                                        | 127,709             |
| Unrealized sales profit                          | 14,450              | 29,499                         | -                                                        | 43,949              |
| Unrealized net gains on financial assets         | <u>-</u>            | <u>45,251</u>                  | <u>-</u>                                                 | <u>45,251</u>       |
|                                                  | <u>\$ 1,489,510</u> | <u>\$ 213,380</u>              | <u>\$ -</u>                                              | <u>\$ 1,702,890</u> |

For the year ended December 31, 2020

|                                                  |                     |                    |             |                     |
|--------------------------------------------------|---------------------|--------------------|-------------|---------------------|
| Temporary differences                            |                     |                    |             |                     |
| Investment accounted for using the equity method | \$ 582,659          | \$ -               | \$ -        | \$ 582,659          |
| Unrealized amortization of goodwill              | 416,245             | -                  | -           | 416,245             |
| Land value increment tax                         | 270,843             | -                  | -           | 270,843             |
| Unrealized net exchange gains                    | 252,658             | (47,345)           | -           | 205,313             |
| Unrealized sales profit                          | 22,659              | (8,209)            | -           | 14,450              |
| Unrealized net gains on financial assets         | <u>24,403</u>       | <u>(24,403)</u>    | <u>-</u>    | <u>-</u>            |
|                                                  | <u>\$ 1,569,467</u> | <u>\$ (79,957)</u> | <u>\$ -</u> | <u>\$ 1,489,510</u> |

d. Income tax assessments

The Company's tax returns for all years through 2019 have been assessed by the tax authorities.

## 25. EARNINGS PER SHARE

Unit: NT\$ Per Share

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

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

**Net Profit for the Year**

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

## Weighted Average Number of Ordinary Shares Outstanding

Unit: In Thousand Shares

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

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

## 26. ACQUISITION OF A SUBSIDIARY THAT DOES NOT CONSTITUTE A BUSINESS

The Company acquired 83.28% of the shares of LITE-ON INC. and 87.55% of the shares of DYNA INVESTMENT CO., LTD. at the considerations of \$150,879 thousand and \$170,582 thousand in cash, respectively, from November to December 2020. In accordance with IFRS 3 “Business Combination”, the Company evaluated and concluded that the acquired shares of subsidiaries do not constitute a business; therefore, the share purchase transaction is accounted for as acquisition of a group of assets. For information of the acquisition of LITE-ON INC. and DYNA INVESTMENT CO., LTD., refer to Note 29 of the Group’s 2021 Consolidated Financial Report for more details about the acquisition.

## 27. DISPOSAL OF SUBSIDIARIES

In June 2020, the Company disposed of 15% of its interest in Silitech Technology Corporation, thereby reducing its continuing interest from 33.87% to 18.87%. The above transactions were accounted for as equity transactions, since the Company did not cease to have control over the subsidiary.

At December 30, 2020, the Company no longer has the ability to direct the financial and operating policies of its subsidiary- Silitech Technology Corporation and has lost control over the subsidiary after assessment. Refer to Note 30 of the Group’s 2021 Consolidated Financial Report for more details about disposal of Silitech Technology Corporation.

## 28. CAPITAL MANAGEMENT

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

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

## 29. FINANCIAL INSTRUMENTS

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

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

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

#### 1) Fair value hierarchy

December 31, 2021

|                                   | Level 1           | Level 2           | Level 3           | Total             |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|
| Financial assets at FVTPL         |                   |                   |                   |                   |
| Derivative instruments            | \$ -              | \$ 594,306        | \$ -              | \$ 594,306        |
| Mutual funds                      | -                 | 137,467           | -                 | 137,467           |
| Domestic listed shares            | <u>17,218</u>     | <u>-</u>          | <u>-</u>          | <u>17,218</u>     |
|                                   | <u>\$ 17,218</u>  | <u>\$ 731,773</u> | <u>\$ -</u>       | <u>\$ 748,991</u> |
| Financial assets at FVTOCI        |                   |                   |                   |                   |
| Investments in equity instruments |                   |                   |                   |                   |
| Foreign unlisted shares           | \$ -              | \$ -              | \$ 703,322        | \$ 703,322        |
| Domestic listed shares            | 161,393           | -                 | -                 | 161,393           |
| Domestic unlisted shares          | <u>-</u>          | <u>-</u>          | <u>14,809</u>     | <u>14,809</u>     |
|                                   | <u>\$ 161,393</u> | <u>\$ -</u>       | <u>\$ 718,131</u> | <u>\$ 879,524</u> |
| Financial liabilities at FVTPL    |                   |                   |                   |                   |
| Derivative instruments            | <u>\$ -</u>       | <u>\$ 364,175</u> | <u>\$ -</u>       | <u>\$ 364,175</u> |

December 31, 2020

|                           | Level 1          | Level 2           | Level 3     | Total             |
|---------------------------|------------------|-------------------|-------------|-------------------|
| Financial assets at FVTPL |                  |                   |             |                   |
| Derivative instruments    | \$ -             | \$ 738,188        | \$ -        | \$ 738,188        |
| Mutual funds              | -                | 50,589            | -           | 50,589            |
| Domestic listed shares    | <u>18,587</u>    | <u>-</u>          | <u>-</u>    | <u>18,587</u>     |
|                           | <u>\$ 18,587</u> | <u>\$ 788,777</u> | <u>\$ -</u> | <u>\$ 807,364</u> |

(Continued)

Financial assets at FVTOCI

Investments in equity  
instruments

|                          |                   |             |                   |                   |
|--------------------------|-------------------|-------------|-------------------|-------------------|
| Domestic listed shares   | \$ 145,982        | \$ -        | \$ -              | \$ 145,982        |
| Domestic unlisted shares | -                 | -           | 277,364           | 277,364           |
| Foreign unlisted shares  | -                 | -           | 45,190            | 45,190            |
|                          | <u>\$ 145,982</u> | <u>\$ -</u> | <u>\$ 322,554</u> | <u>\$ 468,536</u> |

Financial liabilities at FVTPL

|                        |             |                     |             |                                    |
|------------------------|-------------|---------------------|-------------|------------------------------------|
| Derivative instruments | <u>\$ -</u> | <u>\$ 1,348,761</u> | <u>\$ -</u> | <u>\$ 1,348,761</u><br>(Concluded) |
|------------------------|-------------|---------------------|-------------|------------------------------------|

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

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

|                                             | Investments on<br>Equity<br>Instruments<br>Unlisted Quotes |
|---------------------------------------------|------------------------------------------------------------|
| <u>For the year ended December 31, 2021</u> |                                                            |
| Balance at January 1, 2021                  | \$ 322,554                                                 |
| Additions                                   | 417,475                                                    |
| Disposals                                   | (11,500)                                                   |
| Recognized in other comprehensive income    | <u>(10,398)</u>                                            |
| Balance at December 31, 2021                | <u>\$ 718,131</u>                                          |
| <u>For the year ended December 31, 2022</u> |                                                            |
| Balance at January 1, 2020                  | \$ 55,046                                                  |
| Additions                                   | 267,562                                                    |
| Recognized in other comprehensive income    | <u>(54)</u>                                                |
| Balance at December 31, 2020                | <u>\$ 322,554</u>                                          |

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

| Financial Instruments                               | Valuation Techniques and Inputs                                                                                                                                                                                                                 |
|-----------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Derivative instruments - forward exchange contracts | Estimation of future cash flows using observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.                            |
| Derivative instruments - currency swaps             | Estimation of fair value of a currency swap contract is based on its principal and interest rate on mutual agreement and the suitable discount rate that reflects the credit risk of various counterparties at the end of the reporting period. |
| Mutual funds                                        | Obtain the financial information of underlying assets, evaluate its market value, analyze the amount to be adjusted, and consider minority interest and liquidity reduction.                                                                    |

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

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

c. Categories of financial instruments

|                                            | December 31 |            |
|--------------------------------------------|-------------|------------|
|                                            | 2021        | 2020       |
| <u>Financial assets</u>                    |             |            |
| FVTPL                                      |             |            |
| Mandatorily classified as at FVTPL         | \$ 748,991  | \$ 807,364 |
| Financial assets at amortized costs (1)    | 37,624,497  | 37,379,871 |
| Investment in equity instruments at FVTOCI | 879,524     | 468,536    |
| <u>Financial liabilities</u>               |             |            |
| FVTPL                                      |             |            |
| Held for trading                           | 364,175     | 1,348,761  |
| Amortized cost                             |             |            |
| Short-term borrowings                      | 24,876,688  | 16,786,635 |
| Payables (2)                               | 47,412,577  | 43,909,136 |

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

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

d. Financial risk management objectives and policies

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

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

1) Market risk

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

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

a) Foreign currency risk

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

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 32.

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

Sensitivity analysis

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

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

|                | USD Impact                     |            |
|----------------|--------------------------------|------------|
|                | For the Year Ended December 31 |            |
|                | 2021                           | 2020       |
| Profit or loss | \$ 966,468                     | \$ 598,648 |

b) Interest rate risk

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

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

|                               | December 31 |            |
|-------------------------------|-------------|------------|
|                               | 2021        | 2020       |
| Fair value interest rate risk |             |            |
| Financial assets (i)          | \$ 1,756    | \$ 90,756  |
| Financial liabilities (ii)    | 25,390,812  | 16,951,836 |
| Cash flow interest rate risk  |             |            |
| Financial assets (iii)        | 5,299,893   | 6,287,610  |

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

Sensitivity analysis

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

If interest rates had been 25 basis points higher and all other variables were held constant, the Company's pre-tax profit years ended December 31, 2021 and 2020 would have increased by \$13,250 thousand and \$15,719 thousand, respectively.

c) Other price risk

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

Sensitivity analysis

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

If equity prices had been 10% higher, the profit before income tax for the years ended December 31, 2021 and 2020 would have increased by \$1,722 thousand and \$1,859 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL. The pre-tax other comprehensive income for the years ended December 31, 2021 and 2020 would have increased by \$16,139 thousand and \$14,598 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

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

a) Business related credit risk

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

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

b) Financial related credit risk

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

3) Liquidity risk

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



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

December 31, 2021

|                                             | Weighted<br>Average<br>Effective<br>Interest Rate<br>(%) | On Demand or<br>Less than<br>1 Year | 1-3 Years         | 3 Years to<br>5 Years | 5+ Years         |
|---------------------------------------------|----------------------------------------------------------|-------------------------------------|-------------------|-----------------------|------------------|
| <u>Non-derivative financial liabilities</u> |                                                          |                                     |                   |                       |                  |
| Non-interest bearing                        |                                                          | \$ 47,391,741                       | \$ 20,836         | \$ -                  | \$ -             |
| Lease liabilities                           | 1.10-4.51                                                | 170,801                             | 270,651           | 24,610                | 90,727           |
| Fixed interest rate liabilities             | 0.42-0.77                                                | <u>24,876,688</u>                   | <u>-</u>          | <u>-</u>              | <u>-</u>         |
|                                             |                                                          | <u>\$ 72,439,230</u>                | <u>\$ 291,487</u> | <u>\$ 24,610</u>      | <u>\$ 90,727</u> |

December 31, 2020

|                                             | Weighted<br>Average<br>Effective<br>Interest Rate<br>(%) | On Demand or<br>Less than<br>1 Year | 1-3 Years        | 3 Years to<br>5 Years | 5+ Years          |
|---------------------------------------------|----------------------------------------------------------|-------------------------------------|------------------|-----------------------|-------------------|
| <u>Non-derivative financial liabilities</u> |                                                          |                                     |                  |                       |                   |
| Non-interest bearing                        |                                                          | \$ 43,889,318                       | \$ 19,818        | \$ -                  | \$ -              |
| Lease liabilities                           | 1.79-4.51                                                | 26,243                              | 33,029           | 25,775                | 101,857           |
| Fixed interest rate liabilities             | 0.52-0.61                                                | <u>16,786,635</u>                   | <u>-</u>         | <u>-</u>              | <u>-</u>          |
|                                             |                                                          | <u>\$ 60,702,196</u>                | <u>\$ 52,847</u> | <u>\$ 25,775</u>      | <u>\$ 101,857</u> |

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

December 31, 2021

|                             | On Demand or<br>Less than<br>1 Year | 1-3 Years   | 3 Years to<br>5 Years | 5+ Years    |
|-----------------------------|-------------------------------------|-------------|-----------------------|-------------|
| Forwards exchange contracts |                                     |             |                       |             |
| Inflows                     | \$ 48,509,500                       | \$ -        | \$ -                  | \$ -        |
| Outflows                    | <u>(47,668,097)</u>                 | <u>-</u>    | <u>-</u>              | <u>-</u>    |
|                             | <u>\$ 841,403</u>                   | <u>\$ -</u> | <u>\$ -</u>           | <u>\$ -</u> |
| Currency swaps              |                                     |             |                       |             |
| Inflows                     | \$ 26,202,240                       | \$ -        | \$ -                  | \$ -        |
| Outflows                    | <u>(26,225,430)</u>                 | <u>-</u>    | <u>-</u>              | <u>-</u>    |
|                             | <u>\$ (23,190)</u>                  | <u>\$ -</u> | <u>\$ -</u>           | <u>\$ -</u> |

December 31, 2020

|                             | <b>On Demand or<br/>Less than<br/>1 Year</b> | <b>1-3 Years</b> | <b>3 Years to<br/>5 Years</b> | <b>5+ Years</b> |
|-----------------------------|----------------------------------------------|------------------|-------------------------------|-----------------|
| Forwards exchange contracts |                                              |                  |                               |                 |
| Inflows                     | \$ 41,787,050                                | \$ -             | \$ -                          | \$ -            |
| Outflows                    | <u>(41,770,771)</u>                          | <u>-</u>         | <u>-</u>                      | <u>-</u>        |
|                             | <u>\$ 16,279</u>                             | <u>\$ -</u>      | <u>\$ -</u>                   | <u>\$ -</u>     |
| Currency swaps              |                                              |                  |                               |                 |
| Inflows                     | \$ 31,298,920                                | \$ -             | \$ -                          | \$ -            |
| Outflows                    | <u>(31,319,900)</u>                          | <u>-</u>         | <u>-</u>                      | <u>-</u>        |
|                             | <u>\$ (20,980)</u>                           | <u>\$ -</u>      | <u>\$ -</u>                   | <u>\$ -</u>     |

### 30. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are summarized below:

a. Related parties and relationships

| <b>Related Party</b>                             | <b>Relationship with the Company</b>                     |
|--------------------------------------------------|----------------------------------------------------------|
| Lite-On Japan Ltd.                               | Subsidiary                                               |
| LITE-ON JAPAN (Thailand) CO., LTD.               | Sub-subsidiary                                           |
| Lite-On Japan (H.K.) Limited                     | Sub-subsidiary                                           |
| LITE-ON SINGAPORE PTE. LTD.                      | Subsidiary                                               |
| Lite-On Overseas Trading Co., Ltd.               | Subsidiary                                               |
| WUXI CHINA BRIDGE EXPRESS TRADING CO., LTD.      | Third-tier subsidiary                                    |
| Lite-On Integrated Service Inc.                  | Subsidiary                                               |
| Lite-On Capital Corporation                      | Subsidiary                                               |
| Philips & Lite-On Digital Solutions Corporation  | Subsidiary                                               |
| Philips & Lite-On Digital Solutions USA, Inc.    | Sub-subsidiary                                           |
| Silitech Technology Corporation                  | Subsidiary (became an associate since December 30, 2020) |
| LITE-ON TRADING USA, INC.                        | Sub-subsidiary                                           |
| LITE-ON, INC.                                    | Sub-subsidiary                                           |
| LITE-ON TECHNOLOGY SERVICE, INC.                 | Sub-subsidiary                                           |
| LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.    | Four-tier subsidiary                                     |
| LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.         | Four-tier subsidiary                                     |
| Lite-On Automotive Electronics (CZ) Co.          | Four-tier subsidiary                                     |
| LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED | Sub-subsidiary                                           |
| LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.          | Sub-subsidiary                                           |
| LITE-ON ELECTRONICS (EUROPE) LIMITED             | Subsidiary                                               |
| LEOTEK ELECTRONICS USA LLC                       | Sub-subsidiary                                           |

(Continued)

| Related Party                                                                                                 | Relationship with the Company                                                                                                                                         |
|---------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| KBW-LITEON Jordan Private Shareholding Limited                                                                | Subsidiary                                                                                                                                                            |
| SKYLA CORPORATION                                                                                             | Subsidiary                                                                                                                                                            |
| Lite-On (Guangzhou) Automotive Electronics Limited                                                            | Third-tier subsidiary                                                                                                                                                 |
| LITE-ON ELECTRONICS (TIANJIN) CO., LTD.                                                                       | Sub-subsidiary                                                                                                                                                        |
| LITE-ON ELECTRONICS (GUANGZHOU) LIMITED                                                                       | Four-tier subsidiary                                                                                                                                                  |
| LITEON AUTOMOTIVE ELECTRONICS<br>(GUANGZHOU) CO., LTD. (formerly: LITEON OPTO<br>TECHNOLOGY (GUANGZHOU) LTD.) | Third-tier subsidiary                                                                                                                                                 |
| Lite-On Vietnam Co., Ltd.                                                                                     | Subsidiary                                                                                                                                                            |
| Lite-On Power Electronic India Private Limited                                                                | Subsidiary                                                                                                                                                            |
| Lite-On Electronics (Thailand) Co., Ltd.                                                                      | Subsidiary                                                                                                                                                            |
| SOLID STATE STORAGE TECHNOLOGY<br>CORPORATION                                                                 | Subsidiary (sold in July 2020)                                                                                                                                        |
| LITE-ON ELECTRONICS H.K. LIMITED                                                                              | Subsidiary                                                                                                                                                            |
| Lite-On International Holding Co., Ltd.                                                                       | Subsidiary                                                                                                                                                            |
| POWER INNOVATIONS INTERNATIONAL, INC.                                                                         | Third-tier subsidiary                                                                                                                                                 |
| LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.                                                                      | Third-tier subsidiary                                                                                                                                                 |
| SILITEK ELEC. (DONGGUAN) CO., LTD.                                                                            | Third-tier subsidiary                                                                                                                                                 |
| Lite-On Semiconductor Corp.                                                                                   | Associate (non-related party since<br>December 2020)                                                                                                                  |
| Lite-Space Technology Company Limited                                                                         | Associate                                                                                                                                                             |
| Silport Travel Corp.                                                                                          | Related party in substance                                                                                                                                            |
| Diodes Incorporated                                                                                           | Related party in substance (non-related<br>party since July 2020)                                                                                                     |
| Lite-On Culture Foundation                                                                                    | Related party in substance                                                                                                                                            |
| Silport Technology Corp.                                                                                      | Related party in substance                                                                                                                                            |
| LITE-ON INC.                                                                                                  | Subsidiary (became a subsidiary since<br>November 2020, Merged with the<br>Company in June 2021, and was<br>dissolved upon merging with the<br>Company in July 2021.) |
| DYNA INVESTMENT CO., LTD.                                                                                     | Subsidiary (became a subsidiary since<br>November 2020, Merged with the<br>Company in June 2021, and was<br>dissolved upon merging with the<br>Company in July 2021.) |
| Yuan-Bao Investment Co., Ltd.                                                                                 | Related party in substance                                                                                                                                            |
| Soong Juan, Feng-Ing                                                                                          | Related party in substance                                                                                                                                            |
| Raymond Soong                                                                                                 | Related party in substance                                                                                                                                            |

(Concluded)

b. Sales of goods

| Related Party Category                          | For the Year Ended December 31 |                      |
|-------------------------------------------------|--------------------------------|----------------------|
|                                                 | 2021                           | 2020                 |
| Subsidiaries                                    |                                |                      |
| Philips & Lite-On Digital Solutions Corporation | \$ 6,502,792                   | \$ 7,450,123         |
| LITE-ON SINGAPORE PTE. LTD.                     | 3,777,244                      | 3,484,494            |
| LITE-ON TRADING USA, INC.                       | 2,950,084                      | 2,479,715            |
| Others                                          | <u>1,626,834</u>               | <u>2,267,236</u>     |
|                                                 | <u>14,856,954</u>              | <u>15,681,568</u>    |
| Associates                                      |                                |                      |
| Others                                          | <u>-</u>                       | <u>10,161</u>        |
| Related party in substance                      |                                |                      |
| Others                                          | <u>450</u>                     | <u>707</u>           |
|                                                 | <u>\$ 14,857,404</u>           | <u>\$ 15,692,436</u> |

c. Purchases of goods

| Related Party Category             | For the Year Ended December 31 |                      |
|------------------------------------|--------------------------------|----------------------|
|                                    | 2021                           | 2020                 |
| Subsidiaries                       |                                |                      |
| Lite-On Overseas Trading Co., Ltd. | \$ 60,970,183                  | \$ 58,504,199        |
| LITE-ON SINGAPORE PTE. LTD.        | 24,288,991                     | 20,401,675           |
| Others                             | <u>1,775,554</u>               | <u>2,775,889</u>     |
|                                    | <u>\$ 87,034,728</u>           | <u>\$ 81,681,763</u> |

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

d. Receivables from related parties

| Related Party Category                          | December 31         |                     |
|-------------------------------------------------|---------------------|---------------------|
|                                                 | 2021                | 2020                |
| <u>Trade receivables</u>                        |                     |                     |
| Subsidiaries                                    |                     |                     |
| Lite-On Overseas Trading Co., Ltd.              | \$ 2,236,592        | \$ 2,847,586        |
| Philips & Lite-On Digital Solutions Corporation | 2,164,450           | 2,774,530           |
| LITE-ON TRADING USA, INC.                       | 1,007,723           | 809,583             |
| LITE-ON SINGAPORE PTE. LTD.                     | 749,503             | 1,140,252           |
| Others                                          | <u>620,796</u>      | <u>626,241</u>      |
|                                                 | <u>\$ 6,779,064</u> | <u>\$ 8,198,192</u> |

| Related Party Category             | December 31       |                   |
|------------------------------------|-------------------|-------------------|
|                                    | 2021              | 2020              |
| <u>Other receivables</u>           |                   |                   |
| Subsidiaries                       |                   |                   |
| LITE-ON SINGAPORE PTE. LTD.        | \$ 105,931        | \$ 95,735         |
| Lite-On Overseas Trading Co., Ltd. | 46,960            | 21,885            |
| Lite-On Japan Ltd.                 | 12,059            | 22,701            |
| Others                             | 39,961            | 31,327            |
|                                    | <u>204,911</u>    | <u>171,648</u>    |
| Associates                         |                   |                   |
| Others                             | -                 | 142               |
|                                    | <u>\$ 204,911</u> | <u>\$ 171,790</u> |

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

e. Payables to related parties

| Related Party Category                              | December 31          |                      |
|-----------------------------------------------------|----------------------|----------------------|
|                                                     | 2021                 | 2020                 |
| <u>Trade payables</u>                               |                      |                      |
| Subsidiaries                                        |                      |                      |
| Lite-On Overseas Trading Co., Ltd.                  | \$ 20,667,024        | \$ 20,027,171        |
| LITE-ON SINGAPORE PTE. LTD.                         | 8,562,582            | 7,152,981            |
| Others                                              | 746,776              | 602,457              |
|                                                     | <u>29,976,382</u>    | <u>27,782,609</u>    |
| Associates                                          |                      |                      |
| Others                                              | 3,681                | 8,971                |
|                                                     | <u>\$ 29,980,063</u> | <u>\$ 27,791,580</u> |
| <u>Other payables</u>                               |                      |                      |
| Subsidiaries                                        |                      |                      |
| Lite-On Overseas Trading Co., Ltd.                  | \$ 43,302            | \$ 6,412             |
| LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD. | 40,365               | 20,402               |
| LITE-ON, INC.                                       | 27,212               | 28,621               |
| LITE-ON SINGAPORE PTE. LTD.                         | 10,516               | 20,532               |
| Lite-On Integrated Service Inc.                     | -                    | 13,077               |
| Others                                              | 23,214               | 15,919               |
|                                                     | <u>144,609</u>       | <u>104,963</u>       |
| Related party in substance                          |                      |                      |
| Others                                              | 80                   | 108                  |
| Associates                                          |                      |                      |
| Others                                              | 1,625                | 814                  |
|                                                     | <u>\$ 146,314</u>    | <u>\$ 105,885</u>    |

The outstanding trade payables to related parties are unsecured.

f. Lease arrangements

| Related Party Category      | December 31           |                       |
|-----------------------------|-----------------------|-----------------------|
|                             | 2021                  | 2020                  |
| <u>Interest expense</u>     |                       |                       |
| Associate                   |                       |                       |
| Lite-On Semiconductor Corp. | \$ <u>          -</u> | \$ <u>        361</u> |
| <u>Lease expense</u>        |                       |                       |
| Associates                  |                       |                       |
| LITE-ON INC.                | \$ <u>        956</u> | \$ <u>        228</u> |
| DYNA INVESTMENT CO., LTD.   | <u>        956</u>    | <u>        228</u>    |
|                             | \$ <u>      1,912</u> | \$ <u>        456</u> |

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

g. Acquisition of property, plant and equipment

| Related Party Category     | Purchase Price<br>For the Year Ended December 31 |                       |
|----------------------------|--------------------------------------------------|-----------------------|
|                            | 2021                                             | 2020                  |
| Subsidiaries               | \$ <u>  168,165</u>                              | \$ <u>      6,505</u> |
| Related party in substance | <u>        270</u>                               | <u>        327</u>    |
|                            | \$ <u>  168,435</u>                              | \$ <u>      6,832</u> |

h. Disposal of property, plant and equipment

| Related Party Category | For the Year Ended December 31 |                     |                         |                     |
|------------------------|--------------------------------|---------------------|-------------------------|---------------------|
|                        | 2021                           |                     | 2020                    |                     |
|                        | Proceeds of<br>Disposal        | Gain on<br>Disposal | Proceeds of<br>Disposal | Gain on<br>Disposal |
| Subsidiaries           | \$ <u>    482</u>              | \$ <u>    482</u>   | \$ <u>  3,897</u>       | \$ <u>  3,897</u>   |

i. Operating expenses

| Related Party Category           | For the Year Ended December 31 |                   |
|----------------------------------|--------------------------------|-------------------|
|                                  | 2021                           | 2020              |
| Subsidiaries                     |                                |                   |
| LITE-ON, INC.                    | \$ 86,555                      | \$ 93,762         |
| Lite-On Integrated Service Inc.  | 47,902                         | 71,918            |
| LITE-ON TECHNOLOGY SERVICE, INC. | 35,970                         | 14,066            |
| LITE-ON SINGAPORE PTE. LTD.      | 20,320                         | 27,178            |
| Others                           | <u>22,296</u>                  | <u>20,805</u>     |
|                                  | <u>213,043</u>                 | <u>227,729</u>    |
| Associates                       |                                |                   |
| Others                           | <u>637</u>                     | <u>29</u>         |
| Related party in substance       |                                |                   |
| Others                           | <u>10,261</u>                  | <u>18,284</u>     |
|                                  | <u>\$ 223,941</u>              | <u>\$ 246,042</u> |

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

j. Other revenue

| Related Party Category                             | For the Year Ended December 31 |                  |
|----------------------------------------------------|--------------------------------|------------------|
|                                                    | 2021                           | 2020             |
| Subsidiaries                                       |                                |                  |
| Lite-On International Holding Co., Ltd             | \$ 17,474                      | \$ -             |
| Skyla Corporation                                  | 15,686                         | 14,885           |
| LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.           | 14,319                         | -                |
| Lite-On (Guangzhou) Automotive Electronics Limited | 10,410                         | 9,278            |
| LITE-ON TRADING USA, INC.                          | 6,051                          | 7,169            |
| SOLID STATE STORAGE TECHNOLOGY CORPORATION         | -                              | 8,707            |
| Others                                             | <u>14,499</u>                  | <u>19,102</u>    |
|                                                    | <u>78,439</u>                  | <u>59,141</u>    |
| Associates                                         |                                |                  |
| Others                                             | <u>-</u>                       | <u>3,772</u>     |
| Related party in substance                         |                                |                  |
| Others                                             | <u>36</u>                      | <u>478</u>       |
|                                                    | <u>\$ 78,475</u>               | <u>\$ 63,391</u> |

k. Acquisition of financial assets

For the year ended December 31, 2020

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

l. Compensation of key management personnel

|                              | <u>For the Year Ended December 31</u> |                   |
|------------------------------|---------------------------------------|-------------------|
|                              | 2021                                  | 2020              |
| Short-term employee benefits | \$ 306,158                            | \$ 534,896        |
| Post-employment benefits     | <u>1,466</u>                          | <u>1,992</u>      |
|                              | <u>\$ 307,624</u>                     | <u>\$ 536,888</u> |

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

**31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY**

|                                                                           | <u>December 31</u> |                   |
|---------------------------------------------------------------------------|--------------------|-------------------|
|                                                                           | 2021               | 2020              |
| Pledged time deposits (classified as financial assets at amortized costs) | <u>\$ 229,965</u>  | <u>\$ 318,960</u> |



Pledged assets included the guarantee deposits that had been provided for government projects and general construction bids.

### 32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

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

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

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

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

December 31, 2021

|                         | Foreign<br>Currencies<br>(In Thousands) | Exchange Rate     | Carrying<br>Amount   |
|-------------------------|-----------------------------------------|-------------------|----------------------|
| <u>Financial assets</u> |                                         |                   |                      |
| Monetary items          |                                         |                   |                      |
| USD                     | \$ 1,214,389                            | 27.6250 (USD:NTD) | \$ 33,547,502        |
| EUR                     | 33,697                                  | 31.2549 (EUR:NTD) | 1,053,184            |
| GBP                     | 1,553                                   | 37.2164 (GBP:NTD) | 57,784               |
| CNY                     | 15,095                                  | 4.3459 (CNY:NTD)  | 65,602               |
| HKD                     | 4,254                                   | 3.5424 (HKD:NTD)  | <u>15,071</u>        |
|                         |                                         |                   | <u>\$ 34,739,143</u> |

(Continued)

|                                                                                    | Foreign<br>Currencies<br>(In Thousands) | Exchange Rate     | Carrying<br>Amount                  |
|------------------------------------------------------------------------------------|-----------------------------------------|-------------------|-------------------------------------|
| Non-monetary items                                                                 |                                         |                   |                                     |
| Investments in associates and joint ventures accounted for using the equity method |                                         |                   |                                     |
| USD                                                                                | \$ 2,307,694                            | 27.6250 (USD:NTD) | \$ 63,750,033                       |
| HKD                                                                                | 5,685,143                               | 3.5424 (HKD:NTD)  | 20,139,051                          |
| THB                                                                                | 2,220,415                               | 0.8286 (THB:NTD)  | <u>1,839,836</u>                    |
|                                                                                    |                                         |                   | <u>\$ 85,728,920</u>                |
| <u>Financial liabilities</u>                                                       |                                         |                   |                                     |
| Monetary items                                                                     |                                         |                   |                                     |
| USD                                                                                | 1,914,095                               | 27.6250 (USD:NTD) | \$ 52,876,861                       |
| EUR                                                                                | 366                                     | 31.2549 (EUR:NTD) | 11,441                              |
| CZK                                                                                | 11,818                                  | 1.2545 (CZK:NTD)  | 14,825                              |
| HKD                                                                                | 4,084                                   | 3.5424 (HKD:NTD)  | <u>14,467</u>                       |
|                                                                                    |                                         |                   | <u>\$ 52,917,594</u><br>(Concluded) |
| <u>December 31, 2020</u>                                                           |                                         |                   |                                     |
|                                                                                    | Foreign<br>Currencies<br>(In Thousands) | Exchange Rate     | Carrying<br>Amount                  |
| <u>Financial assets</u>                                                            |                                         |                   |                                     |
| Monetary items                                                                     |                                         |                   |                                     |
| USD                                                                                | \$ 1,238,594                            | 28.0450 (USD:NTD) | \$ 34,736,357                       |
| EUR                                                                                | 846                                     | 34.4673 (EUR:NTD) | 29,169                              |
| GBP                                                                                | 1,036                                   | 38.1945 (GBP:NTD) | 39,559                              |
| CNY                                                                                | 80,649                                  | 4.3026 (CNY:NTD)  | 346,998                             |
| CZK                                                                                | 13,972                                  | 1.3161 (CZK:NTD)  | <u>18,388</u>                       |
|                                                                                    |                                         |                   | <u>\$ 35,170,471</u>                |
| Non-monetary items                                                                 |                                         |                   |                                     |
| Investments in associates and joint ventures accounted for using the equity method |                                         |                   |                                     |
| USD                                                                                | 1,912,638                               | 28.0450 (USD:NTD) | \$ 53,639,931                       |
| HKD                                                                                | 5,115,448                               | 3.6177 (HKD:NTD)  | 18,506,156                          |
| THB                                                                                | 2,199,665                               | 0.9364 (THB:NTD)  | 2,059,766                           |
| JOD                                                                                | 44,178                                  | 39.6116 (JOD:NTD) | <u>1,749,975</u>                    |
|                                                                                    |                                         |                   | <u>\$ 75,955,828</u><br>(Continued) |

|                              | Foreign<br>Currencies<br>(In Thousands) | Exchange Rate     | Carrying<br>Amount   |
|------------------------------|-----------------------------------------|-------------------|----------------------|
| <u>Financial liabilities</u> |                                         |                   |                      |
| Monetary items               |                                         |                   |                      |
| USD                          | \$ 1,665,513                            | 28.0450 (USD:NTD) | \$ 46,709,317        |
| EUR                          | 767                                     | 34.4673 (EUR:NTD) | 26,389               |
| HKD                          | 3,890                                   | 3.6177 (HKD:NTD)  | 14,071               |
| CZK                          | 10,948                                  | 1.3161 (CZK:NTD)  | 14,409               |
| JPY                          | 23,658                                  | 0.2719 (JPY:NTD)  | 6,433                |
|                              |                                         |                   | <u>\$ 46,770,619</u> |
|                              |                                         |                   | (Concluded)          |

For the years ended December 31, 2021 and 2020, the net foreign exchange gains were \$315,895 thousand and \$1,281,464 thousand, respectively. It is impractical to disclose net foreign exchange gains or losses by each significant foreign currency due to the extensive variety of the foreign currency transactions.

### 34. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

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

b. Information on investees: See Table 8 below.

c. Information on investments in mainland China:

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: See Table 9 below.
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: See Table 6 and 7 below.

d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: None.

### 35. OTHER ITEMS

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

TABLE 1

LITE-ON TECHNOLOGY CORPORATION AND INVESTEES

FINANCING PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(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           | \$ 1,498,770                   | \$ 745,875     | \$ 745,875            | 0.83938%-0.84975% | b                             | \$ -               | Operating capital     | \$ -                   | None       | \$ -  | \$ 21,313,045                                        | \$ 21,313,045                                              |      |
| 2   | LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.                | CHANGZHOU LEOTEK NEW ENERGY TRADE LIMITED LTD.                               | Receivables from related parties | Yes           | 100,354                        | 99,956         | 99,956                | 2.65%             | b                             | -                  | Operating capital     | -                      | None       | -     | 5,056,076                                            | 5,056,076                                                  |      |
| 3   | LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.           | LITE-ON GREEN TECHNOLOGIES (NANJING) CORPORATION                             | Receivables from related parties | Yes           | 13,090                         | 13,038         | 13,038                | 2.65%             | b                             | -                  | Operating capital     | -                      | None       | -     | 3,038,516                                            | 3,038,516                                                  |      |
| 3   | LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.           | LITE-ON INTELLIGENT TECHNOLOGY (YENCHENG) CORP.                              | Receivables from related parties | Yes           | 107,913                        | 65,189         | 65,189                | 2.65%             | b                             | -                  | Operating capital     | -                      | None       | -     | 3,038,516                                            | 3,038,516                                                  |      |
| 4   | GUANGZHOU LITE-ON MOBILE ENGINEERING PLASTICS CO., LTD. | BEIJING LITE-ON MOBILE ELECTRONIC AND TELECOMMUNICATION COMPONENTS CO., LTD. | Receivables from related parties | Yes           | 94,807                         | 60,843         | 60,843                | 2.65%             | b                             | -                  | Operating capital     | -                      | None       | -     | 1,894,640                                            | 1,894,640                                                  |      |

Note 1: Reasons for financing are as follows:

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

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

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

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

TABLE 2

**LITE-ON TECHNOLOGY CORPORATION AND INVESTEES**

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

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

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

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

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

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

TABLE 3

# LITE-ON TECHNOLOGY CORPORATION AND INVESTEEES

## MARKETABLE SECURITIES HELD

DECEMBER 31, 2021

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

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

(Continued)

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

(Concluded)



TABLE 4

LITE-ON TECHNOLOGY CORPORATION AND INVESTEEES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(Amounts in Thousands of New Taiwan Dollars or in Thousands of Foreign Currencies)

| Holding Company                | Marketable Securities Type and Name        | Financial Statement Account                                | Counterparty                              | Nature of Relationship | Beginning Balance           |            | Acquisition                 |                  | Disposal                    |          | Gain (Loss) on Disposal |                         | Ending Balance              |         |
|--------------------------------|--------------------------------------------|------------------------------------------------------------|-------------------------------------------|------------------------|-----------------------------|------------|-----------------------------|------------------|-----------------------------|----------|-------------------------|-------------------------|-----------------------------|---------|
|                                |                                            |                                                            |                                           |                        | Shares/Units (In Thousands) | Amount     | Shares/Units (In Thousands) | Amount           | Shares/Units (In Thousands) | Amount   | Carrying Amount         | Gain (Loss) on Disposal | Shares/Units (In Thousands) | Amount  |
| Lite-On Technology Corporation | Shares of SUZHOU LITE-ON STORAGE CO., LTD. | Investments accounted for using the equity method (Note 4) | SUZHOU HUAXIUHU NO.1 INVESTMENT CO., LTD. | -                      | -                           | \$ 880,249 | -                           | \$ -             | -                           | (Note 1) | \$ 880,249              | (Note 1)                | -                           | \$ -    |
|                                | Shares of PlayNtride Inc.                  | Financial assets at FVTOCI                                 | PlayNtride Inc.                           | -                      | 2,684 (Note 2)              | 267,562    | 1,295 (Note 2)              | 157,360 (Note 3) | -                           | -        | -                       | -                       | 3,979                       | 424,922 |

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

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

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

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

TABLE 5

## LITE-ON TECHNOLOGY CORPORATION AND INVESTEEES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NTS300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars or in Thousands of Foreign Currencies)

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

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

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

TABLE 6

LITE-ON TECHNOLOGY CORPORATION AND INVESTEEES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2021  
(Amounts in Thousands of New Taiwan Dollars or in Thousands of Foreign Currencies)

| Company Name                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Related Party                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Nature of Relationship                                                                                                                                                                                                                                                               | Transaction Details |                | Abnormal Transaction |                   | Notes/Traide Payable or Receivable |                | Note    |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|----------------|----------------------|-------------------|------------------------------------|----------------|---------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                      | Purchase/Sale       | Amount         | % of Total           | Unit Price        | Payment Terms                      | Ending Balance |         |
| Lite-On Technology Corporation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Philips & Lite-On Digital Solutions Corporation<br>LITE-ON ELECTRONICS (TIANJIN) CO., LTD.<br>LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.<br>LITE-ON SINGAPORE PTE. LTD.<br>Lite-On Japan Ltd.<br>LITE-ON JAPAN (Thailand) CO., LTD.<br>LITE-ON TRADING USA, INC.<br>LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.<br>LITE-ON VIETNAM CO., LTD.<br>LITE-ON SINGAPORE PTE. LTD.<br>Lite-On Overseas Trading Co., Ltd.                                                                                                                                                                                                                                                                  | Subsidiary<br>Fourth-tier subsidiary<br>Subsidiary<br>Subsidiary<br>Sub-subsubsidiary<br>Fourth-tier subsidiary<br>Subsidiary<br>Subsidiary<br>Subsidiary<br>Subsidiary                                                                                                              | Sale                | \$ (6,502,792) | (6.12)               | Cost-plus pricing | About 90 days                      | \$ 2,164,450   | 687     |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                      | Sale                | (943,089)      | (0.89)               | Cost-plus pricing | About 90 days                      | 361,713        | 1,15    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                      | Sale                | (3,777,244)    | (3.55)               | Cost-plus pricing | About 90 days                      | 749,503        | 2,38    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                      | Sale                | (452,091)      | (0.43)               | Cost-plus pricing | About 90 days                      | 161,670        | 0,51    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                      | Sale                | (133,256)      | (0.13)               | Cost-plus pricing | About 90 days                      | 57,004         | 0,18    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                      | Sale                | (2,950,084)    | (2.78)               | Cost-plus pricing | About 90 days                      | 1,007,723      | 3,20    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                      | Purchase            | 724,897        | 0.77                 | Cost-plus pricing | About 90 days                      | (205,298)      | (0,59)  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                      | Purchase            | 1,048,097      | 1.12                 | Cost-plus pricing | About 90 days                      | (539,618)      | (1,56)  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                      | Purchase            | 24,288,991     | 25.99                | Cost-plus pricing | About 90 days                      | (8,562,582)    | (24,78) |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                      | Purchase            | 60,970,183     | 65.24                | Cost-plus pricing | About 90 days                      | (20,667,024)   | (59,81) |
| Philips & Lite-On Digital Solutions Corporation<br>LITE-ON ELECTRONICS (TIANJIN) CO., LTD.<br>LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.<br>LITE-ON SINGAPORE PTE. LTD.<br>LITE-ON SINGAPORE PTE. LTD.<br>LITE-ON SINGAPORE PTE. LTD.<br>LITE-ON SINGAPORE PTE. LTD.<br>LITE-ON SINGAPORE PTE. LTD.<br>LITE-ON SINGAPORE PTE. LTD.<br>LITE-ON SINGAPORE PTE. LTD.<br>LITE-ON SINGAPORE PTE. LTD.<br>LITE-ON SINGAPORE PTE. LTD.<br>LITE-ON SINGAPORE PTE. LTD.<br>LITE-ON SINGAPORE PTE. LTD.<br>LITE-ON SINGAPORE PTE. LTD.<br>LITE-ON SINGAPORE PTE. LTD.<br>LITE-ON SINGAPORE PTE. LTD.<br>LITE-ON SINGAPORE PTE. LTD.<br>LITE-ON SINGAPORE PTE. LTD.<br>LITE-ON SINGAPORE PTE. LTD. | Philips & Lite-On Digital Solutions USA, Inc.<br>LITE-ON SINGAPORE PTE. LTD.<br>LITE-ON ELECTRONICS (GUANGZHOU) LIMITED<br>Lite-On Overseas Trading Co., Ltd.<br>LITE-ON SINGAPORE PTE. LTD.<br>LITE-ON SINGAPORE PTE. LTD.<br>LITE-ON SINGAPORE PTE. LTD.<br>LITE-ON SINGAPORE PTE. LTD.<br>LITE-ON SINGAPORE PTE. LTD.<br>LITE-ON SINGAPORE PTE. LTD.<br>LITE-ON SINGAPORE PTE. LTD.<br>LITE-ON SINGAPORE PTE. LTD.<br>LITE-ON SINGAPORE PTE. LTD.<br>LITE-ON SINGAPORE PTE. LTD.<br>LITE-ON SINGAPORE PTE. LTD.<br>LITE-ON SINGAPORE PTE. LTD.<br>LITE-ON SINGAPORE PTE. LTD.<br>LITE-ON SINGAPORE PTE. LTD.<br>LITE-ON SINGAPORE PTE. LTD.<br>LITE-ON SINGAPORE PTE. LTD. | Subsidiary<br>Subsidiary<br>Subsidiary<br>Subsidiary<br>Subsidiary<br>Subsidiary<br>Subsidiary<br>Subsidiary<br>Subsidiary<br>Subsidiary<br>Subsidiary<br>Subsidiary<br>Subsidiary<br>Subsidiary<br>Subsidiary<br>Subsidiary<br>Subsidiary<br>Subsidiary<br>Subsidiary<br>Subsidiary | Sale                | (3,677,022)    | (54.30)              | Cost-plus pricing | About 90 days                      | 596,152        | 56.19   |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                      | Sale                | (1,904,774)    | (100.00)             | Cost-plus pricing | About 90 days                      | 150,554        | 100.00  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                      | Sale                | (1,608,824)    | (1.24)               | Cost-plus pricing | About 90 days                      | 80,567         | 75.29   |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                      | Sale                | (12,633,689)   | (97.80)              | Cost-plus pricing | About 90 days                      | -              | -       |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                      | Sale                | (6,131,967)    | (100.00)             | Cost-plus pricing | About 90 days                      | 1,442,756      | 100.00  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                      | Sale                | (666,737)      | (100.00)             | Cost-plus pricing | About 90 days                      | 58,691         | 100.00  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                      | Sale                | (172,141)      | (56.28)              | Cost-plus pricing | About 90 days                      | 57,117         | 61.41   |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                      | Sale                | (131,402)      | (42.96)              | Cost-plus pricing | About 90 days                      | 35,347         | 38.00   |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                      | Sale                | (15,304,105)   | (58.17)              | Cost-plus pricing | About 90 days                      | 3,773,727      | 61.05   |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                      | Sale                | (10,258,225)   | (38.99)              | Cost-plus pricing | About 90 days                      | 2,191,892      | 35.46   |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                      | Sale                | (696,424)      | (100.00)             | Cost-plus pricing | About 90 days                      | 68,868         | 100.00  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                      | Sale                | (319,687)      | (5.00)               | Cost-plus pricing | About 90 days                      | 69,941         | 3.96    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                      | Sale                | (173,496)      | (2.71)               | Cost-plus pricing | About 90 days                      | 61,220         | 3.47    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                      | Sale                | (14,203,708)   | (99.86)              | Cost-plus pricing | About 90 days                      | 2,060,289      | 100.00  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                      | Sale                | (526,717)      | (4.43)               | Cost-plus pricing | About 90 days                      | 156,352        | 4.68    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                      | Sale                | (264,721)      | (2.23)               | Cost-plus pricing | About 90 days                      | 130,830        | 3.92    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                      | Sale                | (10,852,123)   | (91.25)              | Cost-plus pricing | About 90 days                      | 3,024,169      | 90.51   |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                      | Sale                | (1,701,316)    | (100.00)             | Cost-plus pricing | About 90 days                      | 175,007        | 100.00  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                      | Sale                | (249,952)      | (8.03)               | Cost-plus pricing | About 90 days                      | 83,490         | 14.19   |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                      | Sale                | (2,198,891)    | (89.72)              | Cost-plus pricing | About 90 days                      | 243,631        | 73.10   |
| Huizhou Li Shin Electronic Co., Ltd.<br>LITE-ON ELECTRONICS (GUANGZHOU) LIMITED<br>WUXI CHINA BRIDGE EXPRESS TRADING CO., LTD.<br>Lite-On Overseas Trading Co., Ltd.<br>LITE-ON SINGAPORE PTE. LTD.<br>LITE-ON SINGAPORE PTE. LTD.<br>LITE-ON SINGAPORE PTE. LTD.<br>LITE-ON SINGAPORE PTE. LTD.<br>LITE-ON SINGAPORE PTE. LTD.<br>LITE-ON SINGAPORE PTE. LTD.                                                                                                                                                                                                                                                                                                                        | LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.<br>LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.<br>WUXI CHINA BRIDGE EXPRESS TRADING CO., LTD.<br>Lite-On Overseas Trading Co., Ltd.<br>LITE-ON SINGAPORE PTE. LTD.<br>LITE-ON SINGAPORE PTE. LTD.<br>LITE-ON SINGAPORE PTE. LTD.<br>LITE-ON SINGAPORE PTE. LTD.<br>LITE-ON SINGAPORE PTE. LTD.<br>LITE-ON SINGAPORE PTE. LTD.                                                                                                                                                                                                                                                                                                             | Affiliate<br>Affiliate<br>Affiliate<br>Affiliate<br>Affiliate<br>Affiliate<br>Affiliate<br>Affiliate<br>Affiliate<br>Affiliate                                                                                                                                                       | Sale                | (1,640,242)    | (6.98)               | Cost-plus pricing | About 90 days                      | 538,184        | 7.54    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                      | Sale                | (732,869)      | (3.12)               | Cost-plus pricing | About 90 days                      | 381,056        | 5.15    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                      | Sale                | (20,325,563)   | (86.48)              | Cost-plus pricing | About 90 days                      | 5,538,049      | 72.38   |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                      | Sale                | (464,566)      | (100.00)             | Cost-plus pricing | About 90 days                      | 115,691        | 100.00  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                      | Sale                | (266,551)      | (98.17)              | Cost-plus pricing | About 90 days                      | 34,635         | 99.63   |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                      | Sale                | (5,012,261)    | (100.00)             | Cost-plus pricing | About 90 days                      | 1,365,860      | 100.00  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                      | Sale                | (4,254,767)    | (96.72)              | Cost-plus pricing | About 90 days                      | 689,186        | 93.28   |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                      | Sale                | (144,200)      | (3.28)               | Cost-plus pricing | About 90 days                      | 49,664         | 6.72    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                      | Sale                |                |                      | Cost-plus pricing | About 90 days                      |                |         |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                      | Sale                |                |                      | Cost-plus pricing | About 90 days                      |                |         |

(Continued)

| Company Name                                       | Related Party                                          | Nature of Relationship | Transaction Details |              |            | Abnormal Transaction |               | Notes/Trade (Payable) or Receivable |            | Note |
|----------------------------------------------------|--------------------------------------------------------|------------------------|---------------------|--------------|------------|----------------------|---------------|-------------------------------------|------------|------|
|                                                    |                                                        |                        | Purchase/Sale       | Amount       | % of Total | Unit Price           | Payment Terms | Ending Balance                      | % of Total |      |
| LITE-ON VIETNAM CO., LTD.                          | LITE-ON SINGAPORE PTE. LTD.                            | Affiliate              | Sale                | \$ (516,224) | (33.00)    | Cost-plus pricing    | About 90 days | \$ 197,664                          | 26.81      |      |
| LITE-ON SINGAPORE PTE. LTD.                        | LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.                | Subsidiary             | Sale                | (1,110,692)  | (1.48)     | Cost-plus pricing    | About 90 days | 421,966                             | 1.87       |      |
|                                                    | WUXI CHINA BRIDGE EXPRESS TRADING CO., LTD.            | Affiliate              | Sale                | (1,063,204)  | (1.42)     | Cost-plus pricing    | About 90 days | 505,390                             | 2.23       |      |
|                                                    | LITE-ON ELECTRONICS H.K. LIMITED                       | Affiliate              | Sale                | (3,533,965)  | (4.59)     | Cost-plus pricing    | About 90 days | 1,046,668                           | 4.51       |      |
|                                                    | LITE-ON, INC.                                          | Affiliate              | Sale                | (828,775)    | (1.11)     | Cost-plus pricing    | About 90 days | 330,940                             | 1.46       |      |
|                                                    | LITE-ON TRADING USA, INC.                              | Affiliate              | Sale                | (8,638,495)  | (11.57)    | Cost-plus pricing    | About 90 days | 3,491,679                           | 15.44      |      |
|                                                    | LEOTEK ELECTRONICS USA LLC.                            | Affiliate              | Sale                | (783,578)    | (1.05)     | Cost-plus pricing    | About 90 days | 141,827                             | 0.63       |      |
|                                                    | Lite-On Overseas Trading Co., Ltd.                     | Affiliate              | Sale                | (128,451)    | (0.17)     | Cost-plus pricing    | About 90 days | 25,919                              | 0.11       |      |
|                                                    | LITE-ON MOBILE INDUSTRIA E COMERCIO DE PLASTICOS LTDA. | Affiliate              | Sale                | (563,385)    | (0.75)     | Cost-plus pricing    | About 90 days | 122,851                             | 0.54       |      |
| Lite-On Japan Ltd.                                 | LITE-ON SINGAPORE PTE. LTD.                            | Affiliate              | Sale                | (223,164)    | (8.74)     | Cost-plus pricing    | About 90 days | 46,522                              | 8.27       |      |
|                                                    | Lite-On Overseas Trading Co., Ltd.                     | Affiliate              | Sale                | (156,545)    | (6.13)     | Cost-plus pricing    | About 90 days | 83,351                              | 14.82      |      |
| LITE-ON AUTOMOTIVE ELECTRONICS MEXICO S.A. DE C.V. | LITE-ON SINGAPORE PTE. LTD.                            | Affiliate              | Sale                | (408,994)    | (100.00)   | Cost-plus pricing    | About 90 days | 35,661                              | 100.00     |      |
| Lite-On Overseas Trading Co., Ltd.                 | LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED       | Affiliate              | Sale                | (10,492,634) | (7.29)     | Cost-plus pricing    | About 90 days | 931,695                             | 2.56       |      |
|                                                    | LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.               | Affiliate              | Sale                | (12,599,278) | (8.69)     | Cost-plus pricing    | About 90 days | 4,417,133                           | 12.12      |      |
|                                                    | LITE-ON TECHNOLOGY (XIANNING) CO., LTD.                | Affiliate              | Sale                | (153,355)    | (0.11)     | Cost-plus pricing    | About 90 days | 16,503                              | 0.05       |      |
|                                                    | LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.               | Affiliate              | Sale                | (12,524,607) | (8.56)     | Cost-plus pricing    | About 90 days | 1,524,844                           | 4.18       |      |
|                                                    | SILITEK ELEC. (DONGGUAN) CO., LTD.                     | Affiliate              | Sale                | (8,585,064)  | (6.56)     | Cost-plus pricing    | About 90 days | 966,529                             | 2.65       |      |
|                                                    | LITE-ON ELI SHIN ELECTRONICS CO., LTD.                 | Affiliate              | Sale                | (1,579,455)  | (0.53)     | Cost-plus pricing    | About 90 days | 88,526                              | 0.24       |      |
|                                                    | LITE-ON ELECTRONICS (GUANGZHOU) CO., LTD.              | Affiliate              | Sale                | (16,321,557) | (11.31)    | Cost-plus pricing    | About 90 days | 433,143                             | 1.14       |      |
|                                                    | LITE-ON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD.   | Affiliate              | Sale                | (347,668)    | (0.24)     | Cost-plus pricing    | About 90 days | 125,095                             | 0.34       |      |
|                                                    | Lite-ON Auto Electric Technology (Guangzhou) Ltd.      | Affiliate              | Sale                | (115,248)    | (0.08)     | Cost-plus pricing    | About 90 days | 50,657                              | 0.14       |      |
|                                                    | LITE-ON IT OPTO TECH (BH) CO., LTD.                    | Affiliate              | Sale                | (4,464,873)  | (3.10)     | Cost-plus pricing    | About 90 days | 1,423,766                           | 3.91       |      |
|                                                    | LITE-ON VIETNAM CO., LTD.                              | Affiliate              | Sale                | (733,841)    | (0.51)     | Cost-plus pricing    | About 90 days | 340,807                             | 0.94       |      |
|                                                    | LITE-ON SINGAPORE PTE. LTD.                            | Affiliate              | Sale                | (15,922,178) | (11.06)    | Cost-plus pricing    | About 90 days | 1,486,080                           | 4.08       |      |
|                                                    | Lite-Space Technology Company Limited                  | Associate              | Purchase            | 1,066,838    | 0.74       | Cost-plus pricing    | About 90 days | (34,661)                            | (0.10)     |      |
| Lite-On (Guangzhou) Automotive Electronics Limited | LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.                | Affiliate              | Sale                | (2,001,264)  | (43.98)    | Cost-plus pricing    | About 90 days | 782,782                             | 57.23      |      |
|                                                    | LITE-ON SINGAPORE PTE. LTD.                            | Affiliate              | Sale                | (2,026,283)  | (44.53)    | Cost-plus pricing    | About 90 days | 241,345                             | 17.65      |      |

(Concluded)

TABLE 7

LITE-ON TECHNOLOGY CORPORATION AND INVESTEEES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL.  
DECEMBER 31, 2021  
(Amounts in Thousands of New Taiwan Dollars or in Thousands of Foreign Currencies)

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

(Continued)

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

(Concluded)

TABLE 8

**LITE-ON TECHNOLOGY CORPORATION AND INVESTEEES**

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

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

(Continued)

| Investor Company                       | Investee Company                                                                   | Location                | Main Businesses and Products                                                                                                                                                       | Original Investment Amount |                   | Balance as of December 31, 2021 |                             |                 | Net Income (Loss) of the Investee | Share of Profit/Loss of Investee | Note                |
|----------------------------------------|------------------------------------------------------------------------------------|-------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|-------------------|---------------------------------|-----------------------------|-----------------|-----------------------------------|----------------------------------|---------------------|
|                                        |                                                                                    |                         |                                                                                                                                                                                    | December 31, 2021          | December 31, 2020 | Shares                          | Percentage of Ownership (%) | Carrying Amount |                                   |                                  |                     |
| Lite-On Technology Corporation         | LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED                                     | India                   | Manufacture and sale of phone chargers and power supplies                                                                                                                          | INR 1,023,741              | INR 1,023,741     | 102,374,058                     | 99.00                       | \$ 319,776      | INR 306,422                       | \$ 112,318                       | Subsidiary          |
|                                        | SKYLA CORPORATION                                                                  | Taiwan                  | Manufacture and sale of medical equipment                                                                                                                                          | \$ 200,000                 | \$ 200,000        | 20,000,000                      | 62.60                       | 226,315         | \$ 53,746                         | 19,404                           | Subsidiary          |
|                                        | LITE-ON INC.                                                                       | Taipei City, Taiwan     | Investment activities                                                                                                                                                              | -                          | 150,879           | -                               | -                           | -               | (923)                             | (927)                            | Subsidiary (Note 3) |
|                                        | DYNA INVESTMENT CO., LTD.                                                          | Taipei City, Taiwan     | Investment activities                                                                                                                                                              | -                          | 170,582           | -                               | -                           | -               | (51)                              | (50)                             | Subsidiary (Note 3) |
|                                        | LEOTEK CORPORATION (formerly: LEOTEK ROADWAY AND TRAFFIC INTELLIGENCE CORPORATION) | Taipei City, Taiwan     | Wholesale, import, export and installation of street lights, signal lights, scenery lights and new-type electronic components                                                      | 50                         | -                 | 5,000                           | 100.00                      | 50              | -                                 | -                                | Subsidiary          |
| Lite-On Capital Corporation            | Slitech Technology Corporation                                                     | New Taipei City, Taiwan | Manufacture and sale of modules and plastic/rubber products                                                                                                                        | 107,901                    | 107,901           | 385,545                         | 0.57                        | 12,967          | 61,826                            | -                                | Associate           |
|                                        | Lite-On Green Technologies, Inc.                                                   | Taipei City, Taiwan     | Manufacture and wholesale of electronic components and energy technology services                                                                                                  | 1,040,000                  | 1,040,000         | 67,000,000                      | 100.00                      | 231,489         | 3,019                             | -                                | Subsidiary          |
|                                        | Lite-On Green Energy (HK) Limited                                                  | Hong Kong               | Investment activities                                                                                                                                                              | US\$ 3,100                 | US\$ 3,100        | 3,100,000                       | 100.00                      | 5,638           | US\$ (2)                          | -                                | Subsidiary          |
|                                        | Lite-On Technology (Europe) B.V.                                                   | Netherlands             | Market research and after-sales services                                                                                                                                           | 1,938,096                  | 1,938,096         | 281,875                         | 46.00                       | 165,016         | EUR 367                           | -                                | Subsidiary          |
|                                        | LITE-ON GREEN ENERGY (SINGAPORE) PTE. LTD.                                         | Singapore               | Investment activities                                                                                                                                                              | 227,434                    | 227,434           | 3,457,760                       | 100.00                      | 95,107          | EUR 83                            | -                                | Subsidiary          |
| Lite-On Green Technologies, Inc.       | Lite-On Green Technologies B.V.                                                    | Netherlands             | Solar energy engineering                                                                                                                                                           | EUR 11,520                 | EUR 11,520        | 6,818,200                       | 100.00                      | 45,617          | EUR 151                           | -                                | Subsidiary          |
|                                        | LITE-ON GREEN ENERGY (SINGAPORE) PTE. LTD.                                         | Netherlands             | Investment activities                                                                                                                                                              | EUR 2,500                  | EUR 2,500         | 9,139,785                       | 100.00                      | 604             | EUR (9)                           | -                                | Subsidiary          |
|                                        | Lite-On Green Technologies B.V.                                                    | Berlin, Germany         | Solar energy engineering                                                                                                                                                           | EUR 401                    | EUR 401           | 51,000                          | 51.00                       | EUR -           | EUR -                             | -                                | Associate           |
|                                        | LITE-ON INC.                                                                       | Taipei City, Taiwan     | Investment activities                                                                                                                                                              | -                          | 79,179            | -                               | -                           | -               | (51)                              | -                                | Subsidiary (Note 3) |
|                                        | DYNA INVESTMENT CO., LTD.                                                          | Taipei City, Taiwan     | Investment activities                                                                                                                                                              | -                          | 105,538           | -                               | -                           | -               | (923)                             | -                                | Subsidiary (Note 3) |
| CHINA BRIDGE (CHINA) CO., LTD.         | WUXI CHINA BRIDGE EXPRESS TRADING CO., LTD.                                        | Wuxi, China             | Assembly and sale of power supplies, printers, display devices and scanners                                                                                                        | CNY 36,244                 | CNY 36,244        | -                               | 100.00                      | CNY 174,843     | CNY 24,549                        | -                                | Subsidiary          |
|                                        | LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.                                      | Changzhou, China        | Development, manufacture and sale of new-type electronic components and LEDs and provision of technology consulting services, maintenance equipment and after-sales services       | CNY 85,015                 | CNY 85,015        | -                               | 12.59                       | CNY 88,025      | CNY 11,344                        | -                                | Subsidiary          |
|                                        | LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.                                           | Changzhou, China        | Development, manufacture, sale and installation of power supplies and transformers and provision of technology consulting services, maintenance equipment and after-sales services | CNY 527,134                | CNY 527,134       | -                               | 100.00                      | CNY 1,163,413   | CNY 82,961                        | -                                | Subsidiary          |
|                                        | LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.                                      | Changzhou, China        | Development, manufacture and sale of new-type electronic components and LEDs and provision of technology consulting services, maintenance equipment and after-sales services       | CNY 503,977                | CNY 503,977       | -                               | 87.41                       | CNY 611,143     | CNY 11,344                        | -                                | Subsidiary          |
|                                        | LITE-ON MEDICAL DEVICE (CHANGZHOU) LTD.                                            | Changzhou, China        | Manufacture and sale of medical equipment                                                                                                                                          | CNY 30,640                 | CNY 30,640        | -                               | 100.00                      | CNY 24,862      | CNY 455                           | -                                | Subsidiary          |
| LITE-ON TECHNOLOGY (JIANGSU) CO., LTD. | LITE-ON COMPUTER (CHANGZHOU) CO., LTD.                                             | Changzhou, China        | Design, development, manufacture and sale of computer laptop keyboards and components and provision technology consulting services and after-sales services                        | CNY -                      | CNY 55,924        | -                               | -                           | CNY -           | CNY -                             | -                                | Subsidiary (Note 4) |
|                                        | LITE-ON AUTOMOTIVE ELECTRONICS (CHANGZHOU) CO., LTD.                               | Changzhou, China        | Manufacture, sale and processing of electronic products                                                                                                                            | CNY 223,746                | CNY 223,746       | -                               | 100.00                      | CNY 217,775     | CNY 11,105                        | -                                | Subsidiary          |

(Continued)



# Standalone Financial Statements

| Investor Company                                                                                                                     | Investee Company                                     | Location               | Main Businesses and Products                                                                                                                                                                                                                                                                                            | Original Investment Amount |                   | Balance as of December 31, 2021 |             | Percentage of Ownership (%) | Carrying Amount | Net Income (Loss) of the Investee | Share of Profit/Loss of Investee | Note                  |
|--------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|-------------------|---------------------------------|-------------|-----------------------------|-----------------|-----------------------------------|----------------------------------|-----------------------|
|                                                                                                                                      |                                                      |                        |                                                                                                                                                                                                                                                                                                                         | December 31, 2021          | December 31, 2020 | Shares                          | Shares      |                             |                 |                                   |                                  |                       |
| Lite-On Automotive International (Cayman) Co., Ltd.<br>HIGH YIELD GROUP CO., LTD.<br>Philips & Lite-On Digital Solutions Corporation | LITE-ON AUTOMOTIVE HOLDINGS (HONG KONG) CO., LIMITED | Hong Kong              | Investment activities                                                                                                                                                                                                                                                                                                   | HK\$ 42,009                | HK\$ 42,009       | 101,250,185                     | 101,250,185 | 100.00                      | US\$ 89,701     | HK\$ 50,100                       | \$                               | - Subsidiary          |
|                                                                                                                                      | LITE-ON IT INTERNATIONAL (HK) LIMITED                | Hong Kong              | Sale of optical disc drives                                                                                                                                                                                                                                                                                             | US\$ 102,400               | US\$ 102,400      | 102,400,000                     | 102,400,000 | 100.00                      | US\$ 222,103    | US\$ 2,026                        |                                  | - Subsidiary          |
|                                                                                                                                      | Philips & Lite-On Digital Solutions USA, Inc.        | USA                    | Sale of optical disc drives                                                                                                                                                                                                                                                                                             | \$ 33                      | \$ 33             | 1,000                           | 1,000       | 100.00                      | \$ 243,666      | US\$ 403                          |                                  | - Subsidiary          |
|                                                                                                                                      | PLDS Germany GmbH                                    | Germany                | Development and sale of modules of automotive recorders                                                                                                                                                                                                                                                                 | 1,326,996                  | 1,326,996         | -                               | -           | 100.00                      | 887,880         | EUR 686                           |                                  | - Subsidiary          |
| KBW-LEOTEK Jordan Private Shareholding Limited                                                                                       | Philips & Lite-On Digital Solutions Korea Ltd.       | South Korea            | Sale of optical disc drives                                                                                                                                                                                                                                                                                             | 15,376                     | 15,376            | 17,823                          | 17,823      | 100.00                      | 30,078          | KRW 11,417                        |                                  | - Subsidiary          |
|                                                                                                                                      | LEOTEK, PSC                                          | Jordan                 | Production, manufacture energy-saving lights                                                                                                                                                                                                                                                                            | JOD 30                     | JOD 30            | 30,000                          | 30,000      | 60.00                       | JOD 56          | JOD 19                            |                                  | - Subsidiary          |
|                                                                                                                                      | LITE-ON, INC.                                        | USA                    | Sales data processing business of optoelectronic products and power supplies                                                                                                                                                                                                                                            | US\$ 3,000                 | US\$ 3,000        | 3,000,000                       | 3,000,000   | 100.00                      | US\$ 8,623      | US\$ 1,096                        |                                  | - Subsidiary          |
|                                                                                                                                      | LITE-ON TRADING USA, INC.                            | USA                    | Sale of optical products                                                                                                                                                                                                                                                                                                | US\$ 31,500                | US\$ 31,500       | 315,000                         | 315,000     | 100.00                      | US\$ 40,976     | US\$ 1,191                        |                                  | - Subsidiary          |
| LITE-ON TECHNOLOGY USA, INC.                                                                                                         | LEOTEK ELECTRONICS USA LLC                           | USA                    | Sale of LED products                                                                                                                                                                                                                                                                                                    | US\$ 5,792                 | US\$ 5,792        | -                               | -           | 100.00                      | US\$ 15,685     | US\$ 869                          |                                  | - Subsidiary          |
|                                                                                                                                      | POWER INNOVATIONS                                    | USA                    | Development, design and manufacture of power controls and energy management                                                                                                                                                                                                                                             | US\$ 15,756                | US\$ 15,756       | 12,916,109                      | 12,916,109  | 95.25                       | US\$ 5,703      | US\$ (714)                        |                                  | - Subsidiary          |
|                                                                                                                                      | INTERNATIONAL, INC.                                  | USA                    | After-sales services of optical products                                                                                                                                                                                                                                                                                | US\$ 1,500                 | US\$ 1,500        | 1,000                           | 1,000       | 100.00                      | US\$ 1,929      | US\$ 71                           |                                  | - Subsidiary          |
|                                                                                                                                      | LITE-ON TECHNOLOGY SERVICE, INC.                     | USA                    | After-sales services of optical products                                                                                                                                                                                                                                                                                | US\$ 1,500                 | US\$ 1,500        | 1,000                           | 1,000       | 100.00                      | US\$ 1,929      | US\$ 71                           |                                  | - Subsidiary          |
| Lite-On International Holding Co., Ltd.                                                                                              | LITE-ON CHINA HOLDING CO., LTD.                      | British Virgin Islands | Investment activities                                                                                                                                                                                                                                                                                                   | US\$ 427,342               | US\$ 427,342      | 427,341,532                     | 427,341,532 | 100.00                      | US\$ 819,772    | US\$ 50,963                       |                                  | - Subsidiary          |
|                                                                                                                                      | LiteStar JV Holding (BVI) Co., Ltd.                  | British Virgin Islands | Investment activities                                                                                                                                                                                                                                                                                                   | US\$ 27,000                | US\$ 27,000       | 2,323                           | 2,323       | 17.59                       | US\$ 28,111     | \$ 39,188                         |                                  | - 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\$ 90           | 2,978                           | 2,978       | 1.00                        | US\$ 104        | MXN 62,168                        |                                  | - Subsidiary          |
|                                                                                                                                      | LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED       | India                  | Manufacture and sale of phone chargers and power supplies                                                                                                                                                                                                                                                               | INR 10,341                 | INR 10,341        | 1,034,082                       | 1,034,082   | 1.00                        | US\$ 117        | INR 306,422                       |                                  | - Subsidiary          |
| LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.                                                                                              | LITE-ON INTELLIGENT TECHNOLOGY (YENCHENG) CORP.      | Yancheng, China        | Wholesale, import, export and installation of street lights, signal lights, scenery lights and new-type electronic components                                                                                                                                                                                           | CNY 19,427                 | CNY 19,427        | -                               | -           | 100.00                      | CNY 17,836      | CNY (7,043)                       |                                  | - Subsidiary          |
|                                                                                                                                      | TITANIC CAPITAL SERVICES LTD.                        | British Virgin Islands | Investment activities                                                                                                                                                                                                                                                                                                   | 529,106                    | 529,106           | 8,655,240                       | 8,655,240   | 100.00                      | US\$ 20,645     | US\$ 1,089                        |                                  | - Subsidiary          |
|                                                                                                                                      | LTC INTERNATIONAL LTD.                               | British Virgin Islands | Manufacture and sale of system products                                                                                                                                                                                                                                                                                 | -                          | 485,514           | -                               | -           | -                           | US\$ -          | US\$ 6                            |                                  | - Subsidiary (Note 5) |
|                                                                                                                                      | Lite-On (Finland) Oy                                 | Finland                | Manufacture and sale of mobile phone modules and design of assembly lines                                                                                                                                                                                                                                               | EUR 64,891                 | EUR 64,891        | 2,500                           | 2,500       | 100.00                      | EUR 7,949       | EUR 195                           |                                  | - 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 196,618                | EUR 196,618       | 52,937,148                      | 52,937,148  | 100.00                      | EUR 7,660       | EUR 195                           |                                  | - Subsidiary          |

(Continued)

| Investor Company                | Investee Company                                       | Location               | Main Businesses and Products                                              | Original Investment Amount |                   | Balance as of December 31, 2021 |                             |                 | Net Income (Loss) of the Investee | Share of Profit/Loss of Investee | Note                |
|---------------------------------|--------------------------------------------------------|------------------------|---------------------------------------------------------------------------|----------------------------|-------------------|---------------------------------|-----------------------------|-----------------|-----------------------------------|----------------------------------|---------------------|
|                                 |                                                        |                        |                                                                           | December 31, 2021          | December 31, 2020 | Shares                          | Percentage of Ownership (%) | Carrying Amount |                                   |                                  |                     |
| LITE-ON CHINA HOLDING CO., LTD. | LITE-ON ELECTRONICS COMPANY LIMITED                    | Hong Kong              | Investment activities                                                     | US\$ 375,760               | US\$ 375,760      | 3,083,467,107                   | 100.00                      | US\$ 772,651    | HK\$ 379,144                      | -                                | Subsidiary          |
|                                 | YET FOUNDATE LIMITED                                   | Hong Kong              | Manufacture of plastic and computer peripheral products                   | CNY 73,220                 | CNY 73,220        | 68,429,663                      | 100.00                      | US\$ 21,102     | CNY 187                           | -                                | Subsidiary          |
|                                 | FORDGOOD ELECTRONIC LIMITED                            | Hong Kong              | Import and export and real estate business                                | US\$ 12,666                | US\$ 12,666       | 100,150,100                     | 100.00                      | US\$ 19,695     | HK\$ 2,966                        | -                                | Subsidiary          |
|                                 | G&W TECHNOLOGY (BVI) LIMITED                           | British Virgin Islands | Real estate management                                                    | US\$ 3,900                 | US\$ 3,900        | 3,900,000                       | 50.00                       | US\$ 4,638      | US\$ 976                          | -                                | Subsidiary          |
| G&W TECHNOLOGY (BVI) LIMITED    | G&W TECHNOLOGY LIMITED                                 | Hong Kong              | Leasing business                                                          | US\$ 65                    | US\$ 65           | 499,998                         | 100.00                      | US\$ 1,505      | US\$ 767                          | -                                | Subsidiary          |
|                                 |                                                        |                        |                                                                           |                            |                   |                                 |                             |                 |                                   |                                  |                     |
| Lite-On Japan Ltd.              | L&K Industries Philippines, Inc.                       | Philippines            | Import and export of electronic components                                | JPY 91,681                 | JPY 91,681        | 350,000                         | 35.00                       | JPY -           | JPY (12,763)                      | -                                | Associate           |
|                                 | Lite-On Japan (H.K.) Limited                           | Hong Kong              | Import and export of electronic components                                | JPY 70,000                 | JPY 70,000        | 50,000                          | 100.00                      | JPY 70,000      | JPY 86,009                        | -                                | Subsidiary (Note 6) |
|                                 | Lite-On Japan (Korea) Co., Ltd.                        | South Korea            | Import and export of electronic components                                | JPY 22,593                 | JPY 22,593        | 20,000                          | 100.00                      | JPY 935         | JPY -                             | -                                | Subsidiary (Note 6) |
|                                 | LITE-ON JAPAN (Thailand) CO., LTD.                     | Thailand               | Import and export of electronic components                                | JPY 64,992                 | JPY 64,992        | 199,998                         | 100.00                      | JPY 64,992      | THB 6,400                         | -                                | Subsidiary (Note 6) |
| Lite-On Mobile Oyj              | LITE-ON MOBILE INDÚSTRIA E COMERCIO DE PLÁSTICOS LTDA. | Brazil                 | Manufacture and sale of mobile phone modules and design of assembly lines | EUR 2,509                  | EUR 2,509         | 6,507,001                       | 2.97                        | EUR 759         | BRL 46,987                        | -                                | Subsidiary          |
|                                 | LITE-ON MOBILE PTE. LTD.                               | Brazil                 | Manufacture and sale of mobile phone modules and design of assembly lines | US\$ 108,302               | US\$ 108,302      | 212,824,231                     | 97.03                       | US\$ 28,058     | BRL 46,987                        | -                                | Subsidiary          |
| LITE-ON MOBILE PTE. LTD.        | COMERCIO DE PLÁSTICOS LTDA.                            | Singapore              | Investment activities                                                     | US\$ -                     | US\$ 3,863        | -                               | -                           | US\$ -          | US\$ -                            | -                                | Subsidiary (Note 7) |
|                                 | LITE-ON YOUNG FAST PTE. LTD.                           | Brazil                 | Manufacture and sale of mobile phone modules and design of assembly lines | US\$ -                     | US\$ 540          | -                               | -                           | US\$ -          | BRL -                             | -                                | Associate (Note 8)  |

Note 1 Information on net income or loss of investee has not been resolved by its board of directors, so it is shown as an estimated amount. Refer to financial statements published on the market observation post system for the final amount of net income or loss.

Note 2: Liquidated in December 2021.

Note 3: Merged with the Company in June 2021, and was dissolved upon merging with the Company in July 2021.

Note 4 Merged into LITE-ON TECHNOLOGY (JIANGSU) CO., LTD. on January 1, 2021, and the deregistration procedure was completed in April 2021.

Note 5 Dissolved upon merging with TITANIC CAPITAL SERVICES LTD. in July 2021.

Note 6 The investment income/losses and adjustment for changes in equities are recognized by the Group.

Note 7 Liquidated in March 2021.

Note 8 Disposed in August 2021.

Note 9 Refer to Table 9 for information on investments in mainland China.

(Concluded)

TABLE 9

LITE-ON TECHNOLOGY CORPORATION AND INVESTEEES

INFORMATION ON INVESTMENT IN MAINLAND CHINA

FOR THE YEAR ENDED DECEMBER 31, 2021

(Amounts in Thousands of New Taiwan Dollars or in Thousands of Foreign Currencies)

| Investor Company               | Investee Company                                    | Main Businesses and Products                                                                                                  | Total Amount of Paid-in Capital (Note 2) | Method of Investment (Note 1) | Accumulated Outflow of Investment from Taiwan as at January 1, 2021 | Investment of Flows |        | Accumulated Outflow of Investment from Taiwan as at December 31, 2021 | Net Income (Losses) of the Investee Company (Note 2) | Percentage of Ownership | Share of Profits/Losses (Note 2) | Carrying Amount as of December 31, 2021 | Accumulated Inward Remittance of Earnings as of December 31, 2021 | Note      |
|--------------------------------|-----------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|-------------------------------|---------------------------------------------------------------------|---------------------|--------|-----------------------------------------------------------------------|------------------------------------------------------|-------------------------|----------------------------------|-----------------------------------------|-------------------------------------------------------------------|-----------|
|                                |                                                     |                                                                                                                               |                                          |                               |                                                                     | Outflow             | Inflow |                                                                       |                                                      |                         |                                  |                                         |                                                                   |           |
| Lite-On Technology Corporation | LITE-ON COMPUTER TECHNOLOGY (DONGGUAN) CO., LTD.    | Manufacture and sale of display device                                                                                        | \$ 453,050                               | a                             | \$ 786,469                                                          | \$ -                | \$ -   | \$ 786,469                                                            | \$ -                                                 | 100.00%                 | \$ -                             | \$ -                                    | \$ -                                                              | Note 3    |
|                                | LITE-ON ELECTRONICS (TIANJIN) CO., LTD.             | ODM services                                                                                                                  | (US\$ 19,938)                            | a                             | (US\$ 28,469)                                                       | -                   | -      | (US\$ 28,469)                                                         | (US\$ 183,707)                                       | 100.00%                 | (CNY 118,754)                    | (HK\$ 3,362,794)                        | -                                                                 | -         |
|                                | LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.            | Manufacture of electronic components                                                                                          | (US\$ 69,500)                            | a                             | (US\$ 66,498)                                                       | -                   | -      | (US\$ 66,498)                                                         | (CNY 27,446)                                         | 100.00%                 | (CNY 27,446)                     | (HK\$ 949,298)                          | -                                                                 | -         |
|                                | SILITEK ELEC. (DONGGUAN) CO., LTD.                  | Manufacture and sale of keyboards                                                                                             | (US\$ 35,400)                            | a                             | (US\$ 35,400)                                                       | -                   | -      | (US\$ 35,400)                                                         | (CNY 977,925)                                        | 100.00%                 | (CNY 180,246)                    | (HK\$ 3,203,353)                        | -                                                                 | -         |
|                                | LITE-ON ELECTRONICS (GUANGZHOU) LIMITED             | Manufacture and sale of printers and scanners                                                                                 | (US\$ 4,800)                             | a                             | (US\$ 4,800)                                                        | -                   | -      | (US\$ 4,800)                                                          | (CNY 132,600)                                        | 100.00%                 | (CNY 41,658)                     | (HK\$ 904,289)                          | -                                                                 | Note 3    |
|                                | CHINA BRIDGE (CHINA) CO., LTD.                      | Investment activities, consulting services and acting as a sales agent                                                        | (US\$ 36,600)                            | a                             | (US\$ 1,011,075)                                                    | -                   | -      | (US\$ 1,011,075)                                                      | (CNY 500,564)                                        | 100.00%                 | (CNY 500,564)                    | (HK\$ 1,464,292)                        | -                                                                 | -         |
|                                | LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED    | Manufacture and sale of IT products                                                                                           | (US\$ 30,000)                            | a                             | (US\$ 821,697)                                                      | -                   | -      | (US\$ 821,697)                                                        | (CNY 728,140)                                        | 100.00%                 | (CNY 728,140)                    | (HK\$ 2,903,205)                        | -                                                                 | Note 4, 5 |
|                                | LITEON COMMUNICATION (GUANGZHOU) COMPANY LIMITED    | Manufacture and sale of mobile terminal equipment                                                                             | (US\$ 22,625)                            | a                             | (US\$ 1,190,498)                                                    | -                   | -      | (US\$ 1,190,498)                                                      | (CNY 110,034)                                        | 100.00%                 | (CNY 110,034)                    | (HK\$ 1,597,671)                        | -                                                                 | -         |
|                                | LITE-ON TECHNOLOGY (GUANGZHOU) LIMITED              | Manufacture and sale of computer case                                                                                         | (US\$ 32,086)                            | a                             | (US\$ 43,095)                                                       | -                   | -      | (US\$ 43,095)                                                         | (CNY 25,431)                                         | 100.00%                 | (CNY 25,431)                     | (HK\$ 451,014)                          | -                                                                 | -         |
|                                | COMMIT Incorporated                                 | Manufacture and sale of application software and multimedia product design                                                    | (US\$ 15,810)                            | a                             | (US\$ 678,470)                                                      | -                   | -      | (US\$ 678,470)                                                        | (CNY 454,441)                                        | 100.00%                 | (CNY 454,441)                    | (HK\$ 4,974,000)                        | -                                                                 | -         |
|                                | LITEON ELECTRONICS AND WIRELESS (GUANGZHOU) LIMITED | Manufacture and sale of mobile terminal equipment                                                                             | (US\$ 35,084)                            | a                             | (US\$ 2,344)                                                        | -                   | -      | (US\$ 2,344)                                                          | (CNY 795)                                            | 100.00%                 | (CNY 795)                        | -                                       | -                                                                 | Note 4    |
|                                | LITE-ON (GUANGZHOU) INFOTECH CO., LTD.              | Information outsourcing                                                                                                       | (US\$ 502,775)                           | a                             | (US\$ 337,025)                                                      | -                   | -      | (US\$ 337,025)                                                        | (CNY 3,440)                                          | 100.00%                 | (CNY 3,440)                      | -                                       | -                                                                 | Note 5    |
|                                | TOOLING LTD.                                        | Manufacture and sale of modules                                                                                               | (US\$ 18,200)                            | a                             | (US\$ 12,200)                                                       | -                   | -      | (US\$ 12,200)                                                         | -                                                    | 100.00%                 | -                                | -                                       | -                                                                 | Note 4    |
|                                | LITEON LI SHIN TECHNOLOGY (GUANZHOU) LTD.           | Manufacture and sale of electronic components                                                                                 | (US\$ 331,500)                           | a                             | (US\$ 368,416)                                                      | -                   | -      | (US\$ 368,416)                                                        | 10,809                                               | 100.00%                 | (CNY 2,498)                      | (HK\$ 521,780)                          | -                                                                 | -         |
|                                | LITE-ON TECHNOLOGY (XIANNING) CO., LTD.             | Manufacture and sale of electronic components                                                                                 | (US\$ 6,500)                             | a                             | (US\$ 179,563)                                                      | -                   | -      | (US\$ 179,563)                                                        | 24,981                                               | 100.00%                 | (CNY 13,913)                     | (HK\$ 390,438)                          | -                                                                 | -         |
|                                | LITE-ON TECHNOLOGY (GUANGSU) CO., LTD.              | Investment activities, consulting services and acting as a sales agent                                                        | (US\$ 4,585,500)                         | a                             | (US\$ 4,585,500)                                                    | -                   | -      | (US\$ 4,585,500)                                                      | 32,216                                               | 100.00%                 | (CNY 3,216)                      | (US\$ 14,134)                           | -                                                                 | -         |
|                                | LITE-ON TECHNOLOGY (GZ) INVESTMENT COMPANY LIMITED  | Investment activities                                                                                                         | (US\$ 2,210,000)                         | a                             | (US\$ 103,126)                                                      | -                   | -      | (US\$ 103,126)                                                        | 44,121                                               | 100.00%                 | (CNY 34,165)                     | (HK\$ 2,641,238)                        | -                                                                 | -         |
|                                | LITE-ON POWER TECHNOLOGY (DONGGUAN) CO., LTD.       | Development, manufacture and sale of electronic components, power supplies and provision of technology consulting services    | (US\$ 80,000)                            | a                             | (US\$ 80,000)                                                       | -                   | -      | (US\$ 80,000)                                                         | 7,896                                                | 100.00%                 | (CNY 7,896)                      | (HK\$ 86,544)                           | -                                                                 | -         |
|                                | CHANGZHOU LEOTEK NEW ENERGY TRADE LIMITED           | Wholesale, import, export and installation of street lights, signal lights, scenery lights and new-type electronic components | (US\$ 27,625)                            | a                             | (US\$ 27,625)                                                       | -                   | -      | (US\$ 27,625)                                                         | 165,712                                              | 100.00%                 | (CNY 165,712)                    | (HK\$ 1,345,146)                        | -                                                                 | -         |
|                                | LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD. | Manufacture automotive components                                                                                             | (US\$ 43,000)                            | a                             | (US\$ 43,000)                                                       | -                   | -      | (US\$ 43,000)                                                         | (CNY 38,299)                                         | 100.00%                 | (CNY 38,299)                     | (HK\$ 379,727)                          | -                                                                 | -         |
|                                | LineON Auto Electric Technology (Guangzhou) Ltd.    | Manufacture and sale of optical disc drives                                                                                   | (US\$ 55,250)                            | a                             | (US\$ 55,250)                                                       | -                   | -      | (US\$ 55,250)                                                         | (CNY 27,625)                                         | 100.00%                 | (CNY 27,625)                     | (US\$ 1,672,365)                        | -                                                                 | -         |
|                                | LITEON-HI OPTO TECH (BH) CO., LTD.                  | Manufacture and sale of optical disc drives                                                                                   | (US\$ 1,513,375)                         | a                             | (US\$ 1,513,375)                                                    | -                   | -      | (US\$ 1,513,375)                                                      | (CNY 644)                                            | 100.00%                 | (CNY 644)                        | (US\$ 85,135)                           | -                                                                 | -         |
|                                | Lia-On (Guangzhou) Automotive Electronics Limited   | Manufacture, sale and processing of electronic products                                                                       | (US\$ 171,225)                           | a                             | (US\$ 162,162)                                                      | -                   | -      | (US\$ 162,162)                                                        | (CNY 2,500,000)                                      | 100.00%                 | (CNY 2,500,000)                  | (US\$ 4,374,301)                        | -                                                                 | -         |
|                                |                                                     |                                                                                                                               | (US\$ 6,200)                             | a                             | (US\$ 5,870)                                                        | -                   | -      | (US\$ 5,870)                                                          | (CNY 38,904)                                         | 100.00%                 | (CNY 38,904)                     | (HK\$ 1,939,081)                        | -                                                                 | -         |

(Continued)

| Investor Company                                                             | Investee Company                                                                              | Main Businesses and Products                                                                                                                                                                                                                                              | Total Amount of Paid-in Capital (Note 2) | Method of Investment (Note 1) | Accumulated Investment from January 1, 2021 | Investment of Flows |                            | Accumulated Investment from December 31, 2021 | Not Income (Losses) of the Investee Company (Note 2) | Percentage of Ownership | Share of Profit/Losses (Note 2) | Carrying Amount as of December 31, 2021 | Accumulated Inward Remittance of Earnings as of December 31, 2021 | Note   |
|------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|-------------------------------|---------------------------------------------|---------------------|----------------------------|-----------------------------------------------|------------------------------------------------------|-------------------------|---------------------------------|-----------------------------------------|-------------------------------------------------------------------|--------|
| Lite-On Technology Corporation                                               | LITE-ON AUTOMOTIVE (WUXI) CO., LTD.                                                           | Manufacture, sale and processing of electronic products                                                                                                                                                                                                                   | \$ 138,125 (US\$ 3,600)                  | a                             | \$ 138,125 (US\$ 3,600)                     | -                   | \$ -                       | \$ 138,125 (US\$ 3,600)                       | \$ 11,380 (CNY 2,650)                                | 100.00%                 | \$ 11,380 (CNY 2,650)           | \$ 536,258 (HK\$ 51,383)                | -                                                                 |        |
|                                                                              | HUIZHOU LISHIN ELECTRONIC CO., LTD.                                                           | Manufacture of computer peripheral products                                                                                                                                                                                                                               | \$ 366,754 (US\$ 13,276)                 | a                             | \$ 366,754 (US\$ 13,276)                    | -                   | \$ -                       | \$ 366,754 (US\$ 13,276)                      | \$ 4,848 (CNY 1,120)                                 | 100.00%                 | \$ 4,848 (CNY 1,120)            | \$ 1,330,065 (US\$ 50,065)              | -                                                                 |        |
|                                                                              | LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.                                                       | Manufacture and sale of energy-saving equipment                                                                                                                                                                                                                           | \$ 1,961,375 (US\$ 71,000)               | a                             | \$ 1,961,375 (US\$ 71,000)                  | -                   | \$ -                       | \$ 1,961,375 (US\$ 71,000)                    | \$ 158,510 (CNY 36,653)                              | 100.00%                 | \$ 158,510 (CNY 36,653)         | \$ 2,683,460 (US\$ 97,139)              | -                                                                 |        |
|                                                                              | SUIZHOU LITE-ON STORAGE CO., LTD.                                                             | Research, development, manufacture, sale of SSD and smart storage device (including high-speed with more than 100TB storage capacity) provide after-sales service and technical support; import and export as a principal or an agent, assorted products and technologies | \$ -                                     | b                             | \$ 1,250,775 (US\$ 45,000)                  | -                   | \$ 1,014,378 (US\$ 36,265) | \$ 236,397 (US\$ 8,735)                       | \$ (75,440) (CNY -17,445)                            | 100.00%                 | \$ (75,440) (CNY -17,445)       | \$ -                                    | 1,014,378 (US\$ 235,000)                                          | Note 6 |
| BEIJING LITE-ON MOBILE ELECTRONIC AND TELECOMMUNICATION COMPONENTS CO., LTD. | GUANGZHOU LITE-ON MOBILE ENGINEERING PLASTICS CO., LTD.                                       | Manufacture and sale of mobile phone modules and design of assembly lines                                                                                                                                                                                                 | \$ 442,000 (US\$ 16,000)                 | a                             | \$ 1,446,566 (US\$ 52,364)                  | -                   | \$ -                       | \$ 1,446,566 (US\$ 52,364)                    | \$ (180,754) (CNY -41,775)                           | 100.00%                 | \$ (180,754) (CNY -41,775)      | \$ 253,039 (US\$ 9,160)                 | -                                                                 |        |
|                                                                              | LITE-ON GREEN TECHNOLOGIES (NANJING) CORPORATION                                              | Solar energy engineering                                                                                                                                                                                                                                                  | \$ 540,621 (US\$ 19,570)                 | a                             | \$ 2,503,584 (US\$ 90,627)                  | -                   | \$ -                       | \$ 2,503,584 (US\$ 90,627)                    | \$ 30,140 (CNY 6,966)                                | 100.00%                 | \$ 30,140 (CNY 6,966)           | \$ 1,894,640 (US\$ 68,584)              | -                                                                 |        |
|                                                                              | Changzhou Binhu Thin Film Solar Greenhouse Co., Ltd.                                          | Manufacture and sale of solar energy engineering                                                                                                                                                                                                                          | \$ 484,590 (US\$ 17,970)                 | a                             | \$ 82,784 (US\$ 3,098)                      | -                   | \$ -                       | \$ 82,784 (US\$ 3,098)                        | \$ -                                                 | 19.90%                  | \$ -                            | \$ (7,058) (US\$ -1,624)                | -                                                                 |        |
|                                                                              | Epicrysai (Changzhou) Co., Ltd.                                                               | Design, manufacture and sale of high-end lighting diode and related display                                                                                                                                                                                               | \$ 433,712 (US\$ 15,000)                 | a                             | \$ 745,975 (US\$ 27,000)                    | -                   | \$ -                       | \$ 745,975 (US\$ 27,000)                      | \$ 41,987 (CNY 9,697)                                | 19.74%                  | \$ 41,987 (CNY 9,697)           | \$ 933,417 (CNY 214,758)                | -                                                                 |        |
| DONGGUAN LITE-ON COMPUTER CO., LTD.                                          | Manufacture and sale of computer hosts and components, keyboards, scanners, printers and mice | \$ 55,250 (US\$ 2,000)                                                                                                                                                                                                                                                    | a                                        | \$ 55,250 (US\$ 2,000)        | -                                           | \$ -                | \$ -                       | \$ 55,250 (US\$ 2,000)                        | \$ 1,247 (CNY 288)                                   | 100.00%                 | \$ 1,247 (CNY 288)              | \$ 104,974 (CNY 24,155)                 | -                                                                 |        |
|                                                                              | Dongguan Huajiang Information Technology Co., Ltd.                                            | Manufacture and sale of laser heads and digital player machine cores                                                                                                                                                                                                      | \$ -                                     | a                             | \$ 48,123 (US\$ 1,742)                      | -                   | \$ -                       | \$ 48,123 (US\$ 1,742)                        | \$ (7,577) (CNY -1,756)                              | -                       | \$ (7,577) (CNY -1,756)         | \$ -                                    | -                                                                 | Note 7 |
|                                                                              | NL (SHANGHAI) CO., LTD.                                                                       | Import and export of electronic components                                                                                                                                                                                                                                | \$ 8,288 (US\$ 300)                      | a                             | \$ 85,582 (US\$ 3,098)                      | -                   | \$ -                       | \$ 85,582 (US\$ 3,098)                        | \$ 5,989 (JPY 23,467)                                | 100.00%                 | \$ 5,989 (JPY 23,467)           | \$ 8,554 (JPY 35,655)                   | -                                                                 | Note 8 |
|                                                                              | Philips & Lite-On Digital Solutions Corporation                                               | Sale of optical disc drives                                                                                                                                                                                                                                               | \$ 27,625 (US\$ 1,000)                   | a                             | \$ 27,625 (US\$ 1,000)                      | -                   | \$ -                       | \$ 27,625 (US\$ 1,000)                        | \$ (25,036) (CNY -5,786)                             | 100.00%                 | \$ (25,036) (CNY -5,786)        | \$ 415,239                              | -                                                                 |        |

(Continued)

| Investor Company                                | Accumulated Investment in Mainland China as of December 31, 2021 | Investment Amounts Authorized by Investment Commission, MOEA | Upper Limit on Investment |
|-------------------------------------------------|------------------------------------------------------------------|--------------------------------------------------------------|---------------------------|
| Lite-On Technology Corporation                  | \$ 27,447,567 (US\$ 993,754)                                     | \$ 34,134,362 (US\$ 1,235,633)                               | Note 9                    |
| Philips & Lite-On Digital Solutions Corporation | 27,625 (US\$ 1,000)                                              | 27,625 (US\$ 1,000)                                          | \$ 275,591 (Note 10)      |

Note 1: The way of investment in mainland China is as follows:

- Indirect investment in mainland China through holding companies.
- Direct investment in mainland China through the Company.

Note 2: The financial statements used as basis for calculating were all audited by the Taiwan parent company's independent accountants.

Note 3: LITE-ON COMPUTER TECHNOLOGY (DONGGUAN) CO., LTD. merged with SILITEK ELEC. (DONGGUAN) CO., LTD. with the SILITEK ELEC. (DONGGUAN) CO., LTD. as the surviving entity. Because the merging process was still underway, the change in the amount of investment in mainland China has not yet been registered with the Ministry of Economic Affairs.

Note 4: LITE-ON ELECTRONICS (GUANGZHOU) LIMITED merged with LITE-ON TECHNOLOGY (GUANGZHOU) LIMITED, LITE-ON (GUANGZHOU) PRECISION TOOLING LTD., LITEON COMMUNICATION (GUANGZHOU) COMPANY LIMITED, and LITEON ELECTRONICS AND WIRELESS (GUANGZHOU) LIMITED with the LITE-ON ELECTRONICS (GUANGZHOU) LIMITED as the surviving entity. Because the merging process was still underway, the change in the amount of investment in mainland China has not yet been registered with the Ministry of Economic Affairs.

Note 5: LITE-ON (GUANGZHOU) INFOTECH CO., LTD. merged with LITE-ON ELECTRONICS (GUANGZHOU) LIMITED with LITE-ON ELECTRONICS (GUANGZHOU) LIMITED as the surviving entity. Because the merger process is still underway, the change in the amount of investment in mainland China has not yet been registered with the Ministry of Economic Affairs.

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- Note 6: Disposed in June 2021, and was approved by the Ministry of Economic Affairs on August 13, 2021 under Order No. 11000203470.
- Note 7: Disposed by Lite-Space Technology Company Limited, an associate of the Group, in March 2021, and was approved by the Ministry of Economic Affairs on June 24, 2021 under Order No. 11000153670.
- Note 8: Investment profits or losses and adjustments for changes in equity investment were recognized by the Company.
- Note 9: Under Order No. 10920439200 issued by the Ministry of Economic Affairs on January 4, 2021, the Company acquired a certification approved by the Industrial Development Bureau and valid from December 18, 2020 to December 17, 2023 of its status as operation headquarters. Thus, the Company has no limitation on the amount of investment in mainland China.
- Note 10: Calculated based on 60% of Philips & Lite-On Digital Solutions Corporation's net worth.

(Concluded)







**LITE-ON Technology Corporation**



**Chairman: Tom Soong**



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