

LITE-ON TECHNOLOGY CORPORATION

2020 ANNUAL REPORT



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(Note) LITEON GDR has been delisted from London Stock
Exchange at the end of December 2020.

CONTACT INFORMATION



LITEON[®]



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LETTER TO SHAREHOLDERS

01

LETTER TO SHAREHOLDERS

Dear Shareholders,

Despite the severe challenges in the global economy and the industry in 2020, efforts of each individual at LITEON made it possible for LITEON to reach historic highs in both profit margin and earnings per share (EPS). The achievement demonstrates LITEON's ongoing success in developing core competencies, creating stronger operations, and increasing profitability. LITEON's global consolidated revenue amounted to NT\$157.134 billion in 2020. The gross profit margin was 17.4% for the year and the operating profit margin was 6.5%, which rose by 2ppt and 1.2ppt, respectively, year over year. The operating profits was NT\$10.206 billion, which rose by 9% year over year. The net profit was NT\$10.016 billion. The EPS was NT\$4.31, which rose by 7% year over year.

Business Performance

With the arrival of 5G technology, the coronavirus induced "new norm" in the end user market, and the stay-at-home economy, LITEON's optoelectronics business segment benefited from increased sales of LED components in sensing technology, 5G, AIoT, and industrial control application in 2020. It also saw rising demand for LED in general healthcare and sterilization and disinfection UV lights as well as a higher shipment volume for outdoor LED lighting products. For the information and communications technology business segment, the demand for power management systems for cloud computing, high-end servers and network equipment as well as power supply products for laptop computers and gaming consoles kept growing. LITEON's market share in keyboards, mice and other peripherals also increased. The main growth and profitability drivers, cloud computing, 5G, AIoT and optoelectronics, contributed to more than 40% of the profit. In particular, cloud computing sales and profit had reached a certain size and achieved stable growth. Furthermore, LITEON sold the solid-state drive business unit (SSD BU) successfully to KIOXIA Holdings Corporation on July 1, 2020.

Global geopolitics and the pandemic were two sources of uncertainty in the macro environment. They had started pushing the world to shift actively toward decentralized manufacturing. Mass production has always been one of the core competencies that LITEON has spent years to develop. Faced with the huge supply chain challenges created by the pandemic in 2020, LITEON took active measures to allocate global production capacity as appropriate. The company also continued to expand production outside China in order to meet the global demand and to demonstrate strong operational and supply chain resilience. In the future, LITEON will be connecting production and operations centers to accelerate the implementation of advanced manufacturing and digitalized supply chain management. LITEON will also combine smart manufacturing capacity and product development capability of production facilities in different regions for even higher added production and operations value and optimized services for customers worldwide.

Corporate Social Responsibility

LITEON is a long-time participant in sustainable corporate governance and its development. The company takes an active approach to fulfilling its promises to the environment, the community, and the stakeholders. In following the UN Sustainable Development Goals (SDGs), LITEON supports initiatives in educational quality, industry, innovation and infrastructures, responsible consumption and production, climate action, aquatic ecosystem, and global partnership. In particular, LITEON has been hosting a series of "creative coastal cleanup" under the "SEAHOPPE Project" since 2018. LITEON works with domestic social enterprises that process styrofoam marine waste, the Penghu County Government, and the Industrial Technology Research Institute to modify recycled styrofoam marine waste into recycled plastics. In 2020, LITEON went on to sponsor the Penghu County Government and the Kinmen County Government in getting the world's first containers that could be processed on site and significantly reduce the transportation volume of styrofoam marine waste. Meanwhile, LITEON succeeded in using modified recycled plastics in LITEON's keyboard and mouse products. The company also obtained certification of 76% use of post-consumer recycled content and certification of origin. The certification made LITEON the world's first company to put styrofoam marine waste in electronic products.

Trends in global sustainable investing places an emphasis on a company's performance and results in different ESGs. LITEON has been included in the "Dow Jones Sustainability Index (DJSI)" for ten consecutive years and in the MSCI ESG Leaders Index for seven consecutive years. The company also received an A rating in the Carbon Disclosure Project (CDP 2019) in 2020. In Taiwan, LITEON in 2020 won seven TCSA Awards, including "Taiwan Top 10 Sustainable Company" in the overall performance category, "Platinum Award for e-Information Manufacturing" in the corporate sustainability reporting category, and "Creative Communication Award," "Climate Leadership Award," "Circular Economy Leadership Award," "Social Inclusion Award," and "Information Security Award" in the outstanding case category. Furthermore, LITEON was ranked top 5% in the 2019 Corporate Governance Evaluation Survey conducted jointly by the Taiwan Stock Exchange and the Taipei Exchange. In addition, LITEON was included in the FTSE4Good TIP Taiwan ESG Index. The company also won first prize in the electronics technology category of the Global Views Corporate Social Responsibility Survey 2020 as well as the Commonwealth Magazine's Corporate Citizen Award in the large enterprise category for the 14th time.

Business Development

LITEON founder and chairman Raymond Soong left office effective on July 30, 2020, but remained as a member of the Board. LITEON vice chairman and CEO Warren Chen left office, but remained a director of LITEON. The board of directors nominated LITEON director Tom Soong to be the chairman. His focus would be on corporate governance and board operations, training of core talents and long-term growth strategies, and the ongoing efforts to secure the company's core competencies and to pass on the corporate culture to new employees. Former power system business segment CEO Anson Chiu became LITEON president. He was tasked with leading the management team to intergrade products, technologies, and services across different business segments in order to provide total solutions for customers. Anson Chiu would be responsible for new business development, global network and smart manufacturing optimization, and enhancement of LITEON's overall business performance and strong long-term growth.

Future Outlook

Since its establishment in 1975, LITEON always sets itself to "strive for excellence." While the world is changing fast and the organization is constantly being modified and refined, the company has never strayed from its initial beliefs and core values. The new management team will continue to promote the same philosophy, and help the company generate new growth momentum. The team will dedicate itself to growing LITEON into an honest and healthy century-old company.

Looking forward to a new year, we can anticipate many uncertainties and challenges in the market and in the supply chain. LITEON will continue to optimize profitability and create stronger operations and expand its business in three industry mega trends: cloud computing, 5G and AIoT, and automotive electronics and autonomous vehicles. Growth strategy will be market oriented and built with flexibility to meet maximum customer requirements. LITEON aims to provide total solutions for customers. Meanwhile, we are working hard to build a diverse talent base and shape a talent-centric corporate culture. The healthy work environment, compensation and remuneration, and training would make it easier for talent to fulfill their potential. We not only recruit professionals from different fields, but try to attract a younger generation of candidates to join LITEON. Each individual at the company works together to push LITEON up a new and sustainable operation peak and create more value for shareholders. We would like to thank you again for your care and support over the years. We look forward to working side by side with you and advance toward an energetic, prosperous, and brand new vision.



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 LITEON 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 5th 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.
- LITEON Group acquired GVC Corporation.
- The LITE-ON Building received a building permit. The groundbreaking ceremony was held on September 22.
- LITEON 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.
- LITEON 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 LITEON 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 61st on IT 100 by Business Week of the United States.
- Ranked 6th 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 3rd LITE-ON Awards extended eligibility to overseas Chinese candidates.

2004

- Ranked 21st on IT 100 by Business Week of the United States.

- Ranked 1st in the Optoelectronics Sector of 2003 Taiwan Top 1000 Manufacturers by Business Weekly and 10th on the Largest Public Companies.
- Ranked 3rd in the Computer Peripherals and Components Sector of 2003 Taiwan Top 1000 Manufacturers by CommonWealth Magazine.
- Ranked 6th 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 2nd in the Optoelectronics Sector of 2004 Taiwan Top 1000 Manufacturers by Business Weekly.
- Ranked 2nd in the Computer Peripherals and Components Sector of 2004 Taiwan Top 1000 Manufacturers by CommonWealth Magazine.
- Ranked 6th in the Computer Sector of 2005 CommonWealth Magazine Most Admired Companies in Taiwan.
- Received 1st 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 24th of companies from Taiwan on Forbes Global 2000.

- Named one of IT 100 by Business Week of the United States.
- Ranked 10th in the Manufacturing Sector of 2005 Taiwan Top 1000 Listed Companies by Business Weekly.
- Ranked 1st in the Computer Peripherals and Components Sector of 2005 Taiwan Top 1000 Manufacturers by CommonWealth Magazine.
- Ranked 5th in the Computer Sector of 2006 CommonWealth Magazine Most Admired Companies in Taiwan.
- Winner of 2nd 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 2nd in the Computer Peripherals and Components Sector of Taiwan Top 1000 Manufacturers by CommonWealth Magazine.
- Received DELL Best Quality Award.
- Winner of 3rd 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 4th Corporate Social Responsibility Award by Global Views Magazine.
- Ranked 4th and was recognized as company with largest improvement at the 2nd Corporate Citizen Award by CommonWealth Magazine.
- Ranked 1st 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 1st 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 5th Corporate Social Responsibility Award by Global Views Magazine.
- Ranked 4th at the 3rd Corporate Citizen Award by CommonWealth Magazine.
- Ranked 1st in the Electronics Sector of 2008 Taiwan Top 1000 Manufacturers by CommonWealth Magazine.
- Ranked 1st 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 8th 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 6th Corporate Social Responsibility Award from Global Views Magazine.
- Recognized at the Corporate Citizen Award by Commonwealth Magazine for 4th consecutive year, and ranked 1st 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 1st in the Electronics Sector of Taiwan Top 1000 Manufacturers by Commonwealth Magazine for third consecutive year and 2nd 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 2nd 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 8th 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 3rd in large companies of Corporate Citizen Award by Commonwealth Magazine for sixth consecutive year.
- Ranked 1st 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 9th 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 LITEON 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, LITE-ON 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 12th Information Disclosure Evaluation.
- Winner of 2015 Corporate Social Responsibility Award from Global Views Magazine for 8th time.

- Recognized at 2015 Corporate Citizen Award by Commonwealth Magazine for 9th consecutive year.
- National Tsing Hua University and LITEON 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 2nd 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 10th 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 1st and Asia's 3rd 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 11th 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 12th consecutive year.
- Ranked Top 5% in 2017 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 13th 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.
- Ranked Top 5% in 2018 Corporate Governance Evaluation Survey by Taiwan Stock Exchange

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.
- 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.
- Ranked Top 5% in 2019 Corporate Governance Evaluation Survey by Taiwan Stock Exchange

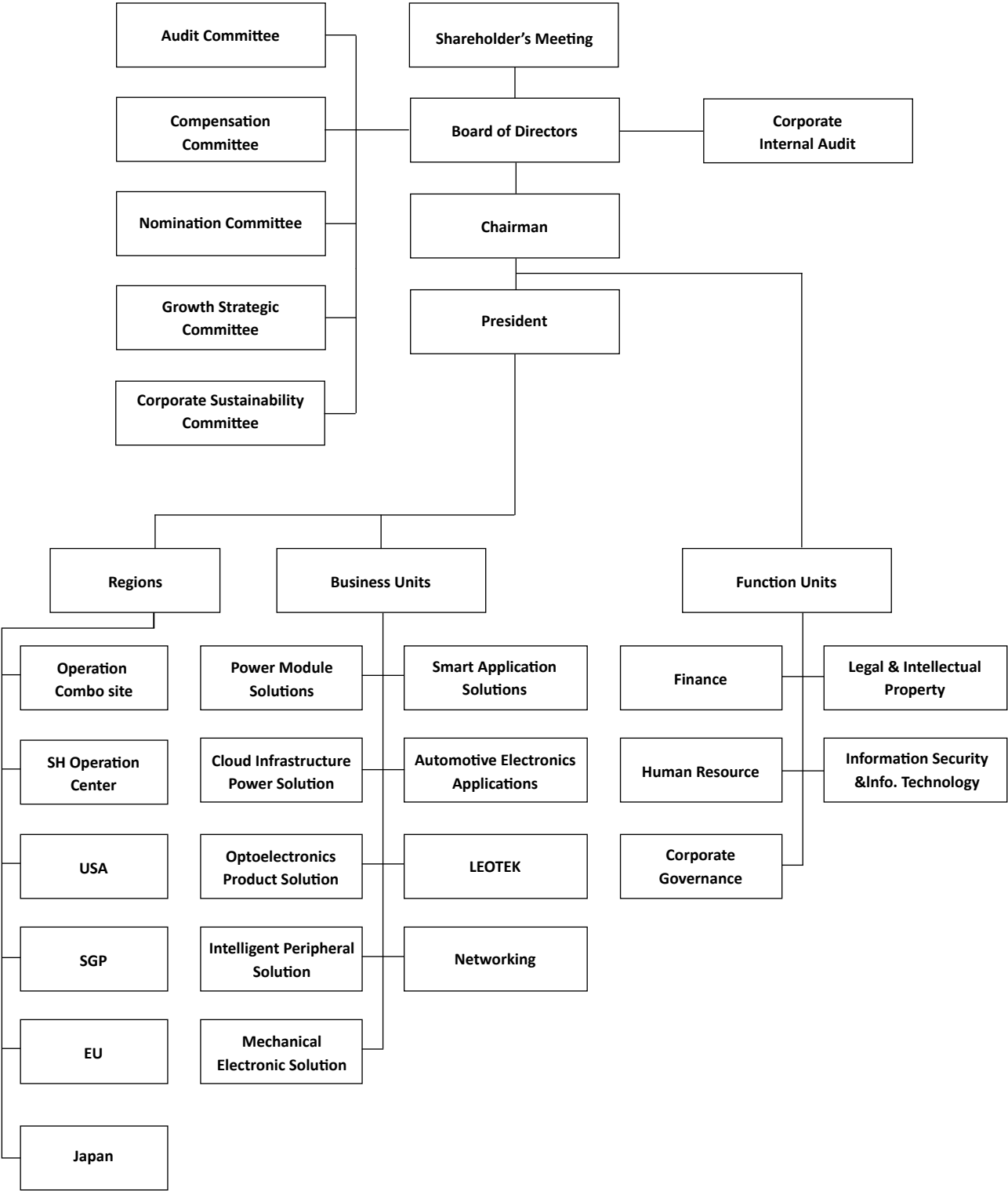
2021

- 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).

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.
Finance	To provide professional finance services to support the profit growth for the divisions, to establish rigorous risk controls, to increase transparency of the company's operations in good faith, and to effectively execute the finance plans 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	• 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. • 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. • 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. • 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.

Departments	Responsibilities and Functions
Legal & Intellectual Property	• 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. • 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.
Information Security & Info. Technology	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: • To achieve full conversion to digital operations. • To provide accurate business management information in real-time. • To develop the network infrastructure and information security management. • To achieve the company's vision of smart manufacturing and digital transformation.

3.2 Board Members and Management Team

3.2.1 Information Regarding Board Members

3.2.1.1 Board Members

2021/02/28

Title/Name	Nationality	Gender	Date of appointment (office)	Tenure (year)	Date of initial appointment	Proportion of shareholding at the time of appointment		Proportion of shareholding at present		Proportion of shareholding by spouse and underage children		Proportion of shareholding under the title of a third party		Important experience (education)	Other positions of the company or other companies	member of the Board of Directors had a spouse or relative within two degrees of consanguinity serving as a manager or director at LITEON	Note 2
						Quantity	%	Quantity	%	Quantity	%	Quantity	%				
Chairman Tom Soong (Note 1)	R.O.C.	Male	2019.06.21 (Note 1)	three	2017.10.19	5,420,287	0.23%	6,620,287	0.28%	195,708	0.01%	0	0%	Education: • International Business Program Attendance, NTU-FUDAN EMBA • Electrical Engineering, University of South California, USA Experience: • Special Assistant to Chairman & Vice Chairman, LITEON • CEO, LITEON Smart Life and Applications Business Group • General Manager, LITEON Shanghai Operational Center • CEO, LITEON New Mechanical Competence Business Group • General Manager, LITEON Mechanical Competence Business Group • General Manager, LITEON Networking Access Business Unit • General Manager, China Bridge Express Trading Co., Ltd., Honor: • Young Entrepreneurs Group of Third Wednesday Club (San San YEG) • YPO WPO – Sea Dragon Chapter	Note 3	Raymond Soong, Director, father-child relationship	N.A.
Director Raymond Soong (Note 1)	R.O.C.	Male	2019.06.21	three	1992.05.20	79,302,560	3.37%	79,302,560	3.37%	14,966,064	0.64%	0	0%	Education: • Bachelor of Electronic Engineering, Taipei College of Technology Experience: • Chief Engineer, Texas Instruments Taiwan Ltd. • Chairman & Founder of LITEON Group and Lite-On Cultural Foundation • Member of Board of Councilors, the Doctorate College of Technology, South California (USC) Honor: • Fellow, Industrial Technology Research Institution • Honorary PhD in Management, National Chiao Tung University • Honorary PhD in Management, National Taipei University of Technology	Note 4	Tom Soong, Chairman, father-child relationship	N.A.

Title/Name	Nationality	Gender	Date of appointment (office)	Tenure (year)	Date of initial appointment	Proportion of shareholding at the time of appointment		Proportion of shareholding at present		Proportion of shareholding by spouse and underage children		Proportion of shareholding under the title of a third party		Important experience (education)	Other positions of the company or other companies	member of the Board of Directors had a spouse or relative within two degrees of consanguinity serving as a manager or director at LITEON	Note 2
						Quantity	%	Quantity	%	Quantity	%	Quantity	%				
Director Warren Chen (Note 1)	R.O.C.	Male	2019.06.21	three	1998.05.19 2002.09.01	7,349,116	0.31%	7,349,116	0.31%	4,631,218	0.20%	0	0%	Chemical Engineering, Chinese Culture University Vice Chairman and GCEO of Lite-On Technology Corp. GCEO of LITEON Group and CEO of Lite-On Technology Corp. President, Lite-On Electronic Co. Manufacturing Super-Intendant, Texas Instrument	Note 5	None	N.A.
Director Ta-Sung Investment Co., Ltd. Representative: Keh-Shew Lu	R.O.C.	Male	2019.06.21	three	1998.05.19 2002.09.01	47,088,399 0	2.00% 0%	47,088,399 0	2.00% 0%	0 0	0% 0%	0 0	0% 0%	Bachelor, EE, National Cheng Kung University Master, EE, Texas Institute of Technology PhD, EE, Texas Institute of Technology Asian Regional President, Senior VP, Texas Instruments Director, VArmour Corp. Ltd. Chairman, LedEngin Chairman, Lorentz	Note 6	None	N.A.
Director Ta-Sung Investment Co., Ltd. Representative : CH Chen	R.O.C.	Male	2019.06.21	three	1998.05.19 2004.06.15	47,088,399 0	2.00% 0%	47,088,399 0	2.00% 0%	0 0	0% 0%	0 0	0% 0%	Bachelor, Dept of Mechanical Engineering, National Taiwan University Vice CEO, Texas Instruments Taiwan Ltd. Chairman, Co-tech Copper Foil Corporation Chairman, On-Bright Electronics Incorporated Co., Ltd. Vice Chairman, Lite-On Semiconductor Corp. Director, representative of DYNA IMAGE Corp. Director, Actron Technology Corp.	Note 7	None	N.A.
Independent Director Harvey Chang	R.O.C.	Male	2019.06.21	three	2007.6.21	0	0%	0	0%	0	0%	0	0%	MBA, The Wharton School, Pennsylvania State University; Bachelor, Dept of Geology, National Taiwan University; Chairman of TVBS Chairman of Catchplay Media Holdings Ltd. President and CEO, Taiwan Mobile; Senior VP and CFO, TSMC; Chairman, China Securities Investment Trust Corp. President, China Development Trust Co. Ltd. ; President, Grand Cathay Securities; Manager, Trust Dept, International Dept, Chiao Tung Bank;	Note 8	None	N.A.

Title/Name	Nationality	Gender	Date of appointment (office)	Tenure (year)	Date of initial appointment	Proportion of shareholding at the time of appointment		Proportion of shareholding at present		Proportion of shareholding by spouse and underage children		Proportion of shareholding under the title of a third party		Important experience (education)	Other positions of the company or other companies	member of the Board of Directors had a spouse or relative within two degrees of consanguinity serving as a manager or director at LITEON	Note 2
						Quantity	%	Quantity	%	Quantity	%	Quantity	%				
Independent Director Edward Yang	U.S.	Male	2019.06.21	three	2007.6.21	0	0%	0	0%	0	0%	0	0%	Stanford Executive Program (SEP), Stanford University, USA; Master of EE, Oregon State University, USA; Bachelor of EE, National Cheng Kung University; Independent Director, Focal Tech. Independent Director, Silicon Storage Technology Independent Director, Pericom Semiconductor Commissioner, Advanced Research Advisory Committee, ITRI Commissioner, Research & Development Advisory committee, Institute for Information Industry Commissioner, Advisory Committee of Engineer Department, San Jose State University. VP and CTO, Personal System Product Division, HP Corporation; VP and CTO, Corporate System Product Division, HP Corporation; President, Singapore Network and Telecommunications Business Unit, HP Corporation; Managing Director, Monte Jade Science and Technology Association Managing Director, China Institute of Engineering; Managing Director, Information Service Association of R.O.C. Director, U-System Inc.	Note 9	None	N.A.
Independent Director Albert Hsueh	R.O.C.	Male	2019.06.21	three	2016.6.24	0	0%	0	0%	0	0%	0	0%	MBA, Bloomsburg University, Pennsylvania, U.S.A. Master of Accounting, Soochow University Chairman of PricewaterhouseCoopers Taiwan Director, Corporate Governance Association in Taiwan Member of the Committee in charge of the examination affairs and qualification screening for professional and technologies, Examination Yuan Professor, National Tsinghua University of College of Technology Management Professor, National Taiwan University of Science and Technology, School of Management	Note 10	None	N.A.
Independent Director Mike Yang	R.O.C.	Male	2019.06.21	three	2019.06.21	0	0%	0	0%	0	0%	0	0%	Arizona State University Master of Science Associate Vice President, ADI Corp. Procurement Dept.	Note 11	None	N.A.

Note 1: Mr. Raymond Soong resigned as chairman and Mr. Warren Chen resigned as vice chairman and Group CEO on July 30, 2020 the board of directors. Mr. Tom Soong was elected as chairman by the board of directors on July 30, 2020.

Note 2: 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 are only display public offering companies and important subsidiaries.

Note 3: (Chairman Tom Soong)

- Chairman, Lite-On Technology Corp.
- Chairman, representative of Lite-On China Holding Co. Ltd., Lite-On International Holding Co., Ltd.
- Director, Co-tech Development Corp.

Note 4: (Director Raymond Soong)

- Director, Lite-On Technology Corp.
- Chairman, representative of Co-tech Development Corp., Lite-On Electronics Co., Ltd. (HK)
- Director, representative of Lite-On China Holding Co. Ltd., Silitech Technology Corp., Silitech (Hong Kong) Holding Ltd.

Note 5: (Director Warren Chen)

- Director, Lite-On Technology Corp.
- Director, representative of Silitech Technology Corp., Silitech (Hong Kong) Holding Ltd.

Note 6: (Director Keh-Shew Lu)

- Director, representative of Lite-On Technology Corp., Nuvoton Technology Corp.
- Chairman, Diodes Incorporated Co., Ltd.
- President and CEO of Diodes Incorporated Co., Ltd.

Note 7: (Director CH Chen)

- Vice Chairman, Diodes Incorporated Co., Ltd.
- Director, representative of Lite-On Technology Corp., Kwong Lung Enterprise Co, Ltd.

Note 8: (Independent Director Harvey Chang)

- Independent Director, Lite-On Technology Corp.

Note 9: (Independent Director Edward Yang)

- Independent director, Lite-On Technology Corp.
- Chairman, GVT fund

- Director, Sifotonics Technologies - Bandwidth 10 - Neurostim OAB - Optovue Inc

- Partner, iD Ventures America, LLC

Note 10: (Independent Director Albert Hsueh)

- Independent director, Lite-On Technology Corp., Yuanfa Financial Holding Co., Ltd. and Yuanfa Bank, Walsin Lihwa Corp. and TTY Biopharmaceutical Manufacturers Association

Note 11: (Independent Director Mike Yang)

- Independent Director, Lite-On Technology Corp.
- Senior Vice President of Quanta Computer Inc. Cloud Computing Business Unit and President of Quanta Cloud Technology Inc.

3.2.1.2 Major Shareholders of the Institutional Shareholders

2021/2/28

Name of Institutional Shareholders	Major Shareholders
Ta-Sung Investment Co., Ltd.	Tom Soong (31.27%), Alice Soong (21.2%), Katy Soong (21.2%), 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 and independence analysis of Directors

2021/02/28

Name	Qualification	With at least 5 years of working experience and the following professional designations			Eligibility of independent status (Note)												Also a independent director to other companies (number of firms)
		A lecturer of private or public institutions of higher education specialized in business, legal affairs, finance, accounting, or the expertise required by the business of the Company	A judge, district attorney, lawyer, certified public accountant, or professional or technician who has passed relevant national examination and properly licensed	Work experience in business, legal affairs, finance, accounting, or in an area required by the business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Tom Soong				Yes	V	-	V	-	V	V	-	-	-	-	V	V	0
Raymond Soong				Yes	V	-	-	-	-	V	V	-	-	-	V	V	0
Warren Chen				Yes	V	-	V	V	V	V	V	-	-	V	V	V	0
Representative of Ta-Sung Investment Co., Ltd.: Keh-Shew Lu				Yes	V	-	V	V	V	V	V	-	-	V	V	-	0
Representative of Ta-Sung Investment Co., Ltd.: CH Chen				Yes	V	-	V	V	V	V	V	-	-	V	V	-	0
Harvey Chang				Yes	V	V	V	V	V	V	V	V	V	V	V	V	0
Edward Yang				Yes	V	V	V	V	V	V	V	V	V	V	V	V	0
Albert Hsueh	Yes	Yes	Yes	Yes	V	V	V	V	V	V	V	V	V	V	V	V	3
Mike Yang				Yes	V	V	V	V	V	V	V	V	V	V	V	V	0

Note: Please tick the corresponding boxes that apply to the directors or supervisors during the two years prior to being elected or during the term of office:

- (1) Not an employee of the Company or the affiliates of the Company.
- (2) Not a director or supervisor of the Company or the affiliates of the Company (Except where the person is simultaneously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the provisions herein.).
- (3) The person, the spouse, and underage children, who hold more than 1% of the shares or hold more than 1% of the shares under the title of a third party, or who is among the top-10 natural person shareholders.
- (4) 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) or (3).
- (5) Not a director, supervisor or employee of an institutional shareholder holding directly 5% or more of the company's shares, being one of the top five shareholders, or being appointed a director or supervisor of the company pursuant to Article 27, Paragraph 1 or 2 of the Company Act. (Except where the person is simultaneously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the provisions herein.)
- (6) Not a director, supervisor or employee of another company that has the same directors as the company or is controlled by the same person that has more than half of the voting power in the company.(Except where the person is simultaneously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the provisions herein.)
- (7) Not a director, supervisor or employee of another company or institution that has the same chairman, president, or the equivalent or a spouse in one of the roles as the company.(Except where the person is simultaneously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the provisions herein.)
- (8) Not a director (trustee), supervisor (monitor), or manager of specific company or institution that has financial or business transactions with the Company, or a shareholder holding more than 5% of the shares of such company or institution.(Except where the specific company or institution holds 20% or more but no more than 50% of the company's outstanding shares and the person is simultaneously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the provisions herein.)
- (9) 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. However, exception applies to members of a remuneration committee, a public tender review committee, or a special committee for merger, consolidation and acquisition exercising their authority pursuant to the Securities and Exchange Act or the Business Mergers And Acquisitions Act.
- (10) Not a spouse to or kindred within the 2nd tier under the Civil Code to another director.
- (11) None of the provisions in Article 30 of the Company Law is applicable.
- (12) Not being elected as the government, institution of their representative as stated in Article 27 of the Company Law.

3.2.1.5 Diversity Status of the composition of Directors

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 consists of 9 members, including three natural-person directors, two institutional investor and four 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 Name		Basic component						Diversity situation								
		Nationality	Gender	Be an employee of the Company	Age		Independent directors' tenure			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 policy decisions	Risk Management
					40 ~ 50	61 ~ 70	71 ~ 80	Less than 3 years	3~9 years							
Tom Soong		R.O.C.	Male		V				V		V	V	V	V	V	V
Raymond Soong		R.O.C.	Male			V			V		V	V	V	V	V	V
Warren Chen		R.O.C.	Male			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
Representative of Ta-Sung Investment Co., Ltd.: CH Chen		R.O.C.	Male			V			V		V		V	V	V	V
Harvey Chang		R.O.C.	Male		V				V	V	V	V	V	V	V	V
Edward Yang		U.S.	Male			V			V		V	V	V	V	V	V
Albert Hsueh		R.O.C.	Male		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

(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.
- (3) The proportion of directors with employee status in the company is 0%; and 44% are independent directors of the directors. 2 independent directors have been in office for no more than 9 years. Of the directors, 1 is aged 40-50, 3 aged 61-70, and 5 aged 71-80.

3.2.2 Information Regarding Management Team

2021/2/28

Title	Nation-ality	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 nd tier of the Civil Code			Remarks (Note)
					shares	%	shares	%	shares	%			Title	Name	Relation-ship	
President	R.O.C.	Anson Chiu	Male	2013.08.19	276,000	0.01%	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 and Dragonjet Corp.		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, Miustek Systems Inc.	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
SBU General Manager	R.O.C.	Nelson Wu	Male	2020.10.30	0	0%	0	0%	0	0%	MBA, National Taiwan University President, Golden Bridge Electech Inc.	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.	Brownson Chu	Male	2004.10.22	829,378	0.04%	588	0%	0	0%	Department of Accounting, Feng Chia University CFO, Finance Dept, Lite-On IT Corporation.	Director, Dragonjet Corp.	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)						Ratio of Total Remuneration (A+B+C+D) to Net Income (%)				Relevant Remuneration Received by Directors Who are Also Employees				Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary							
		Base Compensation (A)		Severance Pay (B)		Directors Compensation (C)		Allowances (D)		Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G)			Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)						
		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		The company	From All Consoli- dated Entities					
Chairman	Tom Soong (Note 2)																								
Director	Raymond Soong (Note 2)																								
Director	Warren Chen (Note 2)																								
Director	Ta-Sung Investment Co., Ltd. Representative: Keh-Shew Lu	0	0	0	0	109,502	109,502	1,305	1,305	1.11%	1.11%	96,787	96,787	39,940	39,940	31,783	0	31,783	0	2.79%	2.79%				0
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	29,721	29,721	1,050	1,050	0.31%	0.31%	0	0	0	0	0	0	0	0	0.31%	0.31%				0
Independent Director	Mike Yang																								

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 20-1 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, may be considered reasonable.

2. Remuneration paid to directors for their services to all consolidated entities 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 20-1 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, may be considered reasonable.

2. Remuneration paid to directors for their services to all consolidated entities except the above-mentioned figures: None.

Range of Remuneration to directors

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

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

Note2: Mr. Raymond Soong resigned as chairman and Mr. Warren Chen resigned as vice chairman & Group CEO on 2020/07/30 the board of directors. Mr. Tom Soong was elected as chairman by the board of directors on 2020/07/30 the board of directors.

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)		Bonuses and Allowances (C)		Employees' Profit Sharing Bonus (D)				Total Compensation (A+B+C+D) as a % of Net Income (%)		Compensation Received from Non-consolidated Affiliates or Parent Company
		Stand-alone	Consolidated	Stand-alone	Consolidated	Stand-alone	Consolidated	Stand-alone		Consolidated		Stand-alone	Consolidated	
								Cash	Stock	Cash	Stock			
President	Anson Chiu													
SBU General Manager	Jerry Hsu (Note 1)													
SBU General Manager	Henry Chen (Note 1)													
SBU General Manager	Steven Liao (On board on July 16, 2020)													
SBU General Manager	John Chang (Note 1)													
SBU General Manager	Nelson Wu (Note 1)													
Vice President Corporate Governance Officer Board Secretariat	Jean Hong													
CFO	Brownson Chu													
SBG President	Shilung Chiang (Note 2)													
SBU General Manager	Taylor Yang (Note 2)													
BD General Manager	Allen Liao (On board on August 01, 2020) (Note 2)	35,134,979	35,134,979	55,274,700	55,274,700	125,051,091	125,051,091	130,950,243	0	130,950,243	0	3.46%	3.46%	None
Chief Audit Officer	Lando Lin (Note 2)													
General Counsel	May Chiu (Note 2)													
CISO&CIO	Lear Lee (Note 2)													
Vice Chairman/GCEO	Warren Chen (Note 4)													
General Manager	Albert Chang (Retired on August 01, 2020)													
SBG CEO	Rex Chuang (Retired on July 16, 2020)													
SBG CEO	Charlie Tseng (Discharged on June 30, 2020) (Note 3)													
HR VP	Crystal Liu (Resigned on October 01, 2020)													

Note 1: On October 30, 2020, the board of directors approved the transfer to the position of manager.

Note 2: On October 30, 2020, the board of directors approved the transfer to a non-manager position.

Note 3: LITEON sold the solid-state drive business unit (SSD BU) to KIOXIA Holdings Corporation on July 1, 2020. On June 30, 2020, SBG CEO Charlie Tseng was discharged manager position.

Note 4: Vice Chairman/ GCEO Warren Chen discharged manager position on July 30, 2020;and retired on September 11, 2020.

Range of compensation to management executives

Range of compensation to management executives	Name of management executives	
	On a stand-alone basis	On a consolidated basis
NT\$0 ~ NT\$ 999,999	Nelson Wu	Nelson Wu
NT\$1,000,000 ~ NT\$1,999,999		
NT\$2,000,000 ~ NT\$3,499,999	Charlie Tseng	Charlie Tseng
NT\$3,500,000 ~ NT\$4,999,999	Allen Liao	Allen Liao
NT\$5,000,000 ~ NT\$9,999,999	Steven Liao, Albert Chang, Henry Chen, Lando Lin, John Chang, May Chiu, Crystal Liu, Lear Lee, Taylor Yang	Steven Liao, Albert Chang, Henry Chen, Lando Lin, John Chang, May Chiu, Crystal Liu, Lear Lee, Taylor Yang
NT\$10,000,000 ~ NT\$14,999,999	Jerry Hsu, Jean Hong, Brownson Chu	Jerry Hsu, Jean Hong, Brownson Chu
NT\$15,000,000 ~ NT\$29,999,999	Rex Chuang, Shilung Chiang	Rex Chuang, Shilung Chiang
NT\$30,000,000 ~ NT\$49,999,999	Anson Chiu	Anson Chiu
NT\$50,000,000 ~ NT\$99,999,999		
Over NT\$100,000,000	Warren Chen	Warren Chen
Total	19	19

* 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, 2021

Title	Name	Stock bonus	Cash bonus	Total	As a % of net profit
President	Anson Chiu	0	346,411,013	346,411,013	3.46%
SBU General Manager	Jerry Hsu (Note 1)				
SBU General Manager	Henry Chen (Note 1)				
SBU General Manager	Steven Liao (On board on July 16, 2020)				
SBU General Manager	John Chang (Note 1)				
SBU General Manager	Nelson Wu (Note 1)				
Vice President Corporate Governance Officer Board Secretariat	Jean Hong				
CFO	Brownson Chu				
SBG President	Shilung Chiang (Note 2)				
SBU General Manager	Taylor Yang (Note 2)				
BD General Manager	Allen Liao (On board on August 01, 2020) (Note 2)				
Chief Audit Officer	Lando Lin (Note 2)				
General Counsel	May Chiu (Note 2)				
CISO&CIO	Lear Lee (Note 2)				
Vice Chairman/ GCEO	Warren Chen (Note 4)				
General Manager	Albert Chang (Retired on August 01, 2020)				
SBG CEO	Rex Chuang (Retired on July 16, 2020)				
SBG CEO	Charlie Tseng (Discharged on June 30, 2020) (Note 3)				
HR VP	Crystal Liu (Resigned on October 01, 2020)				

Note 1: On October 30, 2020, the board of directors approved the transfer to the position of manager.

Note 2: On October 30, 2020, the board of directors approved the transfer to a non-manager position.

Note 3: LITEON sold the solid-state drive business unit (SSD BU) to KIOXIA Holdings Corporation on July 1, 2020. On June 30, 2020, SBG CEO Charlie Tseng discharge manager position.

Note 4: Vice Chairman/ GCEO Warren Chen discharged manager position on July 30, 2020;and retired on September 11, 2020.

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, 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, 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			
	2019		2020	
	LITEON	Consolidated	LITEON	Consolidated
Directors	0.88%	0.90%	1.41%	1.41%
Management team	4.82%	4.82%	3.46%	3.46%

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

Remuneration for LITEON directors is governed by Article 20-1 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 the current year remuneration for directors.

The policy of remuneration of management team follows the LITEON Remuneration 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 7 meetings (A) in the recent period of time (from January 1st, 2020 to February 28th, 2021) with the attendance of the directors specified as below:

Title	Name	Attend (sit in) in person (B)	Attend by proxy	Attendance rate (%) 【B / A】	Remarks
Chairman	Tom Soong(Note)	6	1	86	
Director	Raymond Soong(Note)	7	0	100	
	Warren Chen(Note)	7	0	100	
	Ta-Sung Investment Co., Ltd. Representative: Keh-Shew Lu	6	1	86	
	Ta-Sung Investment Co., Ltd. Representative: CH Chen	7	0	100	
Independent Director	Harvey Chang	7	0	100	
	Edward Yang	7	0	100	
	Albert Hsueh	7	0	100	
	Mike Yang	7	0	100	

Note: Mr. Raymond Soong resigned as chairman and Mr. Warren Chen resigned as vice chairman and Group CEO on July 30, 2020 the board of directors. Mr. Tom Soong was elected as chairman by the board of directors on July 30, 2020.

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

Board	Harvey Chang	Edward Yang	Albert Hsueh	Mike Yang
In the 11th session of the 5th Board Meeting on Feb. 26, 2020	⊙	⊙	⊙	⊙
In the 11th session of the 6th Board Meeting on Apr. 29, 2020	⊙	⊙	⊙	⊙
In the 11th session of the 7th Board Meeting on Jul. 30, 2020	⊙	⊙	⊙	⊙
In the 11th session of the 8th Board Meeting on Jul. 30, 2020	⊙	⊙	⊙	⊙
In the 11th session of the 9th Board Meeting on Oct. 30, 2020	⊙	⊙	⊙	⊙
In the 11th session of the 10th Board Meeting on Dec. 16, 2020	⊙	⊙	⊙	⊙
In the 11th session of the 11th Board Meeting on Feb. 25, 2021	⊙	⊙	⊙	⊙

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

1. In the 11th session of the 5th Board Meeting, Director Mr. Raymond Soong, Mr. Warren Chen, Mr. CH Chen, and Mr. Tom Soong avoided the discussion and did not vote the motion of donation to Lite-On Cultural Foundation.
2. In the 11th session of the 7th Board Meeting, Director Mr. Albert Hsueh avoided the discussion and did not vote the motion of proposal for shareholder services outsourcing.
3. In the 11th session of the 8th Board Meeting, Chairman Tom Soong avoided the discussion and did not vote the motion of proposal for monthly remuneration system for new chairman.
4. In the 11th session of the 8th Board Meeting, Chairman Tom Soong avoided the discussion and did not vote the motion of proposal for monthly remuneration for new chairman.
5. In the 11th session of the 9th Board Meeting, Chairman Tom Soong, Director Mr. Raymond Soong, Mr. Warren Chen, Representative of Ta-Sung Investment Co.,Ltd. Mr. Keh-Shew Lu and Mr. CH Chen avoided the discussion and did not vote the motion of acquiring the shares of LITE-ON INC. and DYNA INVESTMENT CO.,LTD.
6. 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.

(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, 2020 to Dec. 31, 2020	Board Performance Evaluation	Internal evaluation of the board	A. Participation in the operation of the company. B. Improvement of the quality of the board of directors' decision making. C. Composition and structure of the board of directors. D. Election and continuing education of the directors. E. Internal control.
		The evaluation of individual directors	Self-evaluation by individual board members	A. Familiarity with the goals and missions of the company. B. Awareness of the duties of a director. C. Participation in the operation of the company. D. Management of internal relationship and communication. E. The director's professionalism and continuing education. F. Internal control.
		Evaluation of the performance of functional committees (Audit Committee / Compensation Committee/ Growth Strategy Committee / Corporate Sustainability Committee)	The internal evaluation of functional committees	A. Participation in the operation of the company; B. Awareness of the duties of the functional committee; C. Improvement of quality of decisions made by the functional committee; D. Makeup of the functional committee and election of its members E. Internal control.

1. The indexes of 2020 board and functional committee performance evaluation are determined based on the operation and needs of the Company and suitable and appropriate for evaluations by the company, subject to reviews of the Compensation Committee.
2. When electing or nominating members of the board of directors, the Company base its election on the evaluation results of the performance of the board and base its determination of an individual director's remuneration on the evaluation results of his or her performance.
3. The Company reported the evaluation results in the first quarterly Compensation Committee (Feb.23, 2021) and board(Feb.25, 2021) meetings, the results will be a reference for enhancing the professional competence of the Board of Directors and had been announced on the company website for investors' reference.

(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, LITEON 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 and top 5% in 4th to 6th sessions 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 CSR committee that directly report to the Board. The committee is responsible for scheming up sustainable development policy, extended determination and supervision. Two functional groups are comprised in the committee and in charge of the promotion and practice of the work in RBA, social involvement, supply chain management, environmental sustainability, green design, public relations, risk management, ethical operation and information security aspect according to the authority.

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 its status were presented to the Corporate Sustainability Committee and the Audit Committee. The chairman of the Audit Committee also presented the risk management practice 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:

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

The Audit Committee is responsible for reviewing the following:

- A. The adoption of or amendments to the internal control system.
- B. Assessment of the effectiveness of the internal control system.
- C. 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.
- D. Matters in which a director is an interested party.
- E. Asset transactions or derivatives trading of a material nature.
- F. Loans of funds, endorsements, or provision of guarantees of a material nature.
- G. The offering, issuance, or private placement of equity-type securities.
- H. The hiring or dismissal of a certified public accountant, or their compensation.
- I. The appointment or discharge of a financial, accounting, or internal audit officer.
- J. Annual financial reports which are signed or sealed by the chairperson, managerial officer, and accounting officer.
- K. Proposals regarding business reports and profit distribution or loss replenishment.
- L. Other material matters as may be required by this Corporation or by the competent authority.

The Audit Committee held 6 meetings (A) in the recent period of time (from January 1, 2020 to February 28, 2021) with the attendance of the independence directors specified below:

Title	Name	Attend (sit in) in person (B)	Attend by proxy	Attendance rate (%) 【B / A】	Note
Independent Director	Albert Hsueh	6	0	100	
	Harvey Chang	6	0	100	
	Edward Yang	6	0	100	
	Mike Yang	6	0	100	

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:

Board Meeting	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 11th session of the 5th Board Meeting on Feb. 26, 2020	1. The results of it's operations for Fiscal Year 2019. 2. Dividend distribution. 3. 2019 Business Report. 4. Approving 2019 Statement of Internal Control System. 5. Define the company's "Risk Management Policies and Procedures".	V V V	All attendees of Independent Directors have no objection	All attendees of Directors have no objection
In the 11th session of the 6th Board Meeting on Apr. 29, 2020	1. Dividend distribution of 2020 1Q. 2. Amending the "Regulations of the Internal Control System for Administration of Shareholder Services"	V V		
In the 11th session of the 7th Board Meeting on Jul. 30, 2020	Dividend distribution of 2020 2Q.	V		
In the 11th session of the 9th Board Meeting on Oct. 30, 2020	1. Dividend distribution of 2020 3Q. 2. To make the certified public accountants' evaluation of independent and competency to the successor. 3. To acquire the shares of LITE-ON INC. and DYNA INVESTMENT CO.,LTD. 4. To Submit the revised internal control system and internal audit implementation rules of the company. 5. The revised 2020 internal audit plan. 6. The 2021 internal audit plan.	V V V V V		
In the 11th session of the 11th Board Meeting on Feb. 25, 2021	1. The results of it's operations for Fiscal Year 2020. 2. Dividend distribution. 3. 2020 Business Report. 4. Approving 2020 Statement of Internal Control System.	V V 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, 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.26, 2020	1. Reviewing the internal auditor's report for the fourth quarter of 2019 (include reviewing regulatory developments). 2. Reviewing report on self- assessment results for the year 2019. 3. Reviewing the fraud audit report for the second half of 2019.	There are no comments at this meeting.
Apr.29, 2020	Reviewing the internal auditor's report for the first quarter of 2020 (include reviewing regulatory developments).	There are no comments at this meeting.
Jul.30, 2020	1. Reviewing the internal auditor's report for the second quarter of 2020 (include reviewing regulatory developments). 2. Reviewing the fraud audit report for the first half of 2020.	There are no comments at this meeting.

Meeting Dates	Communication matters	Results
Oct.30, 2020	1. Reviewing the internal auditor's report for the third quarter of 2020 (include reviewing regulatory developments). 2. Reviewing and approving the modified Internal Control System and Implementation Rules for Internal Audits. 3. Reviewing and approving the modified 2020 internal audit plan. 4. Reviewing and approving the 2021 internal audit plan.	There are no comments at this meeting.
Feb. 25, 2021	1. Reviewing the internal auditor's report for the fourth quarter of 2020 (include reviewing regulatory developments). 2. Reviewing report on self- assessment results for the year 2020. 3. Reviewing the fraud audit report for the second half of 2020.	There are no comments at this meeting.

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

Date/ Quarter	Communication matters	Results
2020.2.03 the first quarter of 2020	1. Reviewing the connection between Business Units' Audit Finding Ranking which evaluated by Auditing Office and Business Units' Performances. 2. Reviewing the management of information security.	There are no comments at this meeting.
2020.4.14 the second quarter of 2020 (the 1st Time)	1. Reviewing the emergency measures of COVID-19 epidemic. 2. Reviewing the transition of the internal auditor's audit skill.	There are no comments at this meeting.
2020.5.27 the second quarter of 2020 (the 2nd time)	1. The Auditing Office needs to report the material information which needn't approved by BOD to Independent Directors initiatively. 2. The Auditing Office has to ask the auditee whose finding improvement status in the "Continuous Improvement" status over 8 months to propose more specific, efficient, and effective measures.	There are no comments at this meeting.
2020.8.13 the third quarter of 2020 (the 1st time)	1. The Approvals of CAO's daily general administrative expenses. 2. Chairman of Audit Committee makes suggestions for improvement. 3. How to use computer audit technology to improve audit efficacy and reduce operational risks.	The internal auditors had followed the instructions and reported to the Audit Committee.
2020.9.3 The third quarter of 2020 (the 2nd time)	Update the status of tracking issues of 2020.8.13 meeting instructions.	The internal auditors had followed the instructions and reported to the Audit Committee.
2020.10.26 the fourth quarter of 2020	1. Update the status of tracking issues of 2020.9.3 meeting instructions. 2. The Auditing Office need to make proposal of "LITEON Audit digitization and smartization". 3. The follow-up reports should add deadline of improvement. 4. The Auditing Office need to define deadline of Audit Finding improvement. 5. Add "The Objective of The Auditing Office" to 2021 AP.	The internal auditors had followed the instructions and reported to the Audit Committee.
2021.1.28 the first quarter of 2021	1. The structure of monthly issues reported to Chairman. 2. The management of ethic hotline feedback pipelines. 3. The project progress of "LITEON Audit digitization and smartization " proposed by Deloitte. 4. The diversion plan of COVID-19 epidemic for the internal auditors. 5. Power CZ HR case closed.	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.01,2020~ Dec.31,2020	During Jan 1 to Dec,31, 2020, the internal auditors have sent the audit reports and follow-up reports to the Audit Committee 71 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.01,2021~ Feb.28,2021	During Jan 1 to Feb.28, 2021, the internal auditors have sent the audit reports and follow-up reports to the Audit Committee 16 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.

Meeting Dates	Communication matters	Results
Feb.26, 2020	1. The certified public accountants reported to the Audit Committee on the results and the major matters of consolidated and standalone financial reports of 2019. 2. The certified public accountants introduced the updated regulation. 3. The certified public accountants reported to the Audit Committee the annual service contents and compensation of 2020.	Consolidated and standalone financial reports of 2019 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, 2020	1. The certified public accountants reported to the Audit Committee on the results and major matters of 2020 Q1 consolidated financial report. 2. The certified public accountants introduced the updated regulation.	Consolidated financial report of 2020Q1 was reported to the Board of Directors after being reported by the Audit Committee, and was publicly announced and reported to the authority as scheduled.
Jul.30, 2020	1. The certified public accountants reported to the Audit Committee on the results and major matters of 2020 Q2 consolidated financial report. 2. The certified public accountants introduced the updated regulation.	Consolidated financial report of 2020Q2 was reported to the Board of Directors after being reported by the Audit Committee, and was publicly announced and reported to the authority as scheduled.
Oct.30, 2020	1. The certified public accountants reported to the Audit Committee on the results and major review matters of 2020 Q3 consolidated financial report. 2. The certified public accountants reported to the Audit Committee on the execution of audit fee for 2020. 3. The certified public accountants introduced the updated regulation. 4. The certified public accountants reported to the Audit Committee on the planning key audit matters of 2020 Q4 and auditing planning of each period of 2021.	Consolidated financial report of 2020Q3 was reported to the Board of Directors after being reported by the Audit Committee, and was publicly announced and reported to the authority as scheduled.
Feb.25, 2021	1. The certified public accountants reported to the Audit Committee on the results and the major matters of consolidated and standalone financial reports of 2020. 2. The certified public accountants reported to the Audit Committee the annual compensation of 2021.	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.

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				
(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.	In compliance with the Best Practice Principles
(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. b. 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.	
3. Composition and Responsibilities of the Board of Directors				
(1) Has the Company established a diversification policy for the composition of its Board of Directors 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

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
(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. 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. 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. Two functional groups are comprised in the committee and in charge of the promotion and practice of the work in R&D, social involvement, supply chain management, environmental sustainability, green design, public relations, risk management, ethical operation and information security aspect according to the authority. 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 performance evaluation results of Board of Directors and Functional Committees of the Company for the year 2020 are used as a reference when electing or nominating members of the board of directors, and base its determination of an individual director's remuneration on the evaluation results of his or her performance. The Company reported the evaluation results in the first quarter board meeting (Feb.25, 2021), the results will be a reference for enhancing the professional competence of the Board of Directors and had been announced on the company website for investors' reference.	
(4) Does the Company regularly evaluate its external auditors' independence?	V		(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 accountants and the company, there exist no financial interest or business relationship between any of the accountants and the company, and none of the accounts' family members is in violation of the independence requirement. The recent year's evaluation result of the accountants' dependence was approved by the board of directors on October 30, 2020.	

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
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		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. The main duties are the following: 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. 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. 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. 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. 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. 6. Keeping board members informed of latest changes and developments in laws and regulations relevant to the company's field and regarding corporate governance. 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. 8. Providing the directors with necessary company information; and maintaining an open communication channel between the directors and the department leaders. 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. 10. Other duties pursuant to the Articles of Incorporation or other contracts. 2020 Corporate Governance Operating Status: 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. 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 a minimum of 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.	In compliance with the Best Practice Principles

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
			Gave prior notice to the individuals involved where there were items involving stakeholder interest and requiring recusal. Held 6 board meetings, 5 Audit Committee meetings, 2 Growth Strategy Committee meetings, 6 Compensation Committee meetings, and 2 Corporate Sustainability Committee meeting in 2020. The details of the above meetings are on the Company's website. 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. 4. Keeping board members informed of latest changes and developments in laws and regulations relevant to the company's field and regarding corporate governance. 5. Providing the directors with necessary company information; and maintaining an open communication channel between the directors and the department leaders. 6. Registered shareholder meeting date within the period stipulated by law (2020 shareholder meeting was held on June 15) and assisted in running the meeting. 7. Arranged 6 hours of educational training for the directors on "The sustainable development trend of global enterprises-aligning" and "Legal issues related to company material inside information". 8. Arranged communication between independent directors and internal auditors/Certified Public Accountants during Audit Committee meetings. Summarizes can be found on the Company's website. 9. Arranged to report on the Company's implementation status and plans in promoting integrity management and risk management operations to the board of directors on October 30, 2020, and thus ensured the implementation of the Ethical Management Policy. 10. On December 16, 2020, the chairman of the audit committee reports to the board of directors on the annual operation of risk management and plans.	
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		The company places great emphasis on maintaining balanced relationship and open communication with stakeholders, including shareholders, employees, customers, and suppliers. 1. Shareholders: In addition to annual general meetings, the company discloses relevant information in the "Investors" section of the company website. Furthermore, shareholders can share their comments via email: LITEONTech.IR@liteon.com, where a dedicated contact window will response to these requests. 2. Employees: (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. (2) In terms of execution, the company holds two-way forums for senior managers and employees to encourage employee loyalty and identification with the company. An internal e-Bulletin and website, publications, 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. 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. 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. 5. Furthermore, the company organizes training on topics such as corporate social responsibility, the RBA code, and greenhouse gas emission as needed.	In compliance with the Best Practice Principles

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
			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 & CSR Office: liteontech.csr@liteon.com, for comments. In 2020, the company has continued to use diversified communication channels to improve results and stimulate different social values with nine types of stakeholders. Among them, the three-year period of major theme identification work expired in 2020, so the material issues identification of the stakeholders was restarted this year. The results of this survey are analyzed and reported to the Corporate Sustainability Committee directly under the Board of Directors.	
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
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, CSR 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 the finance department as well as the investor and public relations department 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		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 "passionate, motivating, innovative, and growing" work environment for its 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. 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.	In compliance with the Best Practice Principles

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
			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. 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.63). 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. 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.28. 7. The company has purchased liability insurance for the company's directors, independent directors, and key persons. 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. Furthermore, the annual risk management plan and its status were presented to the Corporate Sustainability Committee and the Audit Committee. The chairman of the Audit Committee also presented the risk management practice to the board of directors.	
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. 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.				

3.4.4 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 four 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 are 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 six Compensation Committee meetings were held in 2020.

3.4.4.1 Compensation Committee Members' Professional Qualifications and Independent Analysis

Identity	Qualification Name	With at least 5 years of working experience and the following professional designations			Eligibility of independent status (Note 1)										Also Compensation Committee to other companies (number of firms)(Note 2)	Note
		A lecturer of private or public institutions of higher education specialized in business, legal affairs, finance, accounting, or the expertise required by the business of the Company	A judge, district attorney, lawyer, certified public accountant, or professional or technician who has passed relevant national examination and properly licensed.	Work experience in business, legal affairs, finance, accounting, or in an area required by the business of the Company	1	2	3	4	5	6	7	8	9	10		
Independent Director	Harvey Chang			V	V	V	V	V	V	V	V	V	V	V	0	None
Independent Director	Edward Yang			V	V	V	V	V	V	V	V	V	V	V	0	None
Independent Director	Albert Hsueh	V	V	V	V	V	V	V	V	V	V	V	V	V	4	None
Independent Director	Mike Yang			V	V	V	V	V	V	V	V	V	V	V	0	None

Note1: Please tick the corresponding boxes that apply to a member during the two years prior to being elected or during the term(s) of office:

1. Not an employee of the Company or the affiliates of the Company.
2. Not a director or supervisor of the company or any of its affiliates. (Except where the person is simultaneously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the provisions herein.)
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders;
4. 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) or (3).
5. Not a director, supervisor or employee of an institutional shareholder holding directly 5% or more of the company's shares, being one of the top five shareholders, or being appointed a director or supervisor of the company pursuant to Article 27, Paragraph 1 or 2 of the Company Act.(Except where the person is simultaneously an independent director of the company and its parent company, a subsidiary

- or another subsidiary of the same parent company appointed pursuant to the provisions herein).
6. Not a director, supervisor or employee of another company that has the same directors as the company or is controlled by the same person that has more than half of the voting power in the company.(Except where the person is simultaneously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the provisions herein.)
 7. Not a director, supervisor or employee of another company or institution that has the same chairman, president, or the equivalent or a spouse in one of the roles as the company. Except where the person is simultaneously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the provisions herein.
 8. Not a director (trustee), supervisor (monitor), or manager of specific company or institution that has financial or business transactions with the Company, or a shareholder holding more than 5% of the shares of such company or institution.(Except where the specific company or institution holds 20% or more but no more than 50% of the company's outstanding shares and the person is simultaneously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the provisions herein.)
 9. 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. However, exception applies to members of a remuneration committee, a public tender review committee, or a special committee for merger, consolidation and acquisition exercising their authority pursuant to the Securities and Exchange Act or the Business Mergers And Acquisitions Act.
 10. Not been a person of any conditions defined in Article 30 of the Company Law.

Note2: Independent Director Albert Hsueh

Yuanta Financial Holdings Co., Ltd., Yuanta Commercial Bank Co., Ltd., Walsin Lihwa Corp., and TTY Biopharm Co., Ltd.

3.4.4.2 Compensation Committee Meeting Status

(1) The Compensation Committee consists of four members.

(2) Tenure of the Compensation Committee: June 21, 2019 to June 20, 2022. The committee convened six times in 2020. (A)

Title	Name	Attendance in person (B)	By proxy	Attendance ratio (%) (B / A)	Remarks
Chairperson Independent Director	Harvey Chang	6	0	100%	None
Independent Director	Edward Yang	6	0	100%	
Independent Director	Albert Hsueh	6	0	100%	
Independent Director	Mike Yang	5	1	83%	

Annotations:

1. There was no recommendation of the Compensation Committee which was not adopted or was modified by the Board of Directors in 2020.
2. There were no written or otherwise recorded resolutions on which a member of the Compensation Committee had a dissenting opinion or qualified opinion.

3.4.4.3 2020 Main Points of Discussion by the Compensation Committee up to February 28, 2021

Date of the meeting	Main Points of Discussion	Resolution	Company reaction base on the opinion of Compensation Committee
4th meeting of 6th committee Jan.03.2020	1. Review the Rules for manager's remuneration 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
5th meeting of 6th committee Feb.25.2020	1. Reported 2020 proposal regarding distribution of 2019 remuneration for directors and 2019 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
6th meeting of 6th committee Mar.12.2020	1. Revise the Organizational Rules for the Compensation Committee followed by the discussion and decision making by Compensation Committee. 2. Reported 2020 proposal regarding distribution of 2019 employees' compensation for Management Team followed by the discussion and decision making by Compensation Committee. 3. Reported 2020 proposal regarding distribution of 2019 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
6th meeting of 7th committee Jul.17.2020	1. Revise the Regulation of Performance appraisal for Board of Directors and Functional Committee which discussed and determined by Compensation Committee. 2. Review the remuneration and performance of directors and managers, and the long-term reward method which discussed and determined by Compensation Committee.	Passed by a unanimous vote	Presented by the chairperson of the Compensation Committee to the board of directors
6th meeting of 8th committee Jul.30.2020	1. Report the salary adjustment proposal of new-appointed President which followed the discussion and resolution made by Compensation Committee. 2. Report the rules for monthly remuneration package of new Chairman which followed the discussion and resolution made by Compensation Committee. 3. Report the monthly remuneration package of new Chairman which followed the discussion and resolution made by Compensation Committee.	Passed by a unanimous vote	Presented by the chairperson of the Compensation Committee to the board of directors

Date of the meeting	Main Points of Discussion	Resolution	Company reaction base on the opinion of Compensation Committee
6th meeting of 9th committee Oct.13.2020	1.Revised the Managers Hiring and Compensation Management policy which followed the discussion and resolution made by Compensation Committee. 2.Revised the Manager Remuneration policy which followed the discussion and resolution made by Compensation Committee. 3.Propose the remuneration for Chairman, which discussed and continue for resolution by Compensation Committee.	Passed by a unanimous vote	Presented by the chairperson of the Compensation Committee to the board of directors
6th meeting of 10th committee Feb.23.2021	1.Revise the rules of remuneration for directors and employees' compensation followed by the discussion and decision making by Compensation Committee. 2.Reported 2021 proposal regarding distribution of 2020 remuneration for directors and employees' compensation followed by the discussion and decision making by Compensation Committee. 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

3.4.5 The State of the Company's Performance of Social Responsibilities, Any Variance from the Corporate Social Responsibility 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. 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		None
2. Does the Company have a dedicated (or ad-hoc) CSR organization with Board of Directors authorization for senior management, which reports to the Board of Directors?	V		None

Assessment Item	Implementation Status		Non-implementation and Its Reason(s)
	Yes	No	
3. Environmental Issues (1) Has the Company set an Environmental management system designed to industry characteristics?	V		(1) LITEON strives to develop environmental sustainability, and actively strengthens the company's sustainable management on corporate environmental governance, and sets up a Corporate Sustainability Committee directly under the Board of Directors as the highest governance unit for LITEON's sustainable development, and organize an Environmental Sustainability Subcommittee under it, with the head of the manufacturing departments serving as the convener to improve environmental management performance and environmental risk control, and contribute to the United Nations Sustainable Development Goals (SDGs). In view of the specific characteristics of the industry, LITEON adheres to the concept of responsible production in the sustainable strategy blueprint, takes low-carbon products and green operation as the main strategy, and devotes to climate change and energy management, water resources management, waste and recycling, green product design and management to appropriately respond to the expectations of stakeholders on environmental issues and enhance LITEON's resilience on sustainable issues.
(2) Is the Company committed to improving resource efficiency and to the use of renewable materials with low environmental impact?	V		(2) LITEON adheres to the concept of responsible production in the sustainable strategy blueprint, and continuously develops manufacturing process optimization and plant operation improvement to effectively improve the efficiency of energy and water use during product development, production, use and disposal. LITEON implements the value of minimizing waste and maximizing resource reuse, and set the goal of achieving the SBT target of 39.3% reduction in carbon emission intensity compared to 2014 in 2025, in order to fulfill responsible production, reduce the environmental impact caused by production.

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Summary	
(3) Has the company evaluated the potential risk and opportunity induced by climate change and deploy possible solutions to face the problem?	V		(3) Regarding climate change as an important risk and opportunity, LITEON commits to support the Task Force on Climate-Related Financial Disclosures (TCFD) and will follow its climate-related financial disclosure proposal framework. LITEON disclose climate change information and the risks and opportunities it brings, in response to the "Commit to Action" initiative jointly launched by CDP and the We Mean Business Coalition. LITEON has created a climate change risk working group to be responsible for the physical risks and transformation risks that may be derived from climate change, and to conduct risk and opportunity identification, occurrence probability assessment, and impact analysis, and discuss appropriate countermeasures. Under the topic of climate risk, the major risks faced by LITEON mainly come from the requirements of clients, investors, and other important stakeholders on 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 services are on the right track. In response to the impacts of climate change, LITEON continues to use energy creation, energy conservation, and energy conversion as mitigation strategies. We implement renewable energy, energy management system, manufacturing process optimization and plant operation improvement strategies, and adjust internal carbon prices, and incorporate them into carbon reduction investment decisions to realize LITEON's SBT commitment. Regarding climate change adaptation, LITEON has continued to develop low-carbon products and automated energy-saving technologies based on the identification of climate risks and opportunities to actively grasp climate business opportunities in the global low-carbon trend.	None
(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		(4) LITEON applied ISO 14064 reasonable assurance and AA1000AS then entrusted the third-party verification agency to conduct an audit on GHG emission, water consumption and waste generation for managing the environmental impact from the company operation and practicing responsible production., meanwhile, the related information would be provided on the LITEON CSR Report and the website.	

Assessment Item	Implementation Status		Non-implementation and Its Reason(s)
	Yes	No	
4. Social Issues			None
(1) Does the Company set policies and procedures in compliance with regulations and internationally recognized human rights principles?	V		The company's approach to maintaining fairness in the social good, including for employees, customers (and consumers), suppliers, and communities, is described as follows: (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. LITEON build up policies and regulations and executes the internal audit regularly and adopts the Code of Conduct of RBA (Responsible Business Alliance) as management framework. According to the RBA audit process, internal and external audit are performed regularly. The human right policy is included in the annual compulsory course content for all employees.
(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		(2) Employees are the most important partners for LITEON 's sustainable development. In addition to protecting employees' work rights, we also provide market-competitive compensation and benefits. LITEON adopts competitive salary and benefits policies in all major operating locations. The company will use salary surveys every year to measure the market's salary level and overall economic indicators, and make appropriate adjustments to colleagues' salaries to motivate employees. Various incentive bonuses and R & D reward systems to reward excellent performance. Performance bonuses are also issued every year based on operating conditions and individual performance to reward employees for their contributions and to encourage employees to continue their efforts. Holidays are better than the Labor Standards Law. In addition to enjoying various leave in accordance with the law, there are also group vacations. The other welfare measures are explained as follows, please see "V. Operational Highlights" of this Annual Report, which provides information on "Labor Relations": (I) On-site Services and Amenities LITEON provides staff restaurants, health centers and fitness centers. In addition to health professionals available daily to provide assistance, doctors visit the health center monthly to provide face-to-face medical consultations for employees. The center is also equipped with first-aid supplies and 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 to supply 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.

Assessment Item	Implementation Status		Non-implementation and its Reason(s)
	Yes	No	
			None (II) Health Management Programs LITEON organizes employee health check-ups every year, and promotes health promotion activities, such as Health and charity campaign - Weight loss course, blood donation, as well as mental and health seminars to raise personal health awareness. 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. (III) Employee Assistance Programs 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 to assist colleagues to deal with life problems. 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. (IV) Employee Welfare Programs LITEON organizes a variety of employee activities in 2020, including 65 clubs, 13 seminars, hiking, group dinners and festivals activities and other recreational activities. 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.

Assessment Item	Implementation Status		Non-implementation and Its Reason(s)
	Yes	No	
(3) Does the Company provide employees with a safe and healthy working environment, with regular safety and health training?	V		(3) LITEON adhere to the Labor Health and Safety requirements specified in local regulations whereby LITEON operate. We strive to enforce labor safety and health management. We provide pre-service health checkups and trainings to new employees on labor health and safety. Regular health checkups are freely provided for in-service employees annually. Special health examinations will be conducted for employees who may perform special health hazards work. These employees must also use appropriate personal protective equipment (PPE). The company follows Occupational Safety and Health Education and Training Rules and other relevant rules, and provides such education and training to new employees. The company regularly holds health and safety education and training classes, including classes on electrical safety, the use and management of hazardous chemicals, and first aid. For fire prevention and safety, the company conducts fire drills every six months to improve the employees' essential knowledge regarding disaster prevention. 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.
(4) Has the Company established effective career development training plans?	V		(4) LITEON 's learning structure is founded on the organization's strategy, vision and values. Through comprehensive curriculum planning, 12 modules of learning roadmaps have been established and based on new employee orientation, specialized training, strata training, and self-development. Details can be found on the content of labor relations of this annual report.
(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 protection and grievance policies?	V		(5) LITEON's product development is based on 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. 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 certifications for its products to provide safe, reliable products for its customers and users while expecting to carry out the circular economy. 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 is revising 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.

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Summary	
(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		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&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. (6) LITEON sets the Supply Chain Management Subcommittee under the CSR Committee. Based on traditional supply chain management, we also follow relevant domestic and foreign laws and regulations, supplemented by the industry benchmark such as 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, environmental protection and ethical conduct in business operations, the relevant management regulations of suppliers have been formulated to jointly implement corporate social responsibilities. The basic of LITEON's supply chain management mechanism is to formulate supplier's green procurement standards, require suppliers to comply with LITEON's Supplier Code of Conduct and sign the "Supplier Executive Certification of Compliance", to improve the effectiveness of sustainable supply chain management and reduce operational risks, and establish a permanent partnership that continues to grow. For related information, please refer to: https://www.liteon.com/en-us/globalcitizenship/289	None
5. Does the company prepare corporate social responsibility 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		LITEON has been publishing corporate social responsibility reports since 2007. The sustainability issues as well as strategies, goals and practices of the 2020 CSR Report are drafted based on GRI Standards 2016 published by Global Reporting Initiative while responding to Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, Sustainable Development Goals (SDGs) and 26000 Guidance on Social Responsibility. Moreover, the content of this report have been discussed and categorized using AA1000 Assurance Standard An independent third party has been engaged to provide assurance for AA1000 AS (2008) type-2, high-level accountability and GRI Standard disclosure in accordance with Comprehensive Option. To learn more of LITEON's CSR Reports, please visit https://www.liteon.com/en-us/globalcitizenship/365	None

Assessment Item	Implementation Status		Non-implementation and Its Reason(s)
	Yes	No	
6. If the Company has established the corporate social responsibility principles based on "the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies", please describe any discrepancy between the Principles and their implementation: No deviations.			
7. Other important information to facilitate better understanding of the company's implementation of corporate social responsibility:	(1) International/Domestic CSR Ratings (I) Dow Jones Sustainability Indices (DJSI) Selected in the DJSI emerging market Index for 10 consecutive years since 2011, which reflects LITEON's success in adopting international sustainability management standards and its strength in innovation and sustainability (II) Inclusion in the MSCI Global Sustainability Indexes in 2020 (III) Inclusion in the FTSE4Good Emerging Index / FTSE4Good TIP Taiwan ESG Index (IV) Awarded the "Prime Status" in ISS-oekom ESG Rating (V) Received the highest rating of "Leaderboard" in the 2020 CDP Supplier Engagement Rating (SER)  (VI) Inclusion in the Thomson Reuters Top 100 Global Technology Leaders (VII) Top 5% of listed companies on the Taiwan Stock Exchange's Corporate Governance Evaluation (VIII) Recipient of the Commonwealth Corporate Citizen Award by the Commonwealth magazine since 2007 for 14 consecutive years (IX) Received first prize of Corporate Social Responsibility & Social Enterprise Award by Global Views Magazine in 2020 (X) Won seven 2020 Taiwan Corporate Sustainable Awards (TCSA), namely Top 10 Domestic Companies Sustainability Model Award (Manufacturing Industry), Corporate Sustainability Report Platinum Award, the Best Practice Awards of Creativity in Communication, Climate Leadership, Circular Economy Leadership, Social Inclusion and Information Security (XI) 2020 Taiwan Circular Economy Award "Product Excellence Award" (XII) The 4th PwC CSR Impact Award "Gold Award" (XIII) 2020 SGS CSR AWARDS Organizational Governance Excellence Award		

Assessment Item	Implementation Status		Non-implemen- tation and Its Reason(s)
	Yes	No	
(2) CSR Related Certifications			
(I) CSR Reports are based on GRI and assured by third parties to meet the GRI Standards			
(II) GHG emission reduction targets approved by Science Based Targets Initiative (SBTi)			
(III) ISO 14001 environmental management system certification			
(IV) ISO 45001 Occupational Health and Safety Management Systems			
(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 20 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			
(3) EEWB Green Building Certification			
(I) ENERGY STAR energy efficiency label			
(II) Minimum Energy Performance Standard (MEPS)			
(III) 80 PLUS energy efficiency label			
(IV) China Energy Conservation Program (CECP certification)			
(V) LITEON’s Photocoupler LTV-817, PLCC SMD LED LTW-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) Guangzhou site has obtained the IATF16949 certification of mobile industry quality management system			
(VII) Carbon Footprint Certification for LED car light module product			

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 (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's integrity management team regularly holds annual 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 or 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) LITEON has created integrity management team, which is responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs, as well as reporting to the board of directors in the fourth quarter every year. The HR Head is appointed the convener, and all business units work to ensure the Ethical Corporate Management Best Practice Principles are implemented effectively in their respective areas of business. To ensure effective oversight on ethical management practices, LITEON has created various groups and channels under the board of directors. They include the Audit Committee, the Compensation Committee, the nomination committee, the Growth Strategic Committee, and the Corporate Internal Audit. In addition, the Corporate Internal Audit delivers regular updates of the audit result to the board of directors. The general managers and chief finance and accounting officers are overseen by the board of directors and must ensure the financial and accounting information filed by LITEON with the securities authorities or disclosed to external parties is complete, fair, accurate, up to date, and easy to understand.
(3) Does the company establish policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly?	V		(3) Article 15 of the Board of Directors Meeting Rules establishes the conflict of interest policy for directors. It states that if a director or an entity represented by a director has an interest in one of the items on the agenda and the interest is likely to prejudice LITEON's interest, the director should explain the important content of his interest to the board of directors, and may not participate in the discussion and voting, and shall recuse him/herself from the discussion and voting process and not exercise voting rights as a proxy for another director when the matter may harm the interests of the company. LITEON has established Code of Ethics for Practitioners to help employees understand the rules to observe when performing their duties and to prevent unethical behaviors. The code states the standards and commitments for employees to follow while performing business activities and the procedures for handling conflict of interest.
(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: 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. Contact information: Mailbox: PO Box 156-21, Jiangnan Post Office, Neihu District, Taipei City 114956 Office of Chairman Reporting Mailbox By email: ethic.hotline@liteon.com 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 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		Compliant with the Ethical Corporate Management Best Practice Principles.
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): (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. (2) The Board of Directors Meeting Rules establishes the conflict of interest policy for directors. It states that if a director or an entity represented by a director has an interest in one of the items on the agenda and the interest is likely to prejudice LITEON's interest, the director should explain the important content of his interest to the board of directors, and may not participate in the discussion and voting, and shall recuse him/herself from the discussion and voting process and not exercise voting rights as a proxy for another director when the matter may harm the interests of the company. (3) 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/zh-tw/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 "Ethics Code", 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 25, 2021

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 2020:

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, 2020, 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 25, 2021, where all of the nine 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 2020 on June 15, 2020 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 2019 Financial Statements	The resolution had exceeded legal requirement of the voting numbers and been approved in the AGM.
2	Adoption of the Proposal for Appropriation of 2019 Earnings	The resolution had exceeded legal requirement of the voting numbers and been approved in the AGM. Ex-rights (ex-dividend) record date: Jul. 03, 2020 Dividend distribution date: Jul. 24, 2020 (Cash dividends NT\$ 3.2 per share)
3	Amendment to "Rules Governing the Election of Directors"	The resolution had exceeded legal requirement of the voting numbers and been approved in the AGM. The revised version of "Rules Governing the Election of Directors" 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. The revised version of "Rules and Procedures of Shareholders' Meeting" was implemented and announced on the Company website.

3.4.11.2 Major Resolutions of Board Meeting

2020	Major Resolutions
Feb.26	1. The results of it's operations for Fiscal Year 2019. 2. Dividend distribution. 3. Donation to Lite-On Culture Foundation. 4. The schedule and agenda of year 2020 shareholders' meeting.
Apr.29	1. No interim dividend distribution of 2020 1Q. 2. The schedule and agenda of year 2020 shareholders' meeting (Agenda new added).
Jul.30	1. No interim dividend distribution of 2020 2Q. 2. Change in Shareholder Services Agent. 3. Changes of chairman and vice chairman. 4. The appointment of general manager of board of directors.
Oct.30	1. No interim dividend distribution of 2020 3Q. 2. Acquire the shares of LITE-ON INC. and DYNA INVESTMENT CO., LTD.
2021	Major Resolutions
Feb.25	1. The results of it's operations for Fiscal Year 2020. 2. Dividend distribution. 3. Donation to Lite-On Culture Foundation. 4. The schedule and agenda of year 2021 shareholders' meeting.

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 2020 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:

2021/02/28

Title	Name	Date of Appointment	Date of Termination	Reasons for Resignation or Dismissal
Chairman	Raymond Soong	2002/11/04 (Note1)	2020/07/30	Resignation
Vice Chairman/ GCEO	Warren Chen	2010/09/01	2020/07/30	Resignation

Note1: The appointment was appointed by the board of directors, which on the merger on November 4, 2002.

Note2: Mr. Raymond Soong resigned as chairman and Mr. Warren Chen resigned as vice chairman and Group CEO on July 30, 2020. Meanwhile, Mr. Tom Soong was elected as chairman and Mr. Anson Chiu was appointed as President by the board of directors.

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 Tom Soong	Apr.29, 2020	Apr.29, 2020	Taiwan Corporate Governance Association	The sustainable development trend of global enterprises-aligning with SDGs and Strategic thinking to promote circular economy	3.0	6.0
		Oct.30, 2020	Oct.30, 2020	Taiwan Corporate Governance Association	Legal issues related to company material inside information	3.0	
2	Director Raymond Soong	Apr.29, 2020	Apr.29, 2020	Taiwan Corporate Governance Association	The sustainable development trend of global enterprises-aligning with SDGs and Strategic thinking to promote circular economy	3.0	6.0
		Oct.30, 2020	Oct.30, 2020	Taiwan Corporate Governance Association	Legal issues related to company material inside information	3.0	
3	Director Warren Chen	Apr.29, 2020	Apr.29, 2020	Taiwan Corporate Governance Association	The sustainable development trend of global enterprises-aligning with SDGs and Strategic thinking to promote circular economy	3.0	6.0
		Oct.30, 2020	Oct.30, 2020	Taiwan Corporate Governance Association	Legal issues related to company material inside information	3.0	
4	Director Keh-Shew Lu	Apr.29, 2020	Apr.29, 2020	Taiwan Corporate Governance Association	The sustainable development trend of global enterprises-aligning with SDGs and Strategic thinking to promote circular economy	3.0	6.0
		Oct.30, 2020	Oct.30, 2020	Taiwan Corporate Governance Association	Legal issues related to company material inside information	3.0	
5	Director CH Chen	Apr.29, 2020	Apr.29, 2020	Taiwan Corporate Governance Association	The sustainable development trend of global enterprises-aligning with SDGs and Strategic thinking to promote circular economy	3.0	12.0
		Oct.30, 2020	Oct.30, 2020	Taiwan Corporate Governance Association	Legal issues related to company material inside information	3.0	
		Nov.06, 2020	Nov.06, 2020	Taiwan Corporate Governance Association	How do directors supervise the company to implement internal control and strengthen corporate governance	3.0	
		Dec.11, 2020	Dec.11, 2020	Taiwan Corporate Governance Association	Introduction to the Latest Trends of Corporate Governance Practice 3.0	3.0	
6	Independent Director Harvey Chang	Apr.29, 2020	Apr.29, 2020	Taiwan Corporate Governance Association	The sustainable development trend of global enterprises-aligning with SDGs and Strategic thinking to promote circular economy	3.0	6.0
		Oct.30, 2020	Oct.30, 2020	Taiwan Corporate Governance Association	Legal issues related to company material inside information	3.0	
7	Independent Director Edward Yang	Apr.29, 2020	Apr.29, 2020	Taiwan Corporate Governance Association	The sustainable development trend of global enterprises-aligning with SDGs and Strategic thinking to promote circular economy	3.0	6.0
		Oct.30, 2020	Oct.30, 2020	Taiwan Corporate Governance Association	Legal issues related to company material inside information	3.0	
		Apr.29, 2020	Apr.29, 2020	Taiwan Corporate Governance Association	The sustainable development trend of global enterprises-aligning with SDGs and Strategic thinking to promote circular economy	3.0	
		Jun.02, 2020	Jun.02, 2020	Taiwan Securities Association	Viewing the Risk Management Mechanism of Financial Industry from the Issuing Loss of Securities Companies	3.0	
8	Independent Director Albert Hsueh	Jul.07, 2020	Jul.07, 2020	Taiwan Securities Association	Money laundering prevention trend and policy development after the third round of mutual evaluation	3.0	34.0
		Sep.01, 2020	Sep.01, 2020	Taiwan Securities Association	Financial Consumer Protection Law and the Principle of Fair Dealing	3.0	
		Sep.09, 2020	Sep.09, 2020	Taiwan Corporate Governance Association	The role of independent directors in corporate management and corporate governance(1)	3.0	
		Sep.09, 2020	Sep.09, 2020	Taiwan Corporate Governance Association	The role of independent directors in corporate management and corporate governance(2)	3.0	
		Oct.21, 2020	Oct.21, 2020	Taiwan Corporate Governance Association	Integrity Management and ISO37001	3.0	
		Oct.30, 2020	Oct.30, 2020	Taiwan Corporate Governance Association	Legal issues related to company material inside information	3.0	
		Dec.02, 2020	Dec.02, 2020	Taiwan Corporate Governance Association	The 16th Corporate Governance Summit Forum-Corporate Governance Moving Forward	6.0	
		Dec.22, 2020	Dec.22, 2020	Taiwan Corporate Governance Association	Advanced Practice Sharing of Audit Committee-The Role of Independent Directors in Corporate Operation and Corporate Governance	3.0	
		Dec.31, 2020	Dec.31, 2020	Taiwan Corporate Governance Association	In today's environment, companies' strategies for making good use of capital markets	1.0	
		Apr.29, 2020	Apr.29, 2020	Taiwan Corporate Governance Association	The sustainable development trend of global enterprises-aligning with SDGs and Strategic thinking to promote circular economy	3.0	
9	Independent Director Mike Yang	Oct.30, 2020	Oct.30, 2020	Taiwan Corporate Governance Association	Legal issues related to company material inside information	3.0	6.0

3.4.14.2 Continuing Education/Training of Management

Title	Name	Date	Course name	Hours
CFO	Brownson Chu	2020/09/26	Excel VBA Macro Application Seminar~Scope Processing (Use macros to speed up the preparation of routine management or audit reports)	6
		2020/11/25	Excel/Word combined application and PivotTable application class for Finance, Stock Affairs and Audit use	6
Chief Audit Officer	Lando Lin	2020/8/26	How internal auditors use digital forensics in business secret protection and investigation	6
		2020/9/2	Legal compliance audit practices for corporate mergers and acquisitions	6
VP Corporate Governance Officer Board Secretariat	Jean Hong	2020/3/10	Coping Strategies for company changes	3
		2020/4/29	The sustainable development trend of global enterprises-aligning with SDGs and Strategic thinking to promote circular economy.	3
		2020/9/11	Case Study of Corporate governance—Corporate Culture and Shareholder Activism	3
		2020/10/30	Legal issues related to company material insider information	3
		2021/1/26	On the Blueprint of Corporate Governance 3.0 and Directors' Responsibilities	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, copyrights, trade secrets 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 (including patent application, trade secret, or thesis publication). 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 trade secrets and other obligations for the duration of employment and after termination of employment.

Trademark management measures:

We have also 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 comply with LITEON's regulations.

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 April 29, 2020. The next report is scheduled for Q2 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 2020, LITEON has a total of 3,000 patent applications and 2,400 granted patents, including 1,900 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, and imaging. 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. **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. 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 Innovell 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.

3.4.16 Growth Strategy Committee

In order to enhance and accelerate the growth policies of LITEON 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 two Growth Strategy Committee meetings were held in 2020.

1. Information on the operation of the Growth Strategy Committee

(1) 7 members of the Growth Strategy Committee (including 4 independent directors).

(2) Tenure of the Growth Strategy Committee: June 21, 2019 to June 20, 2022. The committee convened two times (A) in 2020.

Title	Name	Attendance in person (B)	By proxy	Attendance rate (%) (B/A)	Remarks
Chairman	Edward Yang	2	0	100	Independent Director
Member	Tom Soong	2	0	100	
	Warren Chen	2	0	100	
	Keh Shew Lu	2	0	100	
	Harvey Chang	2	0	100	Independent Director
	Albert Hsueh	2	0	100	Independent Director
	Mike Yang	2	0	100	Independent Director

2. Main Points of Discussion by the Growth Strategy Committee up to February 28, 2021

Date	Main Points of Discussion	Resolutions	LITEON's response to Growth Strategy Committee's opinions
Feb.04, 2020	1. Discuss strategies in which LITEON's electric power business segment and E.V. Power Supply work together to create more business opportunities. 2. Discuss strategies in which LITEON's network communications business segment tries to expand on 5G opportunities.	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.
Oct. 29, 2020	In response to LITEON's recent organizational changes and name changes for certain business segments, feedback or suggestions regarding future business opportunities, growth strategy planning and positioning, key activities, and human resources.	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.

3.4.17 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 one Nomination Committee meeting was held in 2021.

1. Information on the operation of the Nomination Committee

(1) 5 members of the Nomination Committee (including 4 independent directors).

(2) Tenure of the Nomination Committee: Feb 25, 2021 to June 20, 2022. The committee convened one time from 2020/1/1-2021/2/28.(A)

Title	Name	Attendance in person (B)	By proxy	Attendance rate (%) (B/A)	Remarks
Chairman	Mike Yang	1	0	100	Independent Director
Member	Tom Soong	1	0	100	
	Harvey Chang	1	0	100	Independent Director
	Albert Hsueh	1	0	100	Independent Director
	Edward Yang	1	0	100	Independent Director

2. Main Points of Discussion by the Nomination Committee up to February 28, 2021

Date	Main Points of Discussion	Resolutions	LITEON's response to Nomination Committee's opinions
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.

3.4.18 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, which is managed by the Board, as the highest level of governing body for its sustainable development.

In response to changes in the environment and the concerns of stakeholders, LITEON has developed nine themes 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 Corporate Sustainability Committee has two major functional teams and is divided into nine subcommittees, including Risk Management, Information Security Management, Integrity Management, RBA Code of Conduct Enforcement Management, Social Involvement, Supply Chain Management, Green Design, Environmental Sustainability, and information disclosures by Public 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 2020.

1. Corporate Sustainability Committee Meeting Status

- (1) The Corporate Sustainability Committee consists of 5 members (including 4 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: 2019/06/21 to 2022/06/20. The committee convened 2 times (A) from 2020/1/1-2021/2/28 and members' attendance status is as follows:

Title	Name	Attend(sit in) in person (B)	Attend by proxy	Attendance rate (%) (B/A)
Chairman	Tom Soong	1	0	50
Independent Director	Mike Yang	2	0	100
	Harvey Chang	2	0	100
	Albert Hsueh	2	0	100
	Edward Yang	2	0	100

2. Main Points of Discussion by the Corporate Sustainability Committee up to February 28, 2021

Date	Main Points of Discussion	Resolution	LITEON's response to Corporate Sustainability Committee's opinions
Mar. 12, 2020	- Self-evaluation results of the performance appraisal of the Corporate Sustainability Committee in 2019 - KPIs implementation progress in 2020 - Follow-up instructions for risk management policies and procedures 2020 project report - LITEON green energy strategy and practice proposal	The resolution will be discussed separately after the Chairman has consulted all the members present.	The chairman of Corporate Sustainability Committee reports implementation plans and results to the board of directors.
Dec. 16, 2020	- Annual results and upcoming plans of the 9 subcommittees of the Corporate Sustainability Committee 2020 results and 2021 plans of the Executive Office	There was no objection from all the members present.	The chairman of Corporate Sustainability Committee reports implementation plans and results to the board of directors.

3.5 Information on CPA Professional Fees

Unit: NT\$ thousands

Accounting Firm	Name of CPA	Audit Fee	Non-audit Fee					Period Covered by CPA's Audit	Remarks
			System of Design	Company Registration	Human Resource	Others	Subtotal		
Deloitte & Touche	MENG-CHIEH, CHIU CHEN-TSAI, TSAI	27,295	-	-	-	3,131	3,131	01/01/2020 - 12/31/2020	Fees for other non-audit services were mainly for finance, tax, and investment-related consultation services.

Note 1: Non-audit fees paid to the certified public accountant, to the accounting firm of the certified public accountant, and to any affiliated enterprise of such accounting firm are not over one quarter or more of the audit fees paid thereto.

Note 2: 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 3: 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 2020.

3.8 Changes in Shareholding of Directors, Managers and Major Shareholders

Unit: Shares

Title	Name	2020		As of February 28, 2021	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	Tom Soong (Note 1)	1,200,000	0	0	0
Director	Raymond Soong (Note 1)	0	0	0	0
Director	Warren Chen (Note 1)	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
President	Anson Chiu	0	0	980	0
SBU General Manager	Jerry Hsu (Note 2)	0	0	0	0
SBU General Manager	Henry Chen (Note 2)	0	0	0	0
SBU General Manager	Steven Liao (On board on July 16, 2020)	0	0	0	0
SBU General Manager	John Chang (Note 2)	0	0	0	0
SBU General Manager	Nelson Wu (Note 2)	0	0	0	0
Vice President Corporate Governance Officer Board Secretariat	Jean Hong	0	0	0	0
CFO	Brownson Chu	0	0	0	0
SBG President	Shilung Chiang (Note 3)	66,000	0	0	0
SBU General Manager	Taylor Yang (Note 3)	0	0	0	0
BD General Manager	Allen Liao (On board on August 01, 2020)(Note 3)	0	0	0	0
Chief Audit Officer	Lando Lin (Note 3)	0	0	0	0
General Counsel	May Chiu (Note 3)	236	0	0	0
CISO&CIO	Lear Lee (Note 3)	0	0	0	0
General Manager	Albert Chang (Retired on August 01, 2020)	(48,351)	0	0	0
SBG CEO	Rex Chuang (Retired on July 16, 2020)	(45,000)	0	0	0
SBG CEO	Charlie Tseng (Resigned on July 01, 2020)	0	0	0	0
HR VP	Crystal Liu (Resigned on September 30, 2020)	0	0	0	0

Note 1: Mr. Raymond Soong resigned as chairman and Mr. Warren Chen resigned as vice chairman and Group CEO on July 30, 2020 the board of directors. Mr. Tom Soong was elected as chairman by the board of directors on July 30, 2020.

Note 2: On October 30, 2020, the board of directors approved the transfer to the position of manager.

Note 3: On October 30, 2020, the board of directors approved the transfer to a non-manager position.

3.8.1 Shares Trading with Related Parties

February 28, 2021

Name	Reason for Transfer	Date of Transaction	Transferee	Relationship between Transferee and Directors, Supervisors, Managers and Major Shareholders	Shares	Transaction Price (NT\$)
Albert Chang (Retired on August 01, 2020)	Gift	2020.06.17	Chuan Yun Chang	father and son	48,351	0
Rex Chuang (Retired on July 16, 2020)	Gift	2020.06.23	Yi Chia Chuang	father and son	45,000	0

3.8.2 Shares Pledge with Related Parties: None

3.9 Relationship among the Top Ten Shareholders

As of June 29, 2020

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. Chairman: Shu-Yan Tsai	29,454	0%	0	0%	0	0%	Ta-Sung/ Ming-Hsing/Yuan Pao Development (Investment Co., Ltd.)	Chairman
Raymond Soong	79,302,560	3.37%	14,966,064	0.64%	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. Chairman: Shu-Yan Tsai	29,454	0%	0	0%	0	0%	Ta-Sung/ Ta-Rong/ 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. Representative: Keh-Shew Lu	0	0%	0	0%	0	0%	None	None
Ta-Sung Investment Co., Ltd. Representative: CH Chen	0	0%	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. Chairman: Shu-Yan Tsai	29,454	0%	0	0%	0	0%	Ta-Rong/ Ta-Sung/ Ming-Hsing (Investment Co., Ltd.)	Chairman
Yuanta/P-shares Taiwan Dividend Plus ETF	38,233,549	1.63%	0	0%	0	0%	None	None
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	37,514,809	1.60%	0	0%	0	0%	None	None
Labor Pension fund	34,905,413	1.49%	0	0%	0	0%	None	None
Silchester International Investors International Value Equity Trust	32,625,857	1.39%	0	0%	0	0%	None	None
Taiwan Life Insurance Co., Ltd.	28,776,000	1.22%	0	0%	0	0%	None	None
Taiwan Life Insurance Co., Ltd. Chairman: Su-Kuo Huang	0	0%	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, 2020
Unit: shares; %

Invested businesses (Note)	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	18.87	385,545	0.64	11,707,548	19.51
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.	341,863,338	100.00	-	-	341,863,338	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 (Note)	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.	68,138,000	100.00	-	-	68,138,000	100.00
Lite-On Information Technology B.V.	11,018,000	100.00	-	-	11,018,000	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	36,056,974	99.86	-	-	36,056,974	99.86
SKYLA CORPORATION	20,000,000	63.73	-	-	20,000,000	63.73
SUZHOU LITE-ON STORAGE CO., LTD.	-	45.00	-	-	-	45.00
LITE-ON INC.	412,239	83.28	82,661	16.70	494,900	99.98
DYNA INVESTMENT CO., LTD.	407,116	87.55	57,650	12.40	464,766	99.95

Note : 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, 2021

Month/ Year	Issued Price (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares (K)	Amount (NT\$ thousands)	Shares (K)	Amount (NT\$ thousands)	Sources of Capital	Capital Increased by Assets Other than Cash	Others
09/2016	10	3,500,000	35,000,000	2,350,867	23,508,670	Shares dividends \$116,746 thousand	-	09/14/2016 No. 10501224160 issued by the Ministry of Economic Affairs, 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 June 29, 2020

	Governmental Organizations	Financial Institutions	Other Institutional Investors	Individuals	Foreign Institutional Shareholders and Individuals	Total
Numbers of Shareholders	4	28	310	130,758	1,080	132,180
Holding Shares	46	183,079,091	488,878,358	454,741,554	1,224,167,983	2,350,867,032
Holding Stake	0%	7.79%	20.80%	19.34%	52.07%	100%

4.1.3 Shareholding Distribution Status

4.1.3.1 Common Shares

As of June 29, 2020

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1~ 999	78,430	17,981,158	0.77%
1,000~ 5,000	41,438	84,610,488	3.60%
5,001~ 10,000	6,432	45,757,965	1.95%
10,001~ 15,000	1,963	23,458,132	1.00%
15,001~ 20,000	931	16,426,537	0.70%
20,001~ 30,000	846	20,504,790	0.87%
30,001~ 40,000	443	15,368,010	0.65%
40,001~ 50,000	236	10,710,602	0.46%
50,001~ 100,000	468	33,216,669	1.41%
100,001~ 200,000	255	36,387,015	1.55%
200,001~ 400,000	220	63,590,736	2.71%
400,001~ 600,000	128	63,378,604	2.70%
600,001~ 800,000	52	35,899,622	1.53%
800,001~1,000,000	43	38,069,271	1.62%
1,000,001 or over	295	1,845,507,433	78.50%
Total	132,180	2,350,867,032	100%

4.1.3.2 Preferred Shares: Not applicable

4.1.4 List of Major Shareholders

As of June 29, 2020

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%
Yuan Pao Development & Investment Co. Ltd.	39,473,599	1.68%
Yuanta/P-shares Taiwan Dividend Plus ETF	38,233,549	1.63%
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	37,514,809	1.60%
Labor Pension fund	34,905,413	1.49%
Silchester International Investors International Value Equity Trust	32,625,857	1.39%
Taiwan Life Insurance Co., Ltd.	28,776,000	1.22%

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

Unit: K shares, NT\$

Item \ Year			2019	2020	Current year to Feb. 28, 2021 (Note 5)
Market Price Per Share	Highest		51.50	53.70	61.4
	Lowest		40.05	37.70	49.8
	Average		46.50	46.68	55.71
Net worth per Share	Before distribution		31.18	31.67	-
	After distribution		27.95	28.23 (Note1)	-
Earnings per Share	Weighted average shares (1,000 shares)		2,323,968	2,323,564	-
	Earnings per share	Before adjustment	4.03	4.31	-
		After adjustment	4.03	4.31	-
Dividends per Share	Cash Dividend		3.2	3.4 (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)		11.54	10.83	-
	Price/Dividend Ratio (Note 3)		14.53	13.73 (Note1)	-
	Cash Dividend Yield Rate (Note 4)		6.88	7.28 (Note1)	-

Note 1: The cash dividends for 2020 which were approved by Board of Directors on February 25, 2021.

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 2021Q1 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

- (1) The dividend distribution of NT\$7,991,377,109 out of 2020 earnings has been approved by the Board of Directors meeting held on February 25, 2021. NT\$3.4 per share in cash dividends will be paid based on the shareholder list and the number of shares they held on the baseline date.
- (2) 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 2021. 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 2020 was approved by the board of directors on February 25, 2021. The amount of employee cash remuneration was NT\$1,363,182,713, and the amount of director remuneration was NT\$139,222,922. The amount of remuneration of employees and directors approved by the board of directors had no difference from the figures estimated in the 2020 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\$1,326,548,195 and the director remuneration was NT\$79,686,641 in 2019.
 - (2) The amount of remuneration of employees and directors paid had no difference from the figures estimated in the 2019 financial statements.

4.1.9 Buyback of Common Stock: None.

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 Depositary Receipts

Item \ Issuance (Processing) date			September 25, 1996
Issuance (Processing) date			September 25, 1996
Place of issuance and trading			London Stock Exchange
Total Amount			US\$71,295,000
Issue price per unit			US\$14.55
Total number of units issued			4,900,000 units (Note1)
Source of securities represented			Rights issue
Amount of securities represented			49,000,000 shares of common stock
Depositary receipt holder rights and obligations			are same as those of common stockholders
Trustee			CitiBank US
Depositary institution			CitiBank US
Custodian institution			CitiBank Taiwan
Balance not yet redeemed			2020.12.31: 0 units 2021.02.28: 0 units
Allocation of costs of issuance and throughout duration			To be borne by LITEON
Important terms and conditions on depositary receipt and custodian agreements			None-
Market price per unit	2020	Highest	US\$14.5
		Lowest	US\$14.5
		Average	US\$14.5
	Current year up to February 28, 2021	Highest	(Note 2)
		Lowest	-
		Average	-

Note1: GVC, acquired by LITEON by consolidation merger, issued 5,000,000 units of global depositary receipts, representing 25,000,000 shares of common stock on the London Stock Exchange on April 3, 1995. The issuance was followed by more later. A total of 7,627,000 units, representing 38,136,000 shares of common stock of GVC, had been issued up to the baseline date (November 4, 2002). Following the share exchange ratio, these depositary receipts were replaced by 1,478,000 units of depositary receipts representing 14,781,000 shares of common stock of LITEON.

Note 2: The delisting procedure of the aforementioned global depositary receipts has been completed on December 25, 2020.

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	2020 Revenue Breakdown
Optoelectronics Department	Design, R&D, production, and sales of optoelectronic parts and components.	LED packaging and LED lighting applications Auto electronic parts and components Camera modules	20%
Information & Communication Technologies Department	Design, R&D, production, and sales of applications for laptops, desktops, tablets, servers and network communication equipment.	Power supply Server and network communication parts and components All-in-one office machines Computer keyboards and cases Optical disc drives	76%
Others Department	Other products not yet reaching quantitative thresholds	Other products not yet reaching quantitative thresholds	4%

Note: Solid State Drives (SSD) and Optical Disc Drives (ODD) business were in Storage Department. SSD business has been disposed of at the end of the second quarter of 2020 to KIOXIA Holdings Corporation, and ODD business has been included into Information & Communication Technologies Department.

5.1.1.2. New products under development

- (1) High power LED streetlights
- (2) Automotive LED lighting modules
- (3) High efficiency power supply management modules
- (4) Wireless communications modules
- (5) High-end camera modules and auto camera modules

5.1.2 Industry Overview

1. Macroeconomic conditions

The COVID-19 pandemic sent shock waves through the global economy in 2020. Unemployment rose sharply, and the economy declined and entered a recession. According to an OECD report, the global GDP fell by 4.2% in 2020.

Looking forward to 2021, IMF expects vaccination will be the light at the end of the coronavirus tunnel. Fiscal stimulus packages from the governments will also power economic activities. The global economic growth can be expected to reach 5.5%. However, risks created by new waves of infections and mutations leave many uncertainties in the global economy.

2. Industry overview and outlook

Most of the company's products in 2020 can be divided into optoelectronic products and ICT products. In particular, most optoelectronic products were LED components, outdoor lighting and automotive electronics, while most ICT products were cloud computing, power supply, computer peripherals, and AIoT products. Hence, the industry overview is described as follows with respect to these product categories.

(1) Optoelectronics - LED

Light-emitting diodes (LEDs) are being used in more and more places over the last few years. Since 2000, improved brightness and efficiency of high brightness LED led to widespread use of white light LEDs for screen or keyboard backlighting in portable products (e.g. laptops and mobile phones) and LCD displays. Growth of the portable product market makes portable products the largest market for LED applications and contributes to the forward momentum in the LED market. LITEON started manufacturing LEDs in 1975. LITEON's line of optoelectronic semiconductors contains visible and invisible LED components as well as outdoor lighting modules.

The range of LED components covers a full line of visible and invisible LED products. 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 satisfy needs ranging from spot, line, to area lighting. They can also be found in IT products, consumer electronics and various other areas and are widely used by leading brands in the market. High performance, energy efficient UV LED applied in medical disinfectants have been developed in recent years for special lighting use in various lighting products. Invisible LED products cover ambient light sensors, high speed photocouplers, optical encoders, and infrared components, widely used in power supply, touchscreens, high-resolution printers, industrial automation, high speed optical transmission, biometric recognition, and base stations by leading brands. Meanwhile, outdoor lighting modules encompass street lamps, signal lights and other outdoor lighting applications. LITEON products can be found worldwide as the company is the LED street lamp supplier with the largest market share in North America and in Taiwan. Automotive lighting and other high efficiency LED products have been delivering excellence results in recent years. The list of customers includes top brands in Europe and the Americas.

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 servers, computers, mobile phones, game consoles, smart devices, security products, industrial automation, automotive lighting, digital signages, traffic lights, street lamps, and household applications.

(2) ICT 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. AC/DC consists of SPS, adapter, and open frame. 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 International Enterprise in 2007. Now more than 20% of the power supply manufactured are high-end power management systems used in network communication, servers and other high-end enterprise cloud computing products. Given slowing growth in the PC market, LITEON will continue to explore opportunities in consumer electronics, high-end network communication and servers and other non-PC power supply markets. With fast rising demand in handset electronic devices and in the cloud computing industry, the company develops power sources specifically for mobile phones and tablets, such as wireless chargers and quick chargers as well as high-end network communication server power management systems to enhance the product portfolio. LITEON will start exploring opportunities in special industry grade power systems and positioning itself as a provider of 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 the local supply, 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) Optoelectronics - 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 in-vehicle 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 and established a leading position in both visible and invisible LED markets. LITEON's ongoing investment in optoelectronics in the future will include R&D plans for ceramic packaging with lenses, AC LED lighting, high efficiency multichip packaging, high reliability LED lighting components, low heat resistant packaging, smart lighting, photocouplers, IR LED components for biometric uses, and LED environmental sensors.

(2) ICT 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. LITEON has introduced high density network communication power supply units. The company continues to expand the product line. 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. The development of power supply products will move in the direction of high density power supply for cloud equipment and high efficiency power supply for data centers. Regarding power supply for servers and network communication products, the increasing demand for cloud database is leading to more rigorous requirements for high efficiency power supply systems. 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.
ICT products- power supply units	Delta Electronics, AcBel Polytech, Chicony Electronics, 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	2019	2020	2021 (as of 2021/2/28)(Note)
Research and development expenses	6,083,478	5,048,883	822,217
As a % of total revenue	3.42%	3.21%	3.36%

(Note) The figures for 2021 are unaudited.

5.1.3.2 R&D Accomplishments in 2020

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

A number of high-performance power conversion technologies and products were developed. For example:

- (1) Development of power supply for Gaming PC which meets the latest engnery standard E-star 8.0 CEC and latest Intel guideline.
- (2) Design and develoment 60w high power density adapter, implement new topology circuit substitute for Flyback circuit and with GaN MosFET, achieving the efficiency 92.7%, power density 13.5 W/in³.
- (3) Miniaturized Power Delivery 65W mainstream adapter, the appearance from Brick type 130cc to Small size 89cc, which reduces the dimension volume of existing 31% and achieved efficiency 90.6%.
- (4) Miniaturization 330W high power desnsity external power supply: PFC circuitry topology design enhancement , and with resonant circuit,achieved efficiency 92%. The product appearance dimension volume from 860cc to 566cc, which reduces the dimension volume of existing 34%.
- (5) Internal 500W PSU for the Surface Hub 2S: complete developing internal power supply for Microsoft Surface Hub 2S series 50"and 85".
- (6) Successfully utilized waterproof technique which develop new power supply product for electric vehicles, medical air purifier and weeder.
- (7) Carrying power is to increase 15% and volume decrease 20% for the Stepped Air-gap magnetic design.
- (8) Power Shelf solutions with ATS & BBU built-in for system Rack level power supply are in mass production.
- (9) New Magnetic designs through simulation tools improve efficiency without adding cost have been used on projects for improving efficiency and saving space.
- (10) Efficiency (>97.5%) design is ready and can be use in Data Center to improve PUE.
- (11) Many Slim type projects (1500W/2000W/2400W) for Data Center Networking applications are ready to ship.
- (12) Power supplies meeting wide-range temperature (-40C~70C) for 5G application are ready for customer test.
- (13) High power density (73W/in³) >2000W power supply is ready for enterprise customer.
- (14) 30kW wide-range DC charging power module – Adoption of a new circuit topology results in a 50% increase in power density compared to the previous generation.
- (15) 2.5kW 48V-12V bi-directional DC converter for mild hybrid EV with peak efficiency approaching 98%, passed ARTC environmental and durable tests, and automotive EMC tests (CISPR 25 and ISO 7637).
- (16) 6.6kW OBC and 2.5kW APM 2-in-1 power module for 400V EV power applications.
- (17) Parallel control algorithm of N+1 battery modules.
- (18) High-efficiency 44-60V_{DC} /60W multi-output power module used for energy storage system.

Optoelectronic semiconductors components and their component modules

Products are dedicated to the development of miniaturized component packaging, integral optoelectronic semiconductors 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 keep expand the portfolios of high-speed optocouplers; IPM and IGBT gate driver for the industrial 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 (CSP) with unique structure for adjustable 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 and the function of colorful white light to meet customer's requirement by improving the efficiency of the mass production and saving cost. The function of colorful white light has also developed a unique phosphor technology to customize the special light spectrum.
- (4) UV-LEDs product portfolios are diversification with various power consumption. With unique packaging technology, it not only provides excellent moisture protection but also an excellent lifetime for various applications. After testing by a third-party laboratory, products achieve IP58 with waterproof and dustproof; and 99.99% sterilization rate certification specifications.
- (5) Developed a series high-efficiency & accuracy IR-LEDs with mechanism design can optimize and enhance security and biometric products performances.
- (6) Complete the development of miniaturization sensors: By optimizing both the IC design and semiconductor packaging and testing technology not only improves the efficiency of sensors but also reduces the size by one-third to meet the application of TWS.
- (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) Developed an advanced product platform, an industry-leading and ultra-thin side-mounted RGB LEDs with AEC-Q102 certificate which is latest standard for automotive LEDs, for automotive interior lighting. The LED can be easily applied in tight spaces to match customers' stylish design to create uniform and colorful ambient lighting.
- (10) Different from traditional exterior lighting LED technology with thick structure, we built the advanced and thin LED product with latest and strict AEC-Q102 qualification to support automotive exterior lighting. The LED can perform solid with small footprint even it is operated at very high temperature reaching 150°C. With the only half of the package size than conventional LEDs, it can be beneficial for customers to design more integrated, compact, and streamlined exterior lamps.
- (11) 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) In terms of LED outdoor lighting products, stay on top of current market trends and complete product development, integrate materials and optical related technologies, and lead the launch of low-glare and high-efficiency lighting products (corresponding patent portfolio) to meet the North American market human factors lighting demand.
- (2) For the external SPS products, in response to the specific needs of the Taiwan market, the organization and the related technology of optical lenses have been integrated to develop lightweight and high-efficiency luminaire, which comply with CNS regulations and can meet the market demand for traditional luminaire replacement.
- (3) In terms of smart lighting systems, the integration of smart light pole design and the introduction of various sensors and interactive display devices can be optimized for multiple conditions such as communication, energy saving, air quality, and transportation to meet customer needs.

Image input/output

- (1) New A3 duplex scanner project, it is the first A3 product officially launched made by LITEON image product team. This product mass production will start from Q2 of 2021. This product innovation is planning to take this scanner not only to build mono A3 AIO model in China market but also some color and mono middle level of AIO models for same market after 2021 Q2.
- (2) We are now developing a high-end sheet-feed scanner with customer. The main customer base of this high-end sheet-feed scanner will be focused on government, education units, and financial institutions. China is promoting China-Localization printers, scanners and multi-function printers. Currently the model will be mass-produced in 2021 Q2.
- (3) We have launched a new generation Printer/MFP with customer in 2019 Q3. Based on the cost-effective model, customer created a new series of models for China local government, education units, and financial institutions based on LTC made commercial scanners hardware. With 2019 scanner architecture, by co-working with customer, LTC scanner could be extended to double amount.

Human input solutions

Input devices refer to accessories such as desktop keyboards, keypads, keyboard modules for laptops, mouse, and intelligent remote controls. In the desktop keyboard category, LITEON produced conventional as well as Bluetooth keyboards and gaming mouse that featured new mechanisms and materials. In the development of new products, the company continued to work on multi-mode wireless transmission technology, wireless low-power consumption mouse and for laptop keyboard modules portion that with new ultra-slim, ultra-light mechanisms and cross-field materials innovation, ultra-slim laptop keyboard, ultra-light laptop keyboard, anti-noise laptop keyboard, gaming laptop keyboard, high-end gaming optical switch laptop keyboard, water-proof & anti-dust Robust laptop keyboard, Radiofrequency (RF) pass-through laptop keyboard, touch function integration laptop keyboard, Multi-function integration laptop click pad. The above technologies have related patent layouts and devices including high-end Bluetooth tablet keyboard, backlight module, and multi-touch keyboard and mouse.

Enclosures

- (1) For enterprise server enclosures, we have completed the joining development with customers on latest generation Whitley platform models and they are ready for mass production now. And with leading cost competitiveness and design service, we also have acquired the collaborative development priority of main customer's next generation Eagle Stream platform models.
- (2) In response to the needs of North American data center customers, we started to establish non-Chinese production options. The NCT storage chassis and EIA 45U rack cabinet products have completed the development and validation, will plan to complete the manufacture line approval in this year.
- (3) Deepen collaborative development with domestic leading gaming brand on the next generation high-end gaming chassis.
- (4) Completed the new generation HDD carrier automatic assembly line development. It has accomplished mixed line production capability by flexibility from adjustable process, and it can achieve great reduce on automation implement cost for new models. And will continue to develop the Level 3 chassis automatic assembly line.

Networking

LITEON is one of the leading suppliers of design and manufacturing in the ethernet market. The company is dedicated primarily to development of wired and wireless network products and solutions as well as high performance data center and enterprise network applications.

By supplying the latest communication technologies and the best high performance products and added values, LITEON will continue to invest in R&D in the network market that will give customers the best network products and the latest network technologies, products, and solutions.

- (1) Enterprise grade Wi-Fi 6 ready ethernet switch: Developed a 48-port enterprise network switch containing 8 ports 2.5G and supporting 90W PoE.
- (2) Cloud Firewall/SDWAN: Developed entry and enterprise level firewall and SDWAN products.
- (3) Time synchronization technology: Complete the research and evaluation of 1588 time synchronization which will help the development of future 5G switches.

System solutions

Under the trend of AI, the demand for high-speed computing are risen. Traditional computing methods on past are no longer meet user requirement. In this kind of high-performance architecture, a highly efficient thermal system has emerged. A good efficient thermal system can improve computing ability of HPC, beside that it will extend the life of the product as well. Therefore, our team has invested massive man resources in the development of heat dissipation capabilities, this time Fanless Thermal Module was implemented on high-speed computing graphic card, and the waste heat is removed through fan from the server system's itself. The application of fanless thermal system on a system server with GPU cards up to 10 pcs not only effective to reduce the system cost, but also can achieve energy saving and carbon reduction effects. At present, this system has been recognized by our HPC customer JointMind and is expected to be produced around April 2021.

Automotive electronics

- (1) In the field of automotive lighting modules, continue to cooperate with global headlight manufacturers to develop LED intelligent headlight control modules. Summarize the design style and material selection of the heat sink from the case of the car maker's personalized styling, integrating the alignment requirements of multiple mechanical parts in the assembly and consider the supplier's quality control ability, so as to meet the customer's finished product requirements, and do proper quality control. At the same time, the control measures for heat dissipation requirements have been introduced in the production line, and the customer's approval for this measure has been obtained. Regarding the requirements for multi-style light and communication testing of intelligent headlamps, a new generation of measurement system has been introduced on the premise of take into account development costs and measurement working hours, and has been extended to multiple similar models, and upgrade LITEON competitiveness to obtain new cases.
- (2) In the field of automotive visual safety, one 2-megapixel image sensor module for vehicle interiors combined with infrared light sources is used to enhance the safety of vehicle interior drivers and passengers. The newly designed infrared megapixel image sensor module in the interior of the car has also been adopted by world-leading self-driving car brand manufacturers and is expected to be mass-produced in the second quarter of 2021.

Storage

- (1) Big data storage equipment: With the advent of the era of big data and data analytics, developed customized big data storage equipment with the BD archiving framework.
- (2) Low-power external Optical Disc Drive: To compliance with limited power source of USB Port from Microsoft Surface Pro and Chromebook, developed low-power consumption with stable performance ODD for tablet customers.

Internet Communication Module

- (1) NB-IoT wireless communication module: Develop and mass-produce a narrowband IoT module that conforms to the 3GPP standard protocol R14 version technology; also implement FOTA function (firmware over the air) for remote updates firmware.

To fulfill customer's product application need, implemented new functions such as MQTT TLS Security communication protocol and Socket Server; in terms of collaboration with telecom operators, the SoftSIM software technology has been realized & pass interoperability testing which qualified by telecom operator.
- (2) SigFox wireless communication module: In addition to the existing RC1~RC6 certified module, add RC7 (Russian region) into support list country by software upgrades and pass RC7 SigFox Verified certification, cooperation with system integrator partner, we succeed adapted Sigfox module into gas meters, water meters, asset tracker and other fields. With SigFox base stations deployed in various countries around the world, client devices can easily upload Device data to the SigFox cloud system and realize Global One Network communication with cross-region roaming.

- (3) 802.11ah (Wi-Fi Halow™) wireless communication module: develop Wi-Fi Halow™ communication module which compliant with Wi-Fi Alliance® IEEE802.11ah technology, 802.11ah communication technology is benefit for WIFI CERTIFIED™ products to achieve longer communication distances with lower power consumption, it makes up the disadvantage of transmission distance and mobility of 802.11ac and 802.11ad. In addition to the existing module, develop 802.11ah USB Dongle, assist system customers can easy implement 802.11ah communication into existing product with minimize effort by software upgrade, good for customer's product extend new feature for value add.
- (4) System on module (S.O.M): Aiming at the application fields of smart speakers and soundbar products, develop AI voice embedded S.O.M (system on module) so that customers can leverage S.O.M design to short system design cycle and faster validation with less resource, benefit for product launch on time delivery.

Smart Connected Solution

- (1) In the IoT product category, an IoT smart gateway has been developed. The gateway combines various wireless technologies and highly integrates all the protocols that makes all the local IoT devices connect to the cloud service seamlessly. It is the bridge of the cloud to collect all kinds of IoT data and control IoT devices in different design. The IoT smart gateway is the key component in the smart home and smart office product line.
- (2) In Tracker category, we work closely with top technology providers to design and develop a various of low-power long-range trackers. This series of tracking devices provide users with a diverse product portfolio in personnel positioning, asset tracking, and logistics management. For the blooming VR/AR market, a new portable human action tracker has been launched. It integrates several motion sensors. With its high-performance computing power and leading motion algorithms, the data can be transformed into the information stream for VR/AR applications. This product has adopted by world leading VR headset brand and provides the user an amazing VR gaming and VR society experience.

Intelligent Surveillance System Products

- (1) Professional high-tech network surveillance camera: to offer customer highly customized or professional cameras with special features such as long-distance night-vision, 3x optic zoom, ultra-high resolution, waterproof, vandal-proof and anti-dropping and non-stopping stable HD video in Cloud-industry.
- (2) Smart Home WIFI Camera: In Home System Application market, LITEON is more focusing on WIFI Network user-experiences. With LITEON's experienced WIFI-technology team and Surveillance R&D team, LITEON can provide all kinds of home surveillance system with intelligent image analysis function. Focusing on human detection or transportation application, all cameras are capable of 2-way audio function. Users can have 2-way communication when emergency.
- (3) Video conference camera: Due to the COVID-19 to limit the air traffic for business activities, all business or social life turns to be online instead of faces to face. Thus, demands of video conference is increasing strongly day by day. Now, with experiences image technology, LITEON is able to extend the image quality from 720p to 1080p and even 4k/2k extra high-definition cameras.

5.1.3.3 Future R&D Plans

The company and its subsidiaries plan to hold the R&D budget steady at 3% of the revenue. 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

LITEON is a global leading manufacturer of optoelectronic parts and components. In particular, main products including optoelectronic products and ICT products accounted for more than 90% of LITEON's revenue in 2020. The distribution regions are shown by product as follows:

Unit: NTD '000, %

Region/Year		2020	
		Sales	Percentage (%)
Domestic Sales		2,129,198	1.35
Exports	Americas	27,944,345	17.78
	Europe	17,328,093	11.03
	Asia	109,456,048	69.66
	Other	275,939	0.18
Total		157,133,623	100.00

2. Market shares

The market shares for LITEON's main products are as follows:

Main product	Global market share in 2020 (%)
Optoelectronics products - LED	6%
ICT products - power supply	12%

3. Future market supply and demand and growth potential

Based on reports from the Photonics Industry & Technology Development Association 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 2021	Estimated CAGR (%) in upcoming 2 to 3 years
Optoelectronics - LED	approx. US\$ 15.8 bn	4%~5%
ICT products - Power supply	approx. US\$ 16.4 bn	~1%

(1) Optoelectronics products - LED supply and demand

The COVID-19 pandemic had an impact on the entire LED industry in 2020. While demand fell, LITEON's optoelectronics products nevertheless delivered good results in invisible LED, including infrared LED and UV LED, and photocouplers and other special LED applications. Hence, the optoelectronics business segment as a whole managed to maintain stable growth.

In lighting applications, commercial and outdoor landscape lighting dropped drastically in 2020 due to the pandemic. Vehicle lighting also fell significantly. Lighting applications and vehicle lighting are expected to recover in 2021 as the pandemic eases. The invisible LED market will also manage to maintain an upward trend. Looking forward to 2021, research institutes expect demand to bottom out and the LED industry as a whole to reclaim positive yearly growth as the rollout of vaccine.

(2) ICT products - supply and demand of power supply

According to an IDC report, the COVID-19 pandemic wreaked havoc on supply and demand in the global end user computing market in 2020. After the challenges of falling demand and supply chain chaos in Q1 and working from home and online learning in Q2, PC shipments in the global PC market achieved a 13.1% annual growth in 2020. Looking forward to 2021, IDC expects the PC market to resume a long-term downward trend.

Driven by cloud computing and large-scale data centers, power supply units for servers and networking products will continue to fuel the demand for high-end power supply units. Consumer electronics such as smartphones, game consoles, and AI smart home devices are also expected to drive the demand for power supply units in the market.

4. Favorable and unfavorable factors to long-term development and countermeasures:

(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 servers, Cloud Computing and Data Centers, AIoT, Smart Devices, optoelectronics, automotive 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

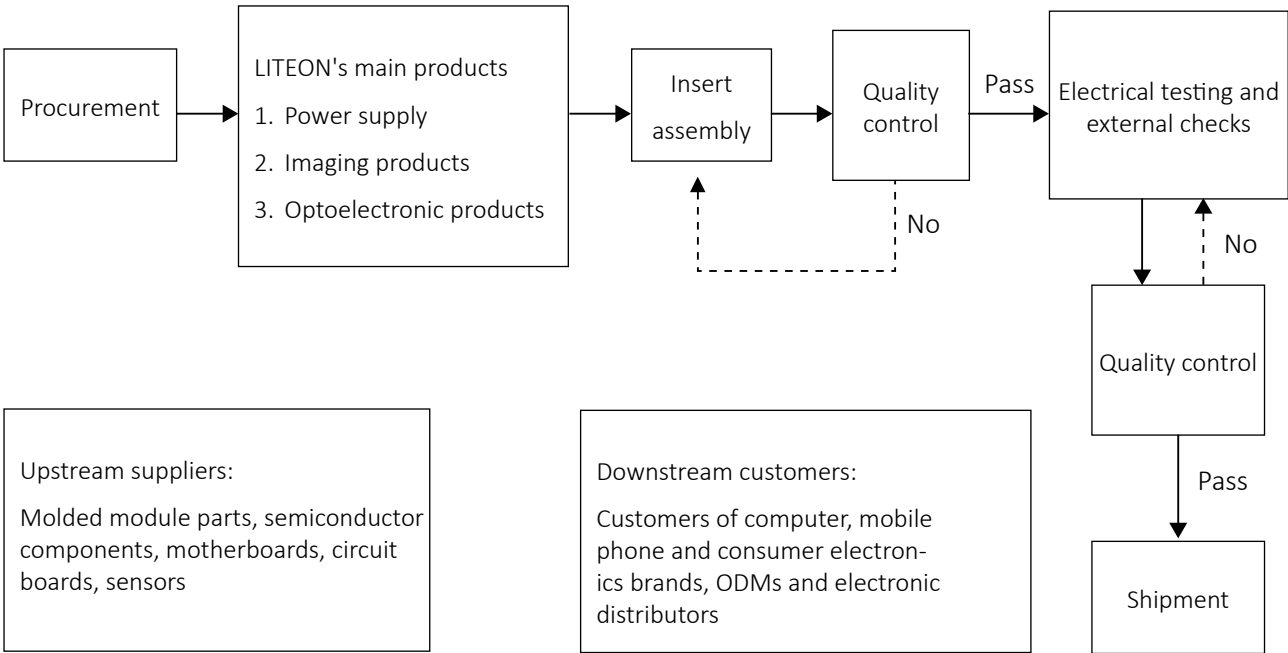
Unfavorable factor	Countermeasure
Impact of changes in global economic outlook	Find new customers, develop new products, and increase technical capabilities to counter changes in the global economic outlook.
Impact of exchange rate changes on profit	A complete set of foreign exchange hedging measures 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
Optoelectronics products - LED	Communication network applications and products, computers and peripherals, consumer electronics, automated equipment, health care products, LED lighting, traffic lights and industrial indicator lights, optoelectronic switches, indoor/outdoor display panels, automotive panels, stereos, automotive lamps, and wireless data transmission products.
ICT products - power supply	Power supply in corporate and personal computers, communications, network communications, servers, gaming PC, game consoles and automated facilities.

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	2020				2019			
	Company	Amount	% of Net Sales	Relation with Issuer	Company	Amount	% of Net Sales	Relation with Issuer
1	Customer A	16,596,257	10.56	Third Party	None	-	-	-
2	Others	140,537,366	89.44	-	Others	177,954,166	100.00	-
	Net Sales	157,133,623	100.00		Net Sales	177,954,166	100.00	

Note 1: No single customer contributed 10% or more of the Company's net sales in 2019.

Note 2: There was a major customer accounted for more than 10% of its net sales mainly due to lower consolidated revenue in 2020.

5.2.5 Production in the Last Two Years

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

Output Year		2020			2019		
		Capacity	Output	Amount	Capacity	Output	Amount
Major Products							
Optoelectronics		27,338,576	25,077,548	31,894,576	25,235,674	22,304,866	30,308,518
Information and Communication Technologies		1,097,527	808,316	123,756,756	1,672,781	1,227,682	143,092,354
Others		160,898	116,168	1,927,589	279,515	271,399	4,228,233
Total		28,597,001	26,002,032	157,578,921	27,187,970	23,803,947	177,629,105

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 Year		2020				2019			
		Local		Export		Local		Export	
		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Major Products									
Optoelectronics		1,975	283,499	20,719,188	30,175,009	2,561	342,147	18,512,096	30,247,628
Information and Communication Technologies		4,001	1,052,741	319,407	119,651,334	3,663	1,090,836	349,206	139,595,937
Others		4,329	792,958	2,726,800	5,178,082	3,834	487,911	5,286,390	6,189,707
Total		10,305	2,129,198	23,765,395	155,004,425	10,058	1,920,894	24,147,692	176,033,272

5.3 Human Resources

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

As of February 28, 2021

Year		2019	2020	2021 (as of Feb 28)
Number of employees	Managers/Professionals/Clerical	12,071	11,991	12,095
	Technician/Operator	26,605	24,355	24,755
	Total	38,676	36,346	36,850
Average Age		31.0	31.4	32.2
Average Years of Service		4.1	4.3	4.3
Education	Ph.D.	0.2%	0.2%	0.2%
	Masters	5.2%	4.7%	4.6%
	Bachelor's Degree	22.9%	23.2%	22.9%
	Senior High School	18.0%	17.6%	17.2%
	Below Senior High School	53.7%	54.3%	55.1%

Note: The above information does not include outsourcing labor.

5.4 Environmental Protection Expenditure

5.4.1 Loss due to environmental pollution in 2020 up to publication date in 2021:

In the last year and as of the date of publication, no loss 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 influence on the environment in the enterprise 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 work environment of "dedication, excellence, innovation, and growth". 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) An employee remuneration system is in place for the company to share its success with its employees.
- (2) The Employee Welfare Committee has been established according to the law for the purpose of working to enhance employee benefits and emergency assistance programs.
- (3) The group insurance plan provides an additional layer of protection for employees.
- (4) Worker safety, environmental protection, and health and safety education are part of the on-the-job training.
- (5) 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.
- (6) An annual allowance for incentive trips and support for employees to form different social clubs are available to encourage a work-life balance.
- (7) An continuing education allowance is available every year to encourage employees to seek self-improvement and upgrade skills in all areas of life.
- (8) The Employee Assistance Programs offers counseling as well as mental health, business administration, legal, health care, and finance advice.
- (9) The Health and Charity campaign continues to help employees get fit. The campaign turns weight loss results into real benefits to invest in public welfare activities.
- (10) Health-, management-, or charity-themed seminars are organized every year for employees to expand their horizons outside work.

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

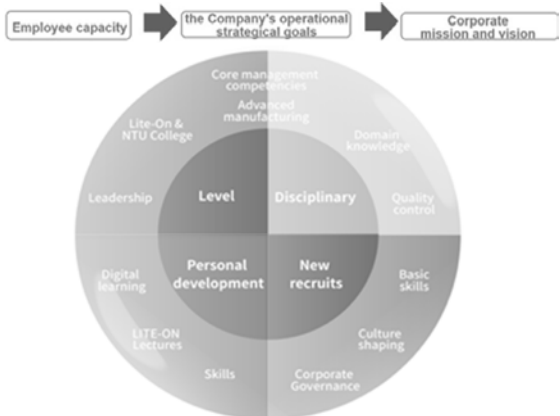
LITEON's learning structure is founded on the organization's strategy, vision and values. Through comprehensive curriculum planning, 12 modules of learning roadmaps have been established and based on new employee orientation, specialized training, strata training, and self-development.



LITEON training's 12 modules include:

- Designed with new employees in mind, modules in: Basic skills; Culture shaping; and Corporate governance.
- Emphasizing employees' self-learning, modules for: Digital learning; LITEON Lectures; and Skill set.
- Enhancing professional competencies with modules about: Domain knowledge; Core management competencies; and Quality management.
- Modules designed for management in: NTU college program; Leadership; and Advanced Manufacturing (AMFG).

These allows employees at every level to set goals for self-development. Through positive training cycles, organizational capacity is increased. The Company's operational goals are furthermore achieved, thus realizing LITEON's mission and vision for sustainable operations.



LITEON training's 12 modules

(3) Training implementation

- In 2020, LITEON Group delivered 777,736 hours of training. On average, each employee attended 21.4hours. RBA code of conduct course in 2020

Locations	Total of attendees	Percentage of total employee	Total training hours
Taiwan	3,442	93.6%	7,426
Mainland China	27,718	97.9%	135,452
Thailand	1,376	64.8%	7,287
Vietnam	1,174	97.3%	587
India	179	73.1%	400
Other overseas	283	36.3%	174
Total	34,172	94.0%	151,326

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 2020

Locations	Total of attendees	Percentage of total employee	Total training hours
Taiwan	3,299	89.7%	3,516
Mainland China	25,127	88.8%	65,115
Thailand	124	5.8%	1,300
Vietnam	1,174	97.3%	587
India	0	0.0%	0
Other overseas	192	24.6%	384
Total	29,916	82.3%	70,902

- Accumulated training expenses in 2020 were NT\$ 81.1 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\$ 990 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 Group has created the Employee Welfare Committee, the Pension Supervision Commission, and the Safety and Health Committee 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 the internal publication, "LITEON Magazine", as well as 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 past two years and as of the date of this annual report, there have been no losses resulting from labor disputes.

5.6 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 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 and casing, optical disc drive 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

Year		Financial Summary for The Last Five Years (Note 1)				
		2016	2017	2018	2019	2020
Current assets		157,924,039	145,063,307	157,984,918	146,852,680	140,583,805
Property, Plant and Equipment		27,826,214	22,490,411	20,484,992	19,171,374	18,389,054
Intangible assets		15,209,734	9,828,658	5,914,084	5,947,819	4,840,696
Other assets		9,896,801	12,613,381	12,752,075	14,660,630	12,253,682
Total assets		210,856,788	189,995,757	197,136,069	186,632,503	176,067,237
Current liabilities	Before distribution	116,321,118	114,596,707	120,612,081	109,397,843	99,599,336
	After distribution	123,185,650	121,461,238	127,476,613	116,919,139	(Note 2)
Non-current liabilities		15,255,234	1,631,621	1,845,587	2,593,270	2,326,387
Total liabilities	Before distribution	131,576,352	116,228,328	122,457,668	111,991,113	101,925,723
	After distribution	138,440,884	123,092,859	129,322,200	119,512,409	(Note 2)
Equity attributable to owners of the parent company		75,931,535	70,511,478	71,323,756	72,459,775	73,589,675
Share Capital		23,508,670	23,508,670	23,508,670	23,508,670	23,508,670
Capital surplus	Before distribution	27,497,719	27,575,950	21,745,417	21,819,350	21,613,574
	After distribution	27,497,719	21,675,274	21,745,417	21,819,350	(Note 2)
Retained earnings	Before distribution	27,496,140	23,219,598	30,545,001	33,120,165	35,547,654
	After distribution	20,631,608	22,255,743	23,680,469	25,598,869	(Note 2)
Other equity		(1,322,272)	(2,544,018)	(3,226,610)	(4,717,096)	(5,808,909)
Treasury shares		(1,248,722)	(1,248,722)	(1,248,722)	(1,271,314)	(1,271,314)
Non-controlling interests		3,348,901	3,255,951	3,354,645	2,181,615	551,839
Total equity	Before distribution	79,280,436	73,767,429	74,678,401	74,641,390	74,141,514
	After distribution	72,415,904	66,902,898	67,813,869	67,120,094	(Note 2)

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

Note 2: The appropriation amount for 2020 still has to be approved at the AGM.

6.1.1.2 Condensed Statement of Comprehensive Income (Consolidated)

Unit: NT\$ thousands (Except EPS: NT\$)

Year Item	Financial Summary for The Last Five Years(Note 1)				
	2016	2017	2018	2019	2020
Operating Revenue	229,571,758	214,564,322	207,109,088	177,954,166	157,133,623
Gross Profit	31,258,268	27,709,817	27,102,249	27,337,664	27,383,699
Operating Income	12,709,260	8,343,964	7,485,813	9,345,222	10,206,194
Non-operating Income and Expenses	(66,233)	(4,972,370)	3,298,308	3,018,616	2,395,727
Profit Before Income Tax	12,643,027	3,371,594	10,784,121	12,363,838	12,601,921
Net Profit	9,372,564	2,631,131	7,967,084	9,405,517	9,829,204
Other Comprehensive Income (Loss) for the period, Net of Income Tax	(4,785,986)	(1,312,761)	(348,578)	(1,432,532)	(1,386,601)
Total Comprehensive Income	4,586,578	1,318,370	7,618,506	7,972,985	8,442,603
Net Profit Attributable to Owners of the Parent Company	9,416,351	2,629,334	7,956,838	9,374,899	10,016,038
Net Income (Loss) Attributable to Non-controlling Interests	(43,787)	1,797	10,246	30,618	(186,834)
Total Comprehensive Income Attributable to Owners of the Parent Company	4,845,911	1,366,244	7,602,588	7,973,221	8,668,264
Total Comprehensive Income Attributable to Non-controlling Interests	(259,333)	(47,874)	15,918	(236)	(225,661)
Earnings Per Share(Note 2)	4.05	1.13	3.42	4.03	4.31

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 Item		Financial Summary for The Last Five Years(Note 1)				
		2016	2017	2018	2019	2020
Current assets		60,508,979	56,494,254	58,140,030	49,081,132	44,377,741
Property, Plant and Equipment		6,425,996	6,654,089	7,640,678	7,885,540	8,240,165
Intangible assets		6,177,890	5,995,675	5,496,986	5,528,836	4,748,110
Other assets		82,889,824	69,604,651	78,236,087	83,518,030	86,092,633
Total assets		156,002,689	138,748,669	149,513,781	146,013,538	143,458,649
Current liabilities	Before distribution	69,926,269	66,901,647	76,696,521	71,902,318	68,217,947
	After distribution	76,790,801	73,766,178	83,561,053	79,423,614	(Note 2)
Non-current liabilities		10,144,885	1,335,544	1,493,504	1,651,445	1,651,027
Total liabilities	Before distribution	80,071,154	68,237,191	78,190,025	73,553,763	69,868,974
	After distribution	86,935,686	75,101,722	85,054,557	81,075,059	(Note 2)
Total equity		75,931,535	70,511,478	71,323,756	72,459,775	73,589,675
Share Capital		23,508,670	23,508,670	23,508,670	23,508,670	23,508,670
Capital surplus	Before distribution	27,497,719	27,575,950	21,745,417	21,819,350	21,613,574
	After distribution	27,497,719	21,675,274	21,745,417	21,819,350	(Note 2)
Retained earnings	Before distribution	27,496,140	23,219,598	30,545,001	33,120,165	35,547,654
	After distribution	20,631,608	22,255,743	23,680,469	25,598,869	(Note 2)
Other equity		(1,322,272)	(2,544,018)	(3,226,610)	(4,717,096)	(5,808,909)
Treasury share		(1,248,722)	(1,248,722)	(1,248,722)	(1,271,314)	(1,271,314)
Total equity	Before distribution	75,931,535	70,511,478	71,323,756	72,459,775	73,589,675
	After distribution	69,067,003	63,646,947	64,459,224	64,938,479	(Note 2)

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

Note 2: The appropriation amount for 2020 still has to be approved at the AGM.

6.1.1.4 Condensed Statement of Comprehensive Income (Standalone)

Unit: NT\$ thousands (Except EPS: NT\$)

Item \ Year	Financial Summary for The Last Five Years(Note 1)				
	2016	2017	2018	2019	2020
Operating Revenue	148,726,192	139,242,604	137,169,390	120,871,430	99,553,624
Gross Profit	15,454,669	14,878,079	12,248,189	13,137,573	12,745,111
Operating Income	4,985,008	3,430,505	835,868	2,537,949	3,370,419
Non-operating Income and Expenses	5,999,090	(2,010,899)	7,793,329	8,021,488	8,002,637
Profit before Income Tax	10,984,098	1,419,606	8,629,197	10,559,437	11,373,056
Net Profit	9,416,351	2,629,334	7,956,838	9,374,899	10,016,038
Other Comprehensive Income (Loss) for the period, Net of Income Tax	(4,573,760)	(1,263,090)	(354,250)	(1,401,678)	(1,347,774)
Total Comprehensive Income	4,842,591	1,366,244	7,602,588	7,973,221	8,668,264
Earnings Per Share (Note 2)	4.05	1.13	3.42	4.03	4.31

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 2016 to 2020

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

Year	CPA firm	Name of CPA	Audit Opinion
2016	Deloitte & Touche	Jr-Shian Ke, Ching-Fu Chang	An Unqualified Opinion
2017	Deloitte & Touche	Meng-Chieh Chiu, Cheng-Tsai Tsai	An Unqualified Opinion
2018	Deloitte & Touche	Meng-Chieh Chiu, Cheng-Tsai Tsai	An Unqualified Opinion
2019	Deloitte & Touche	Cheng-Tsai Tsai, Meng-Chieh Chiu	An Unqualified Opinion
2020	Deloitte & Touche	Meng-Chieh Chiu, Cheng-Tsai Tsai	An Unqualified Opinion

(2) The reasons and explanations for replacement of the certified public accountant:

The original CPAs of the Company were Jr-Shian Ke and Ching-Fu Chang. Due to relevant regulatory requirements on rotation at Deloitte & Touche, the CPAs of the Company were changed to Meng-Chieh Chiu and Cheng-Tsai Tsai, beginning from October 1, 2017.

6.2 Five-Year Financial Analysis

6.2.1 Consolidated Financial Analysis

Item \ Year		Financial Analysis for the Last Five Years (Note 1)				
		2016	2017	2018	2019	2020
Financial structure (%)	Debt Ratio	62.40	61.17	62.12	60.01	57.89
	Ratio of long-term capital to property, plant and equipment	339.74	335.25	373.56	402.86	415.83
Solvency (%)	Current ratio	135.77	126.59	130.99	134.24	141.15
	Quick ratio	111.10	99.78	103.38	111.51	114.86
	Interest earned ratio (times)	23.71	6.58	13.32	15.65	36.86
Operating performance	Trade receivable turnover (times)	4.09	3.75	4.17	4.19	4.18
	Average collection period	89.24	97.33	87.52	87.11	87.32
	Inventory turnover (times)	6.61	6.22	5.48	5.06	5.04
	Trade payable turnover (times)	3.19	3.06	3.27	3.07	2.95
	Average days in sales	55.21	58.68	66.60	72.13	72.42
	Property, plant and equipment turnover (times)	8.25	8.53	9.64	8.97	8.37
	Total assets turnover (times)	1.09	1.07	1.07	0.93	0.87
Profitability	Return on total assets (%)	4.68	1.56	4.48	5.24	5.57
	Return on stockholders' equity (%) (Note2)	12.40	3.59	11.22	13.04	13.72
	Pre-tax income to paid-in capital (%)	53.78	14.34	45.87	52.59	53.61
	Profit ratio (%)	4.08	1.23	3.85	5.29	6.26
	Earnings per share (NT\$) (Note3)	4.05	1.13	3.42	4.03	4.31
Cash flow	Cash flow ratio (%)	12.48	9.73	11.18	18.06	17.63
	Cash flow adequacy ratio (%)	115.35	110.93	103.32	121.73	119.48
	Cash reinvestment ratio (%)	7.44	3.82	6.11	11.88	9.33
Leverage	Operating leverage	1.54	1.73	1.67	1.49	1.40
	Financial leverage	1.05	1.08	1.13	1.10	1.04

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 decrease in borrowings and interest rate, the finance costs decreased this year.

(2) Decrease in Cash reinvestment ratio: Due to the decrease in net cash generated from operating activities.

6.2.2 Stand-Alone Financial Analysis

Item \ Year		Financial Analysis for the Last Five Years (Note 1)				
		2016	2017	2018	2019	2020
Financial structure (%)	Debt Ratio	51.33	49.18	52.30	50.37	48.70
	Ratio of long-term capital to property, plant and equipment	1,339.50	1,079.74	953.02	939.84	913.10
Solvency	Current ratio (%)	86.53	84.44	75.81	68.26	65.05
	Quick ratio (%)	72.89	71.96	62.39	57.99	55.79
	Interest earned ratio (times)	36.65	4.67	20.14	23.86	58.45
Operating performance	Trade receivables turnover (times)	3.95	3.38	3.48	3.47	3.30
	Average collection period	92.40	107.98	104.88	105.18	110.60
	Inventory turnover (times)	12.23	13.47	13.29	12.29	12.80
	Trade payables turnover (times)	3.96	3.29	3.23	2.82	2.64
	Average days in sales	29.84	27.09	27.46	29.69	28.51
	Property, plant and equipment turnover (times)	23.14	21.29	19.19	15.57	12.35
	Total assets turnover (times)	0.95	0.94	0.95	0.82	0.69
Profitability	Return on total assets (%)	6.39	2.00	5.77	6.59	7.03
	Return on stockholders' equity (%)	12.40	3.59	11.22	13.04	13.72
	Pre-tax income to paid-in capital (%)	46.72	6.04	36.71	44.92	48.38
	Profit ratio (%)	6.33	1.89	5.80	7.76	10.06
	Earnings per share (NT\$) (Note 2)	4.05	1.13	3.42	4.03	4.31
Cash flow	Cash flow ratio (%)	18.20	3.69	11.24	10.01	7.81
	Cash flow adequacy ratio (%)	75.77	73.22	78.47	93.06	89.79
	Cash reinvestment ratio (%)	8.85	-6.06	2.37	0.45	-2.89
Leverage	Operating leverage	1.23	1.31	2.05	1.36	1.23
	Financial leverage	1.07	1.13	2.17	1.22	1.06

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 decrease in borrowings and interest rate, the finance costs decreased this year.
- (2) Decrease in Property, plant and equipment turnover: The decrease was attributable to the company spin-off SSD business unit related operation to subsidiary SOLID STATE STORAGE CORPORATION, which make the decrease in net sales this year.
- (3) Increase in Profit ratio: The increase was mainly due to the ongoing improvement of product-mix, operational efficiency and global capacity optimization, which make the increase in net profit this year.
- (4) Decrease in Cash flow ratio and Cash reinvestment ratio: The decrease was mainly due to the decrease in net cash generated from operating activities.

* 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 2021, Lite-On Technology Corporation

The Board of Directors has prepared and submitted to the undersigned, Audit Committee of Lite-On Technology Corporation the 2020 Business Report, Financial Statements 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:

薛明玲



Mr. Albert Hsueh
February 25 2021

6.4 Consolidated Financial Statements for the Years Ended December 31, 2020 and 2019, and Independent Auditors' Report

Please refer to the attachment on page 142-249 of this Annual Report.

6.5 Standalone Financial Statements for the Years Ended December 31, 2020 and 2019, and Independent Auditors' Report

Please refer to the attachment on page 250-341 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 2020 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	2019	2020	Difference	
			Amount	%
Current Assets	146,852,680	140,583,805	(6,268,875)	(4)
Property, Plant and Equipment	19,171,374	18,389,054	(782,320)	(4)
Intangible Assets	5,947,819	4,840,696	(1,107,123)	(19)
Total Assets	186,632,503	176,067,237	(10,565,266)	(6)
Current Liabilities	109,397,843	99,599,336	(9,798,507)	(9)
Non-current Liabilities	2,593,270	2,326,387	(266,883)	(10)
Total Liabilities	111,991,113	101,925,723	(10,065,390)	(9)
Share Capital	23,508,670	23,508,670	-	-
Capital Surplus	21,819,350	21,613,574	(205,776)	(1)
Retained Earnings	33,120,165	35,547,654	2,427,489	7
Total Equity	74,641,390	74,141,514	(499,876)	(1)

Effect of changes on the company's financial condition (deviation over 20% and difference amount over NT\$10 million) and future response actions.

The company's financial condition has not changed significantly this year.

7.2 Financial Performance

7.2.1 Analysis of Financial Performance

Unit: NT\$ thousands, %

Item \ Year	2019	2020	Difference	%
Operating Revenue	177,954,166	157,133,623	(20,820,543)	(12)
Cost of Goods Sold	150,616,502	129,749,924	(20,866,578)	(14)
Gross Profit	27,337,664	27,383,699	46,035	0
Operating Expenses	17,992,442	17,177,505	(814,937)	(5)
Operating Income	9,345,222	10,206,194	860,972	9
Non-operating Income	3,018,616	2,395,727	(622,889)	(21)
Profit Before Income Tax	12,363,838	12,601,921	238,083	2
Income Tax Expense	2,958,321	2,772,717	(185,604)	(6)
Net Profit for the Year	9,405,517	9,829,204	423,687	5

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

The decrease in Non-operating income during this year was mainly due to the increase of impairment loss.

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

- Based on reports from the Photonics Industry & Technology Development Association 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:

Major products	Estimated market size in 2021	Estimated CAGR (%) in upcoming 2 to 3 years
Optoelectronics- LED	approx. US\$15.8 bn	4%~5%
ICT products- power supply	approx. US\$16.4 bn	~1%

- 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, AIoT, automotive electronics, and ICT peripherals. 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 01/01/2020 (1)	Net Cash Flow from Operating Activities (2)	Cash Outflow (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Leverage of Cash Deficit	
				Investment Plans	Financing Plans
67,639,056	17,563,333	13,694,353	71,508,036	None	None

- (1) NT\$17,563,333 thousands net cash generated by operating activities: mainly from net income, depreciation expenses and changes in other receivables.
- (2) NT\$583,330 thousands net cash generated by investing activities: mainly from proceeds from disposal of non-current assets held for sale.
- (3) NT\$12,689,722 thousands net cash used in financing activities: primarily for cash dividend payment.
- (4) Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies: NT\$1,587,961 thousands.

7.3.2 Remedy for Cash Deficit and Liquidity Analysis

Item \ Year	2019	2020	Variance (%)
Cash Flow Ratio (%)	18.06	17.63	-2.38
Cash Flow Adequacy Ratio (%)	121.73	119.48	-1.85
Cash Reinvestment Ratio (%)	11.88	9.33	-21.46

Analysis of financial ratio change:

- (1) Cash Flow Ratio declined: Mainly due to the decrease in net cash generated by operating activities in 2020 compared to 2019.
- (2) Cash Reinvestment Ratio declined: The same as above.
- (3) Plans to improve negative liquidity: Not applicable

7.3.3 Cash Flow Analysis for the Coming Year

Unit: NT\$ thousands

Cash Balance 01/01/2021 (1)	Estimated Net Cash Flow from Operating Activities (2)	Estimated Cash Outflow (Inflow) (3)	Estimated Cash Surplus(Deficit) (1)+(2)-(3)	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
71,508,036	11,541,000	10,295,000	72,754,036	None	None

- (1) NT\$11,541,000 thousands Estimated Net Cash Inflow from Operating Activities: mainly from net income for the coming year.
- (2) NT\$2,295,000 thousands Estimated Net Cash Outflow from Investing Activities: primarily for purchase of property, plant and equipment.
- (3) NT\$8,000,000 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				
			2019	2020	2021	2022	2023
Production Equipment and Facilities	operating cash inflows	7,041,930	1,800,752	1,531,376	3,709,802	-	-
R&D equipment	operating cash inflows	1,999,019	727,197	482,513	789,309	-	-
IT equipment and expansion	operating cash inflows	711,902	330,350	224,943	156,609	-	-
Building	operating cash inflows	4,124,213	2,972,874	777,683	373,656	-	-
Others	operating cash inflows	28,836	22,345	6,491	-	-	-
Total		13,905,900	5,853,518	3,023,006	5,029,376	-	-

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 foreign exchange volatility.

3. Property Safety, Product Liability and Risk Prevention Activities

Risk management is performed by both the insurer and the insurance broker.

- (1) Arrange reasonable insurance to all the property and transfer the risk to insurance company.
- (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, Hub Safety Risk Survey, Product Liability Risk 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 LITEON Group's development strategy, industry trend and global economic dynamics and correspond with the Group's business tactic planning. Focus on 5G, AIoT, cloud computing and car electronics related field. 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.

Public/Investor Relations:

Act as the bridge that connects the company with investors, media and the general public. Effectively convey business-related information to external parties to ensure timely, accurate, and transparent disclosure in order to avoid operational risks caused by corporate image. Furthermore, enable investors to have full access to material information regarding to the company's business operations in an open, fair and just environment in order to reduce investors' risk.

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.

Information Security & Information Technology:

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 Management

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 the confidentiality, integrity, availability, and lawfulness of information assets and avoid threats from internal or external intentions or accidents in accordance with the requirements of ISO 27001:2013 and the business needs, LITEON ("the company") has established its own information security policy. Besides, in order to follow the Regulatory requirements of GDPR (General Data Protection Regulation) and Taiwan Personal Data Protection Act, we also start to define policy and management regulations of personal data protection in 2020 to ensure the collection, process and use of personal information can meet their requirements. As the basis for information security and privacy protection management and implemented in the company's global base by the security organization with cross departments and functions, while continuing to introduce information technology management tools and continuously strengthen the information security management mechanism to continuously and effectively operate the information security management and privacy protection mechanism.

2. Information Security Organization

To fully introduce the information security system, the company established an information security technology control team at the end of 2017 and an information security policy implementation team in 2018 to ensure the operation of the information security management system, identify internal and external issues of the information security management system, and relevant groups have information security requirements and expectations of the

company; at the same time, both teams regularly report to the Information Security Committee on the company's information security development status and the need for the committee's assistance and will continue to implement information security protection related work, information security incident response and resilience of information security incidents after the event to prevent the occurrence of information security incidents and reduce the loss of information security incidents.

3. Information security management and audit mechanism

To implement the information security management mechanism, the company establishes, implements, maintains, and improves the information security management system based on the ISO / IEC 27001: 2013 and cycle of PDCA operation model and get ISO 27001 ISMS certificate in 2020. At the same time, our information security audit team participated in the ISO / IEC 27001: 2013 Leader Auditor Course and obtain Leader Auditor certification in 2020.

4. Information security technology control

- (1) 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 security protective net of information system, including management of computer rooms, network equipment, network connections, and personal information equipment (such as desktop computers, laptops, tablets, and smartphones) to practice protection to employee personal data, company confidential information, customer and supplier data.
- (2) In order 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.

5. 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.

- (1) Information security awareness and advocacy: In order to improve employees' information security awareness, timely announcement and publicity of information security related information through various channels and meetings.
- (2) 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 at least one hour every year. In addition, we plan different types of information security courses for different roles and functional personnel. In 2019, at least 6 information security and privacy protection education training courses have been conducted. Through continuous training, the company's employees' awareness of information security is internalized in various operations to practice the most secure and strict information security.
- (3) In addition to LITEON internal training as above, primary information security representatives and information security audit team members shall participate external security training activities and seminar to obtain newer information on security protection mechanism and security attack type for strengthening our security protection capability of information security.
- (4) To do the social engineering drill to strengthen employees' information security awareness.

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, 2020, has NT\$ 24.9 billion, or 14 % of the total assets, in bank loans. LITEON, given its commitment to improve its capital structure, boost medium- and long-term working capital, and reduce 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, 2020 are shown in the table below:

Unit: NT\$ thousand

Item\Year	2020
Net exchange gain/loss (A)	635,338
Operating revenue (B)	157,133,623
Percentage of operating revenue (A)/(B)	0.4%
Operating profit (C)	10,206,194
Percentage of operating profit (A)/(C)	6.23%

As shown in the table above, the exchange gains and losses were 0.4% and 6.23% of the operating revenue and the operating profit, respectively, in 2020. Neither is a large percentage.

B. Response measures to exchange rate 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 decreased 0.23% in 2020. The general CPI excluding fruits, vegetables, and energy (core CPI) increased 0.36%. The inflation risk remains within tolerable limits. Moreover, given the close attention other central banks continue to pay to actively keep inflation under control and the proposed plan to postpone raising interest rates, 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, 2020, no loss was occurred from making of endorsements/guarantees to 100% owned subsidiaries.

Making of endorsements/ guarantees to	Relationship	Actual Amount (NTD\$K)	Nature	Note
Lite-On Green Energy B.V.	100% owned subsidiaries	323,970	Contractual 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

The company and its subsidiaries plan to hold the R&D budget steady at 3% of the revenue in order to maintain steady growth. Additional funds will be allocated as needed to new industry investments or suitable new technologies, if any.

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	Development 80+ Titanium power supply with dual input (DC+AC) for Gaming PC	15%	5,000	2021	(1) Design of new topology implementation (2) Develop on new generation semiconductor and magnetics material
2	60W High Power density adapter (13.5w/in ³)	60%	6,000	2021	(1) Design new topology implementation (2) High switching frequency EMI design
3	330W High Power density adapter (14w/in ³)	5%	8,000	2022	(1) Efficiency technical transfer on high power - 94% (2) Cooling design
4	LITEON own brand 20 ~ 100w mainstream adapter development	30%	8,000	2021 2022	(1) Miniaturized material application and manufacture process improve (2) LITEON own brand adapter promotion
5	High switching frequency ultra-thin display internal power supply development	30%	10,000	2021	(1) High switching frequency PCB design (2) High switching frequency cooling and radiation noise solution (3) Planar transformer optima design
6	Development of adapter for energy conservation smart speaker which surpassed (+5%) of Energy star standard requirement	99%	3,000	2021	(1) Circuit design to Enhance efficiency of tiny load (2) Highly integrated control IC technology
7	20W high power density miniaturized Quick Charger	10%	5,000	2021	(1) Cooling design (2) Size and dimension design
8	Recycled plastic material implementation	30%	5,000	2021	Material selection / construct design / tooling design
9	Magnetics Manufacturing Optimization	85%	12,000	2021	(1) Saving D/L 55% (2) Improving changeover efficiency 25%
10	Hi-Power Magnetics Winding Optimization	35%	5,000	2021	(1) Saving D/L 50% (2) Improving production efficiency
11	Immersion Cooling power supply	10%	9,000	2022	1. Immersion cooling system ready 2. Design guideline of PSU 3. Qualification & reliability result
12	Efficiency over 97% with 12V output PSU	10%	10,000	2021	1. Efficiency > 97.2% 2. EVT maturity 3. Design documentation

No.	Latest R&D project	Progress	Additional budget required (NT\$ '000)	Expected time of mass production	Key factors for project success
13	New Shelf level PSU with ATS & PSC	10%	30,000	2022	(1) POC & Award Project (2) Meeting 97.5% eff (3) DVT maturity by 2021
14	5kW Shelf level PSU	10%	22,000	2022	(1) Award project from RFQ (2) meeting cost target with simulation result (3) EVT maturity in 2021
15	Power density >73W/in ³ 2600W	30%	14,000	2021	(1) Eff > 94% at full load (2) pass thermal test (3) meeting DVT maturity
16	Research on power supply topology of high power density DC fast charging module, efficiency > 96%	40%	10,000	2022	Wide-range resonant circuit architecture design and heat dissipation design method
17	30kW wide-range DC charging power module (output voltage: 150V _{DC} ~950V _{DC})	90%	5,000	2021	(1) Technical threshold for circuitry design (2) Cooling design
18	2nd- generation 30kW wide-range DC charging power module (output voltage: 150V _{DC} ~950V _{DC})	20%	20,000	2022	(1) High power density design (2) Optimization of heat dissipation structure (3) Optimized structural design of magnetic components
19	Liquid-cooled 60kW wide-range DC charging power module (output voltage: 150V _{DC} ~950V _{DC})	0%	40,000	2024	(1) High power density design (2) Application and extended design of circuit modules (3) Liquid cooling structure design (4) Optimized heat dissipation design for magnetic component structure
20	3kW APM applied in 800V platform for hybrid & battery electric vehicles	5%	40,000	2022	(1) High power density design (2) Reliability verification of advanced power semiconductor components
21	Improved transformer designs using simulation tool	30%	7,000	2022	(1) Effective magnetic flux of the new-shaped magnetic core through the Maxwell, Q3D and HFSS simulation tools is confirmed (2) The efficiency can meet the specifications with reduced weight and cost, thus creating differentiation and competitive advantage
22	6.6kW OBC and 2.5kW APM 2-in-1 power module applied in 400V EV	30%	30,000	2022	(1) Implementation of new technologies and components (2) Design verification of vehicle standards
23	Implementation of the development process for the systematized functional safety of vehicle power supply software and firmware	10%	5,000	2022	(1) ISO26262 certification (2) ASPICE development process (3) Continuous integration (CI) system

No.	Latest R&D project	Progress	Additional budget required (NT\$ '000)	Expected time of mass production	Key factors for project success
24	Development of modular digital control technology for on-board charger	10%	5,400	2022	(1) Analysis and simulation of power converters (2) Digital control technology
25	Research and development of automatic test system for automotive power products	20%	5,200	2021	Automatic test platform for system integration
26	Simulation and analysis of liquid cooling and heat flow of mechanical structure of on-board power system	20%	100,000	2021	(1) On-board mechanical structure stability (2) High efficiency liquid cooling structure design (3) Cost competitiveness
27	2kW/48V bi-directional DC/DC converter for micro-grid applications	60%	3,000	2021	Product reliability when protection activated under abnormal conditions
28	10kW/25kWh stationary energy storage system	50%	1,200	2021	(1) Implementation of energy management system (2) Cloud data base (DB) design (3) Data analysis and processing (4) User interface design (5) Stability of ESS (6) Charge/discharge algorithm for li-ion battery
29	Expandable HESS	10%	10,000	2022	(1) Energy management system for household (2) Application of deep learning (3) Management of cloud data base (4) Platform design of cloud DB in cashflow management (5) UL safety test (6) UN 38.3 test for battery (7) Mechanical, thermal and ID design (8) UI design
30	11kW high-power wireless charger for EV application	40%	6,000	2022	Charging technology is developed by LITEON, and the patented foreign body detection (FOD) technology needs to be authorized
31	10kW bi-directional inverter	30%	4,000	2022	Need to study the safety requirements for smart grid system integration
32	5kW buck/boost PV converter with MPPT function	0%	2,000	2022	Buck/Boost dual modes are adopted to fulfill better control at different irradiances and different DC bus ripples
33	High speed (80PPM&upper) A3-size duplex scanner	30%	16,000	2021	Cost advantage for high speed, reliable life and large size ME design
34	China localization high-speed sheet feed scanner	90%	6,000	2021	Entering China's government, education units, and financial institutions
35	ECO, slim and light weight scanner module with secured controller board	80%	8,000	2021	Miniaturized MFP with breaking through the existing design concept

No.	Latest R&D project	Progress	Additional budget required (NT\$ '000)	Expected time of mass production	Key factors for project success
36	New Product Development for Smart Retail	10%	10,000	2021	Innovation product to develop a new check-out system for retailing.
37	ultra-light laptop keyboard	70%	3,000	2021	(1) System integration completeness, function flexibility, and cost competitiveness (2) Hybrid -Tooling Structure stability, process efficiency
38	high-end gaming optical switch laptop keyboard	80%	2,000	2021	Laptop system integration completeness, function flexibility
39	Radiofrequency (RF) pass-through laptop keyboard	50%	5,000	2022	(1) Laptop system integration completeness, function flexibility (2) RF Wireless feature and power consumption optimization
40	touch function integration laptop keyboard	40%	5,000	2022	(1) Laptop system integration completeness, function flexibility (2) Touch function feature integrated traditional laptop keyboard
41	Level 3 server chassis automated assembling line	10%	15,000	2021	Process efficiency, quality consistency, and cost competitiveness
42	ALC 1U/2U server chassis development	20%	5,000	2021	System integration completeness, function flexibility, and cost competitiveness
43	DCS server rack cabinet development	90%	1,000	2021	Structure stability, process efficiency, and cost competitiveness
44	PCI-e GPU card fan-less for thermal module and lavage system thermal module.	95%	30,000	2021	GPU card thermal module lavage system fan and air flow that can reduce GPU thermal module cost for design cost down.
45	BD Archiving development	95%	2,000	2021	(1) BD DSD Auto Clamping Technology (2) Data Processing Technology of System Software
46	Low-power external ODD	80%	3,000	2021	(1) ODD Power Consumption (2) Compatibility with Tablet (3) Cost Effective Design
47	SigFox Wireless Module FOTA Enable	98%	2,000	2021	(1) Firmware OTA Function Stability (2) RF Performance
48	802.11ah Gateway	10%	5,000	2021	(1) Communication System Integration (2) Excellent RF Performance (3) Cost Structure (4) Manufacturing Automation
49	AI Voice System On Module	80%	3,000	2021	(1) Compact Module Design (2) Cost Effective (3) Manufacturing Automation (4) Professional Technology Support Team

No.	Latest R&D project	Progress	Additional budget required (NT\$ '000)	Expected time of mass production	Key factors for project success
50	AI Vision System On Module	10%	10,000	2022	(1) Compact Module Design (2) Cost Effective (3) Manufacturing Automation (4) Professional Technology Support Team
51	802.11ax WIFI Module	10%	6,000	2021	(1) Excellent RF Performance (2) Compact Module Design (3) Manufacturing Automation (4) System Level Technology Support Team
52	Service Gateway	10%	5,000	2022	(1) Hardware & Software Communication System Integration (2) Effective Thermal Solution (3) Qualify Design Fulfill Safety Compliance (4) Manufacturing Automation
53	Sensing built-in IOT device	15%	3,000	2022	(1) Excellent RF Performance (2) Sensor Solution Design Skill & Validation Test Plan Build Up (3) Value Add Of Application Integration & Field Test Bed Capability (4) Manufacturing Automation
54	Electric Curtain	50%	5,000	2021	(1) Motor Control Skill (2) Good RF Performance (3) IOT System Integration (4) Manufacturing Automation (5) Customer Service Team & Technology Support Capability
55	Intelligent headlight Structure normalize	10%	30,000	2022	(1) Thermal spread material selection (2) Measurement stability technology (3) Assembly automation
56	3-megapixel camera module Used in the surround view display system and ADAS system	10%	6,000	2024	(1) Optical lens design (2) Precisely component allocation and assembly (3) High performance cooling structure design (4) Cost and price competitiveness
57	High-performance optocoupler	30%	50,000	2022	R&D of packaging materials and IC design
58	Wearable physical sensors & module	50%	25,000	2022	Interdisciplinary collaboration platform
59	Miniaturization package & module	30%	30,000	2023	Mass transfer with high precision and repair technology, highly reliable sources of chip supply
60	SMT type light guide component	20%	10,000	2023	High-temperature resistant material, adhesion of heterogeneous material
61	Mini SMT CBI	5%	5,500	2021	Breakthrough the existing assembly concept, improve process efficiency and stable quality

No.	Latest R&D project	Progress	Additional budget required (NT\$ '000)	Expected time of mass production	Key factors for project success
62	PIP Lamp	10%	4,500	2021	Improving loading high temperature capability of product undergoing SMT process
63	UVC Water Purification Module	60%	5,000	2021	High thermal conductivity and food-grade material, high UV-resistance material
64	UVC Air Sterilization Module	30%	6,000	2022	Highly reliable UVC chip, highly thermal conductivity material
65	Under Display Sensor	50%	8,000	2022	IC/package design and related technology
66	Miniaturized VSCSEL TOF device	10%	35,000	2022	High performance chip, Interdisciplinary collaboration platform
67	Long range LiDAR device	20%	20,000	2023	Thermal management, High frequency packaging technology
68	Integrated automotive headlight LEDs	50%	6,500	2021	High strength packaging materials, color engineering to control uniformity
69	Intelligent multi-color automotive LEDs	30%	8,800	2022	Robust IC for automotive application, integrated LED testing technology
70	High accuracy and performance IR-LEDs	20%	20,000	2021	Development key assembling processes and high-precision optical structures
71	Low glare and high uniformity lighting module	40%	3,000	2022	High uniformity level with reducing LED Module design in mechanical structure
72	Economic street light with external SPS	90%	500	2021	Optimize mechanical design for cost saving Protection device for field application
73	Safe low voltage traffic signal lamp for Australia	70%	2,000	2021	Development of power supply with dim by wire function. Development of power supply with high specification electrical characteristics.
74	Wide range temp. switch	80%	1,000	2021	Knowledge of key technologies
75	Cloud management NOS	5%	10,000	2022	(1) Analyze and abstract of different cloud platforms (2) Abstract the NOS to support different Chip platform
76	Improve the accuracy of Facial Recognition by adaptive automatic exposure algorithm	60%	1,500	2021	Accelerate the speed of the people through the gate
77	High-definition cutting image flow technology for video conference camera	20%	3,000	2022	Provides a full-time 1080P partial image, a partial image refers to a speaker's image, which is captured by an ultra-high resolution 4K * 2K video sensor to keep the resolution

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 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.

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 of selected investment in products, markets, and channels 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 2021, we expect to invest NT\$1.98 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 2020, none of the suppliers accounted for 10% or more of the purchases of the Company. The customer base is also diversified. 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

Nitride Semiconductors Co., LTD has filed a lawsuit against LITE-ON Technology Corporation, LITE-ON Technology USA, Inc., LITE-ON, Inc., and LITE-ON Trading USA, Inc. Nitride Semiconductors Co., LTD claims that the products manufactured and sold by LITE-ON Technology Corporation, LITE-ON Technology USA, Inc., LITE-ON, Inc., and LITE-ON Trading USA, Inc. have infringed its patent rights and demands royalty for such infringement. LITE-ON Technology Corporation, LITE-ON Technology USA, Inc., LITE-ON, Inc., and LITE-ON Trading USA, Inc. has engaged lawyers to defend and respond regarding the said lawsuit. This lawsuit does not have a significant impact on the Group’s operation and financial position.

7.6.14 Other Major Risks:
Emerging Risk

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 2020, 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) cyber attacks and data leakage, (2) product patent infringement, (3) Climate change issues such as net zero emission transition, and (4) the risk of customer bankruptcy and failure to perform contract due to a new epidemic virus.

Risk Category	Risk Item	Operational Threats	Relief Measure
Technological Risks	Information security issues such as cyber attack and information leak	Cyber attack heavily affects operations, for example, the shut down of company’s internet and servers, encryption of documents, and destruction of MES producing system and office system, and these effects will lead to factories’ dysfunction thus, causing the malfunction of company operation, influencing company’s information security. This, in turn, could damage business reputation and erode the trust of our stakeholders.	In order to ensure confidentiality, completeness, availability and legality of information assets to avoid internal and external deliberate or accidental threats, LITEON promotes a company-wide information security management system to comply with ISO/IEC 27001:2013 international standards, and in 2020, the company obtain a certificate through external third-party verification, and establish LITEON’s "Information Security Policy" as the basis for information security management and implement it in our global offices.

Risk Category	Risk Item	Operational Threats	Relief Measure
Economic Risks	Intellectual property issues such as product patent infringement	LITEON receives notifications from third parties from time to time, claiming that the company's products may infringe other company's patents or intellectual property rights. Such claims may sometimes enter litigation and cause damage to the company's operations and innovation development.	LITEON actively faces and properly handles various intellectual property disputes. The company takes the protection of the company's market, products, techniques, and customers as the greatest principle, and does not seek or fear debates. For tackling controversies, in addition to the dispute resolution mechanism, the company conducts technical, legal, and industrial aspects analysis to formulate resolution strategies and use different models to establish technological barriers for competitors to obtain intellectual property protection or avoid infringement of patents of others.
Environmental Risks	Climate change issues such as net zero emission transition	In 2020, the EU, China, and other economies also with the company's major customers give the promise of net-zero emission targets and have successively proposed low-carbon or even zero-carbon production requirements, resulting in an increase in the company's production costs.	LITEON actively strengthens the company's sustainable management and sustainable environment-related governance functions, also sets up an environmental sustainability subcommittee, with the top supervisor of the manufacturing department as the convener, and implements green operations to improve environmental management performance and environmental risk control. In 2020, through the internal carbon tax policy, we demand internal carbon tax from business units that exceed its carbon emission quota hoping to enhance the carbon reduction investment decision, and to respond to the requirements of customers and other stakeholders, realizing LITEON's carbon reduction commitment.

Risk Category	Risk Item	Operational Threats	Relief Measure
Other Risks	COVID-19 business impact such as customers' bankruptcy and unable to perform contracts	Influences of the COVID-19 that broke out in 2020 continue. Although there are vaccines on the market, the effect has not been significant, the spread of the virus variants is strong, resulting in the current state of semi-blockade in many places around the world, hence the COVID-19 is making a serious impact on the global economy. According to the S&P Global Market Intelligence report, the number of bankruptcies of American and Chinese companies in 2020 has increased sharply, setting a new high in the past 10 years, showing that related epidemic prevention restrictions have caused serious damage to the global economy. LITEON's customers are located in the U.S., Asia, Europe and other markets. The poor sales of customer products (e.g. due to shortage of materials and labors) led to a decline in the company's orders, and even bankruptcy due to the inability of customer funds to turn, resulting in operating losses.	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.

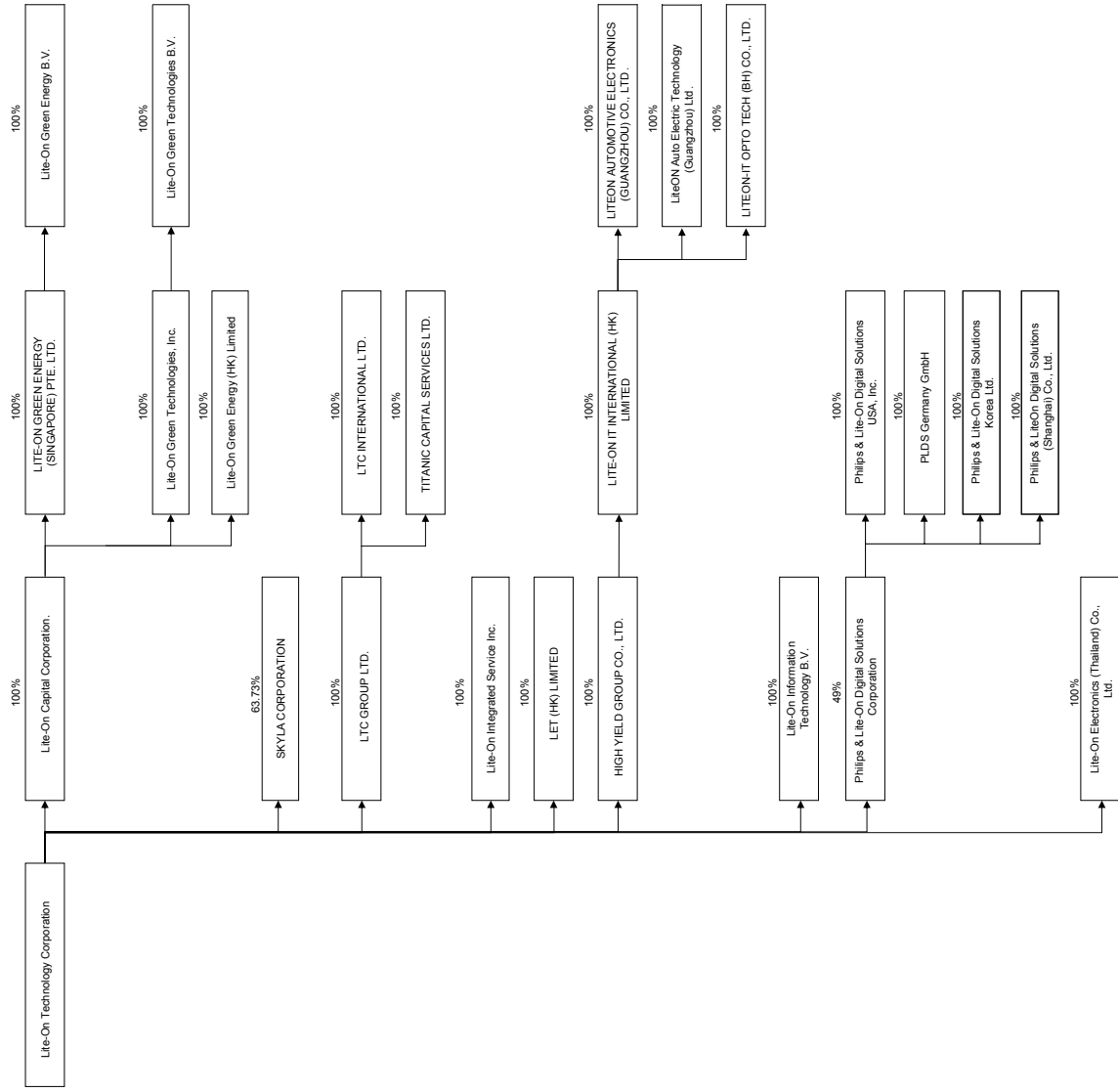
7.7 Other Important Issues: None

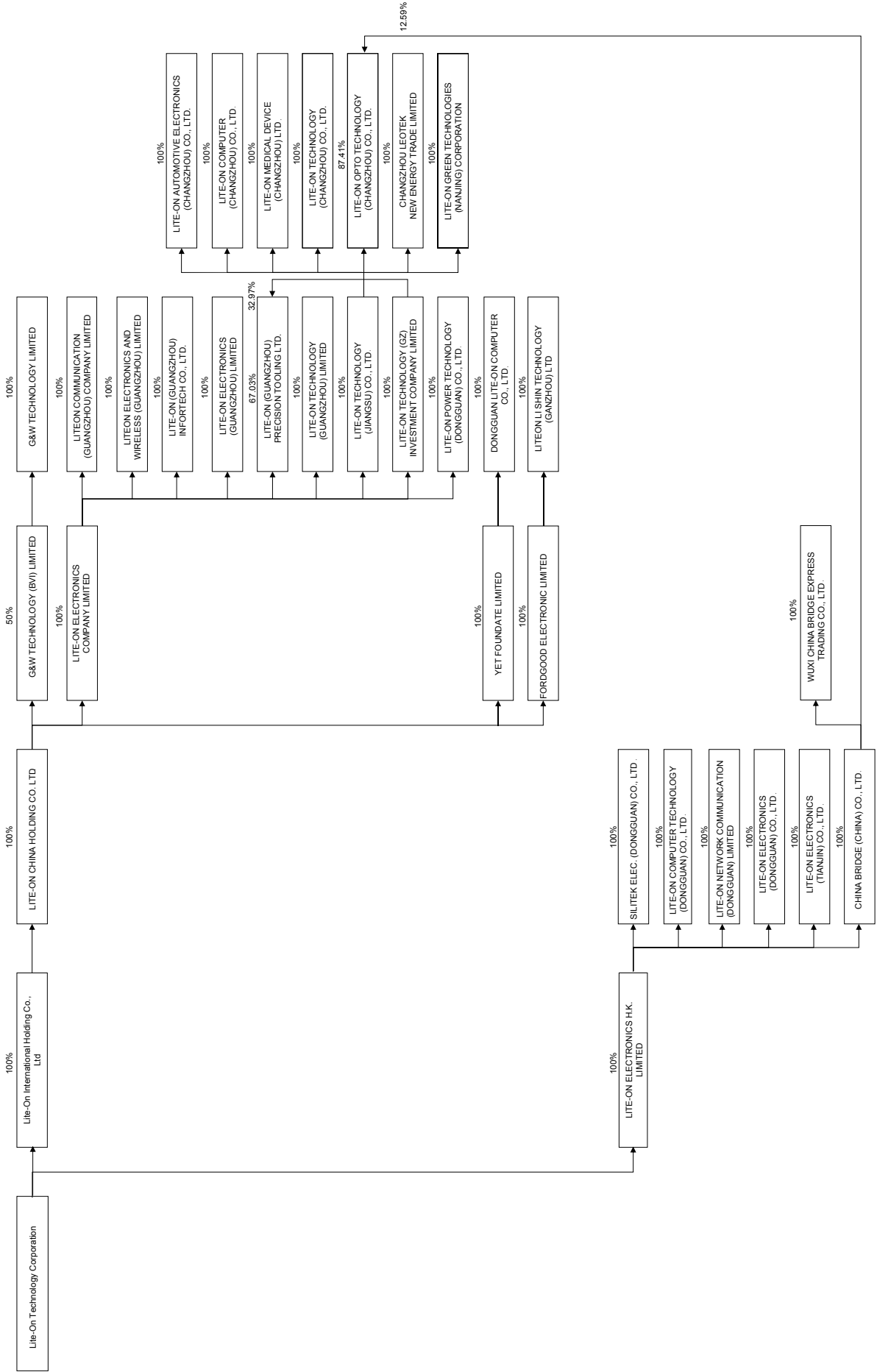
8. Special Disclosure

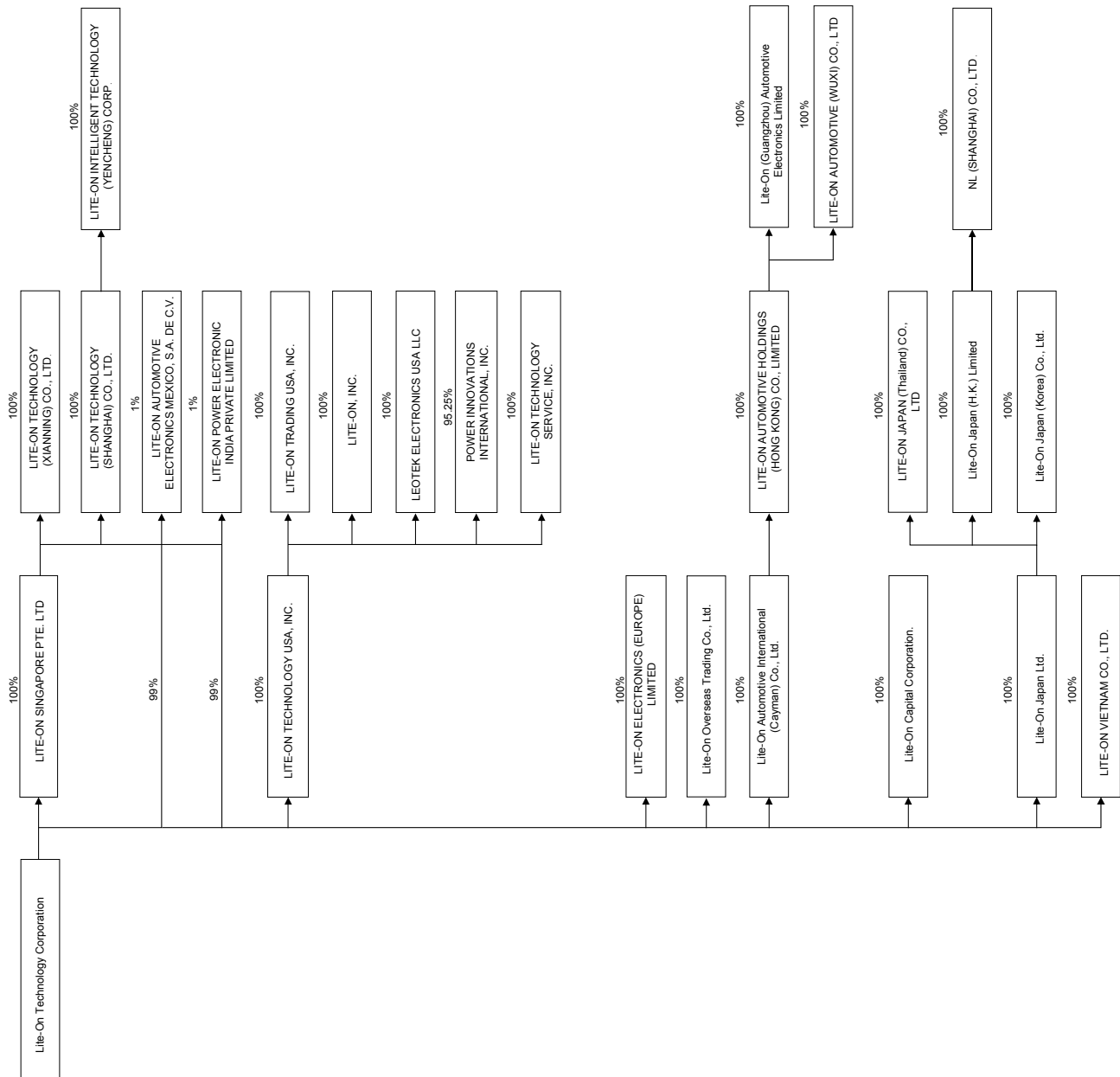
8.1 Summary of Affiliated Companies

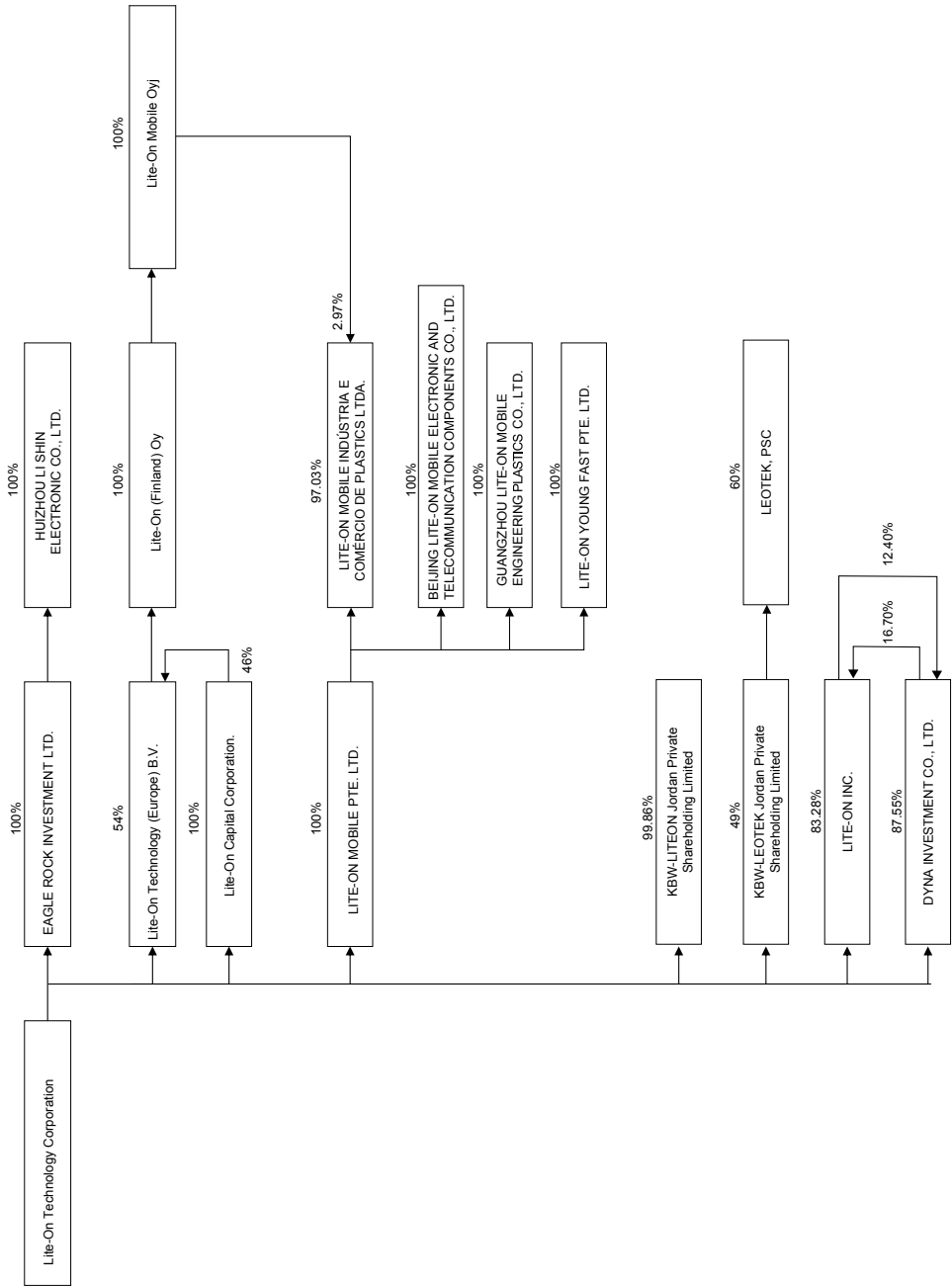
8.1.1 LITEON Subsidiaries Chart

December 31, 2020









8.1.2 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	143,458,649	69,868,974	73,589,675	99,553,624	3,370,419	10,016,038	4.31
Skyla Corporation	313,808	485,456	142,975	342,481	303,785	10,295	11,702	0.38
LITE-ON INC.	4,950	102,576	8,099	94,477	97,701	26,976	26,498	53.53
DYNA INVESTMENT CO.,LTD	4,650	122,599	11,489	111,110	163,789	71,172	70,843	152.35
Lite-On Integrated Service Inc.	34,000	72,907	19,693	53,214	80,104	11,075	9,168	2.70
Philips & Lite-On Digital Solutions Corporation	350,000	3,787,179	3,223,222	563,957	7,809,099	86,320	61,815	1.77
Lite-On Capital Corporation	1,707,068	1,845,173	8,903	1,836,270	99,798	74,135	74,010	0.43
Lite-On Green Technologies, Inc.	670,000	299,345	66,256	233,089	-	(2,714)	(3,230)	(0.05)
LITE-ON ELECTRONICS (TIANJIN) CO., LTD.	2,201,461	3,564,065	368,151	3,195,914	1,598,402	151,391	17,888	NA
LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	1,506,124	6,935,792	2,463,247	4,472,545	13,436,496	323,776	306,183	NA
LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	2,533,400	4,848,330	1,888,894	2,959,436	4,954,034	138,401	100,200	NA
LITEON LI SHIN TECHNOLOGY (GANZHOU) LTD	347,977	687,242	181,409	505,833	518,906	25,688	3,319	NA
Lite-On Automotive Electronics (CZ) Co.	962,687	1,042,226	153,010	889,216	388,561	(26,011)	(37,239)	NA
LITE-ON COMPUTER (CHANGZHOU) CO., LTD.	240,619	255,425	9,329	246,096	4,586	(4,376)	18,432	NA
LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	4,250,677	15,843,062	11,194,310	4,648,752	24,225,109	435,299	328,284	NA
LITE-ON MEDICAL DEVICE (CHANGZHOU) LTD.	131,832	114,943	9,930	105,013	54,249	(1,138)	334	NA
LITE-ON TECHNOLOGY (XIANNING) CO., LTD.	185,252	589,022	216,289	372,733	536,658	22,395	18,667	NA
LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	1,882,603	5,658,485	3,160,772	2,497,713	5,839,778	154,837	244,916	NA
LITE-ON INTELLIGENT TECHNOLOGY (YENCHENG) CORP.	83,587	193,034	85,986	107,048	3,225	(2,270)	615	NA
WUXI CHINA BRIDGE EXPRESS TRADING CO., LTD.	155,945	1,591,231	944,573	646,658	2,395,744	141,903	135,986	NA
CHINA BRIDGE (CHINA) CO., LTD.	1,024,322	1,473,140	806	1,472,334	-	(65)	138,019	NA
LITE-ON TECHNOLOGY (JIANGSU) CO., LTD.	4,725,821	8,825,057	5,346	8,819,711	1,651	(855)	390,662	NA
DONGGUAN LITE-ON COMPUTER CO., LTD.	54,517	107,655	3,993	103,662	-	(113)	2,641	NA
LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	1,167,743	5,772,618	2,780,423	2,992,195	14,467,349	336,464	233,894	NA

Company Name	Capital Stock	Assets	Liabilities	Net Worth	Net Revenues	Income (Loss) from Operation	Net Income (Loss)	Basic Earning (Loss) Per Share
SILITEK ELEC. (DONGGUAN) CO., LTD.	719,441	7,627,803	2,990,153	4,637,650	11,258,287	574,091	443,009	NA
LITE-ON POWER TECHNOLOGY (DONGGUAN) CO., LTD.	441,761	1,537,235	370,284	1,166,951	1,527,453	196,887	158,098	NA
LITE-ON COMPUTER TECHNOLOGY (DONGGUAN) CO., LTD.	-	-	-	-	-	(15,479)	(14,861)	NA
LITE-ON ELECTRONICS H.K. LIMITED	6,463,154	19,219,842	1,012,744	18,207,098	3,319,321	55,003	1,164,495	65.18
LITE-ON ELECTRONICS COMPANY LIMITED	11,155,059	19,735,702	447	19,735,255	26,406	(525)	624,802	0.20
YET FOUNDATE LIMITED	315,035	542,214	1,178	541,036	-	(4,267)	(14,027)	(0.20)
CHANGZHOU LEOTEK NEW ENERGY TRADE LIMITED	26,612	131,251	163,982	(32,731)	(5,751)	(11,407)	(14,135)	NA
HUIZHOU LI SHIN ELECTRONIC CO., LTD.	454,613	2,050,147	712,364	1,337,783	2,120,751	52,105	(21,276)	NA
FORDGOOD ELECTRONIC LIMITED	362,313	529,164	64	529,100	-	(1,656)	1,890	0.02
LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	4,368,446	18,550,279	9,285,746	9,264,533	19,985,749	(17,119)	71,231	NA
LITE-ON TECHNOLOGY (GZ) INVESTMENT COMPANY LIMITED	2,141,048	541,364	2,240	539,124	-	(44)	3,377	NA
LITE-ON (GUANGZHOU) INFORTECH CO., LTD.	45,225	225,747	31,514	194,233	137,254	9,613	9,205	NA
LITE-ON IT INTERNATIONAL (HK) LIMITED	2,871,808	6,020,409	117	6,020,292	-	(160)	8,158	0.08
LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD.	1,512,509	2,099,929	381,609	1,718,320	719,003	(91,514)	(94,191)	NA
LiteON Auto Electric Technology (Guangzhou) Ltd.	66,518	192,067	110,551	81,516	280,371	5,032	518	NA
LITEON-IT OPTO TECH (BH) CO., LTD.	1,617,623	6,435,098	2,218,644	4,216,454	5,766,831	7,031	104,853	NA
LET (HK) LIMITED	224,513	51,274	1,015	50,259	-	(182)	712	0.01
Philips & LiteOn Digital Solutions (Shanghai) Co., Ltd.	32,752	447,777	11,780	435,997	22,088	(21,412)	(12,563)	NA
TITANIC CAPITAL SERVICES LTD.	242,736	39,499	18,256	21,243	-	(85)	5,506	0.64
LITE-ON GREEN TECHNOLOGIES (NANJING) CORPORATION	22,035	1,529	13,337	(11,808)	-	(672)	(1,042)	NA
Lite-on Green Energy (HK) Limited	86,940	6,015	230	5,785	-	(64)	(55)	(0.02)
Lite-On Electronics (Thailand) Co., Ltd.	566,507	3,336,389	1,276,623	2,059,766	3,873,098	148,966	99,788	16.49
LITE-ON VIETNAM CO., LTD.	1,458,340	2,025,699	472,538	1,553,161	705,175	80,180	64,849	NA
KBW-LEOTEK Jordan Private Shareholding Ltd.	3,961	1,964	1,499	465	-	(45)	486	4.86
Leotek, PSC	1,981	10,771	7,846	2,925	11,450	1,145	885	17.69

Company Name	Capital Stock	Assets	Liabilities	Net Worth	Net Revenues	Income (Loss) from Operation	Net Income (Loss)	Basic Earning (Loss) Per Share
KBW-LITEON Jordan Private Shareholding Limited	1,431,170	2,123,040	359,699	1,763,341	10,762	(72,747)	26,890	0.74
LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED	389,125	1,565,233	1,345,607	219,626	1,669,775	18,256	(29,164)	(0.28)
LITE-ON SINGAPORE PTE. LTD.	831,534	34,242,366	18,104,966	16,137,400	64,184,228	4,072,445	3,675,613	70.99
Philips & Lite-On Digital Solutions Korea Ltd.	2,308	38,384	5,101	33,283	3,233	294	240	13.50
LITE-ON GREEN ENERGY (SINGAPORE) PTE. LTD.	119,180	102,568	544	102,024	-	(610)	(880)	(0.25)
LITE-ON, INC.	84,135	465,528	254,444	211,084	907,650	40,641	35,226	11.74
POWER INNOVATIONS INTERNATIONAL, INC.	164,003	277,315	61,343	215,972	320,805	30,668	36,904	2.72
LITE-ON TRADING USA, INC.	883,418	4,296,415	3,180,653	1,115,762	10,501,817	48,729	34,179	108.50
LITE-ON TECHNOLOGY SERVICE, INC.	28	58,602	6,446	52,156	28,081	1,225	867	867.48
LITE-ON TECHNOLOGY USA, INC.	1,508,706	2,233,945	6,823	2,227,122	-	(4,150)	(216,631)	(460.68)
Lite-On International Holding Co., Ltd.	10,200,681	21,001,747	19	21,001,728	-	(164)	623,653	1.71
LEOTEK ELECTRONICS USA LLC	199,120	767,112	351,577	415,535	1,523,888	46,258	31,962	NA
LITE-ON AUTOMOTIVE ELECTRONICS MEXICO, S.A. DE C.V.	212,944	373,014	158,722	214,292	333,938	44,734	9,029	30.32
Philips & Lite-On Digital Solutions USA, Inc.	28	1,423,862	1,187,781	236,081	3,336,377	10,056	8,620	8,620.38
LTC INTERNATIONAL LTD.	424,040	422,204	37	422,167	-	(204)	19,862	1.31
LTC GROUP LTD.	923,125	533,317	9,342	523,975	-	(195)	25,389	0.77
LITE-ON ELECTRONICS (EUROPE) LIMITED	11,458	72,953	5,066	67,887	59,689	5,426	4,213	14.04
Lite-On Information Technology B.V.	18,988	16,406	69	16,337	-	(157)	(659)	(0.06)
PLDS Germany GmbH	258,505	1,080,240	125,766	954,474	216,979	5,519	6,560	NA
Lite-On Technology (Europe) B.V.	2,275,529	388,180	2,160	386,020	20,894	1,128	(2,231)	(3.64)
Lite-On (Finland) Oy	86	267,584	34	267,550	-	(3)	(2,973)	(1,189.31)
Lite-On Green Technologies B.V.	2,350	45,958	870	45,088	-	(1,703)	(1,368)	(0.20)
Lite-On Green Energy B.V.	22,052	21,574	459	21,115	-	(207)	(207)	(0.02)
EAGLE ROCK INVESTMENT LTD.	280	1,355,972	-	1,355,972	-	(136)	(24,263)	(2,426.29)
G&W TECHNOLOGY (BVI) LIMITED	218,751	253,409	7,108	246,301	-	(3,666)	13,890	1.78
G&W TECHNOLOGY LIMITED	1,809	153,951	133,325	20,626	33,613	18,579	15,991	31.98
HIGH YIELD GROUP CO., LTD.	1,910,930	6,020,434	94	6,020,340	-	(238)	7,920	0.12
Lite-On Overseas Trading Co., Ltd.	144,234	44,564,916	43,490,403	1,074,513	-	1,624	891,776	173.40

Company Name	Capital Stock	Assets	Liabilities	Net Worth	Net Revenues	Income (Loss) from Operation	Net Income (Loss)	Basic Earning (Loss) Per Share
LITE-ON CHINA HOLDING CO. LTD.	11,984,793	21,029,266	73,424	20,955,842	-	(360)	623,816	1.46
Lite-On Mobile Oyj	2,757	353,987	96,917	257,070	-	(7,772)	(2,971)	(0.06)
LITE-ON AUTOMOTIVE (WUXI) CO., LTD	178,059	550,414	30,813	519,601	23,317	(11,668)	(978)	NA
Lite-On (Guangzhou) Automotive Electronics Limited	200,661	3,614,490	1,861,228	1,753,262	3,668,080	34,078	8,229	NA
Lite-On Automotive International (Cayman) Co., Ltd.	335,623	2,287,834	-	2,287,834	-	(303)	9,062	0.76
LITE-ON AUTOMOTIVE HOLDINGS (HONG KONG) CO., LIMITED	366,293	2,274,832	73	2,274,759	-	(109)	8,857	0.09
LITE-ON MOBILE INDÚSTRIA E COMÉRCIO DE PLÁSTICOS LTDA.	1,184,345	778,897	142,087	636,810	974,008	235,588	209,490	0.96
GUANGZHOU LITE-ON MOBILE ENGINEERING PLASTICS CO., LTD.	681,877	1,860,652	14,861	1,845,791	-	(40)	38,486	NA
BEIJING LITE-ON MOBILE ELECTRONIC AND TELECOMMUNICATION COMPONENTS CO., LTD.	563,416	471,778	41,516	430,262	-	(50,245)	(43,743)	NA
LITE-ON MOBILE PTE. LTD.	6,568,678	3,848,340	822,727	3,025,613	-	(939,129)	(662,359)	(1.94)
LITE-ON YOUNG FAST PTE. LTD.	197,690	57	-	57	-	474	570	87.36
Lite-On Japan Ltd.	176,735	956,124	546,756	409,368	1,911,345	64,533	54,361	4.37
Lite-On Japan (H.K.) Pte. Limited	18,089	330,698	118,207	212,491	1,107,102	7,092	6,384	127.69
NL (SHANGHAI) CO., LTD.	10,449	159,003	74,106	84,897	273,718	1,765	11,616	387.20
Lite-On Japan (Thailand) Co., Ltd.	18,728	255,843	104,096	151,747	390,493	16,927	15,447	77.23
Lite-On Japan (Korea) Co., Ltd.	5,180	346	-	346	-	-	-	-

Note : Foreign exchange rates for balance sheet amounts are valuation exchange rates of 2020/12/31.
Foreign exchange rates for income statement amounts are average exchange rates of 2020.

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 882,767	None	None	None
LITE-ON ELECTRONICS COMPANY LIMITED	11,155,059	None	100	2016/09/27	12,160 shares	-	-	2,450,370 shares 143,102	None	None	None
LTC INTERNATIONAL LTD	424,040	None	100	2016/09/27	34,776 shares	-	-	7,004,221 shares 409,047	None	None	None
YET FOUNDATE LIMITED	315,035	None	100	2016/09/27	11,270 shares	-	-	2,271,040 shares 132,629	None	None	None

8.4 Other Supplementary Information: None

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

Other Significant Events Affecting
Shareholders’ Equity or Stock Price

Appendix A. Consolidated Financial Statements

LITE-ON TECHNOLOGY CORPORATION and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2020 and 2019 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, 2020 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 25, 2021

Deloitte.

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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 and its subsidiaries (collectively, the "Group"), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the consolidated statements of comprehensive income, changes in equity and consolidated cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2019 and 2018, and its consolidated financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in the audit of the Group's consolidated financial statements for the year ended December 31, 2020 are as follows:

Allowance for Impairment Loss of Trade Receivables

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

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

Allowance for Inventory Valuation Loss

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

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

Impairment Loss of Property, Plant, Equipment and Intangible Assets (Including Goodwill)

The value of property, plant, equipment and intangible assets (including goodwill) represents the amounts of relevant assets that have not been depreciated or amortized and are expected to be recoverable in future periods under the conditions of sustainable operation. The management should evaluate at each balance sheet date whether there is any indication of impairment. If there is an indication of impairment, it is necessary to estimate the recoverable amount of the assets. If the recoverable amount of an individual asset cannot be estimated, the management should evaluate the recoverable amount of the cash-generating unit to which the asset belongs. Due to the complexity of the assumptions and involvement of multiple assumptions and estimates, we evaluated and determined that the estimation was made in accordance with IAS No. 36 and evaluated whether confirmed that the carrying amount of the asset is below the recoverable amount.

The accounting policies are described in Note 4 to the consolidated financial statements. For the carrying amounts of the assets, refer to the disclosures in Notes 16 and 19 to the consolidated financial statements. The audit procedures for the matters mentioned above included:

1. We obtained the Group's asset impairment evaluation documents for each cash-generating unit.
2. We evaluated the reasonableness of the Group's assumptions and parameters used in the asset impairment assessments, including the appropriateness of the classification of each cash-generating unit, the cash flow forecasts and the discount rates used.

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, 2020 and 2019 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, 2020 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 25, 2021

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, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 71,508,036	41	\$ 67,639,056	36
Financial assets at fair value through profit or loss (Note 7)	1,357,154	1	271,650	-
Financial assets at amortized cost (Note 9)	27,186	-	221,977	-
Contract assets	2,097,360	1	2,487,281	1
Notes receivable, net (Note 11)	422,524	-	245,525	-
Trade receivables, net (Note 11)	35,990,430	21	38,078,654	21
Trade receivables from related parties (Note 33)	38,360	-	73,542	-
Other receivables (Note 11)	2,306,213	1	5,171,354	3
Other receivables from related parties (Note 33)	7,360	-	21,743	-
Inventories, net (Note 12)	24,668,663	14	23,647,443	13
Disposal groups held for sale (Note 13)	-	-	7,025,272	4
Other current assets (Note 20)	2,160,519	1	1,969,183	1
Total current assets	140,583,805	80	146,852,680	79
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss (Note 7)	139,334	-	116,644	-
Financial assets at fair value through other comprehensive income (Note 8)	1,622,561	1	1,521,076	1
Financial assets at amortized cost (Note 9)	383,801	-	338,662	-
Investments accounted for using the equity method (Note 15)	2,582,904	1	4,729,554	3
Property, plant and equipment, net (Note 16)	18,389,054	10	19,171,374	10
Right-of-use assets, net (Note 17)	1,389,516	1	1,602,248	1
Investment properties, net (Note 18)	1,250,045	1	1,282,267	1
Intangible assets, net (Note 19)	4,840,696	3	5,947,819	3
Deferred tax assets (Note 27)	4,456,927	3	4,577,757	2
Refundable deposits	291,481	-	347,658	-
Net defined benefit asset (Note 23)	6,319	-	-	-
Other non-current assets (Note 20)	130,794	-	144,534	-
Total non-current assets	35,483,432	20	39,779,823	21
TOTAL	\$ 176,067,237	100	\$ 186,632,503	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 21)	\$ 24,892,419	14	\$ 30,433,692	16
Financial liabilities at fair value through profit or loss (Note 7)	1,612,405	1	688,834	-
Contract liabilities	13,059	-	-	-
Notes payable	12,890	-	13,271	-
Trade payables	42,621,653	24	44,304,379	24
Trade payables to related parties (Note 33)	295,001	-	730,544	1
Other payables	19,963,281	11	21,018,773	11
Other payables to related parties (Note 33)	922	-	12,494	-
Current tax liabilities	6,115,170	4	5,693,989	3
Provisions (Note 22)	1,179,147	1	1,043,689	1
Liabilities directly associated with disposal groups held for sale (Note 13)	-	-	2,693,881	2
Lease liabilities (Note 17)	225,095	-	306,405	-
Advances received	2,668,294	2	2,457,892	1
Total current liabilities	99,599,336	57	109,397,843	59
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Note 27)	1,682,563	1	1,789,117	1
Lease liabilities (Note 17)	551,233	-	648,341	-
Net defined benefit liabilities (Note 23)	-	-	68,123	-
Guarantee deposits	92,591	-	87,689	-
Total non-current liabilities	2,326,387	1	2,593,270	1
Total liabilities	101,925,723	58	111,991,113	60
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY				
Share capital				
Ordinary shares	23,508,670	14	23,508,670	13
Capital surplus				
Additional paid-in capital from share issuance in excess of par value	3,471,812	2	3,471,812	2
Bond conversions	7,462,138	4	7,462,138	4
Treasury share transactions	626,897	-	548,884	-
Recognized changes in percentage of ownership interest in subsidiaries	37,533	-	48,298	-
Changes in equities of investments in associates accounted for using the equity method	-	-	273,024	-
Mergers	10,015,194	6	10,015,194	6
Total capital surplus	21,613,574	12	21,819,350	12
Retained earnings				
Legal reserve	13,789,553	8	12,845,584	7
Special reserve	4,732,075	3	3,388,768	2
Unappropriated earnings	17,026,026	9	16,885,813	9
Total retained earnings	35,547,654	20	33,120,165	18
Other equity				
Exchange differences on translating foreign operations	(5,563,051)	(3)	(4,390,226)	(3)
Unrealized loss of financial assets at fair value through other comprehensive income	(245,858)	-	(312,940)	-
Gain on hedging instruments	-	-	288	-
Equity directly associated with disposal groups held for sale	-	-	(14,218)	-
Total other equity	(5,808,909)	(3)	(4,717,096)	(3)
Treasury shares	(1,271,314)	(1)	(1,271,314)	(1)
Total equity attributable to owners of the Parent Company	73,589,675	42	72,459,775	39
NON-CONTROLLING INTERESTS	551,839	-	2,181,615	1
Total equity	74,141,514	42	74,641,390	40
TOTAL	\$ 176,067,237	100	\$ 186,632,503	100

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

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales (Notes 25 and 33)	\$ 160,492,872	102	\$ 181,808,286	102
Less: Sales allowance	2,785,198	2	2,768,242	1
Sales returns	<u>574,051</u>	<u>-</u>	<u>1,085,878</u>	<u>1</u>
Total operating revenue	<u>157,133,623</u>	<u>100</u>	<u>177,954,166</u>	<u>100</u>
COST OF GOODS SOLD (Notes 12, 31 and 33)	<u>(129,749,924)</u>	<u>(83)</u>	<u>(150,616,502)</u>	<u>(85)</u>
GROSS PROFIT	<u>27,383,699</u>	<u>17</u>	<u>27,337,664</u>	<u>15</u>
OPERATING EXPENSES (Notes 26 and 33)				
Selling and marketing expenses	(5,470,913)	(3)	(5,788,391)	(3)
General and administrative expenses	(5,695,018)	(4)	(6,143,633)	(4)
Research and development expenses	(5,048,883)	(3)	(6,083,478)	(3)
Expected credit (loss) gain (Notes 11 and 32)	<u>(962,691)</u>	<u>(1)</u>	<u>23,060</u>	<u>-</u>
Total operating expenses	<u>(17,177,505)</u>	<u>(11)</u>	<u>(17,992,442)</u>	<u>(10)</u>
OPERATING INCOME	<u>10,206,194</u>	<u>6</u>	<u>9,345,222</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit of associates accounted for using the equity method	385,513	-	60,069	-
Interest income	1,404,436	1	1,896,183	1
Dividend income	13,391	-	20,484	-
Other income (Note 33)	1,323,270	1	1,722,808	1
Net gain on disposal of investments (Notes 15 and 30)	745,573	1	261	-
Net gain on foreign currency exchange	635,338	-	666,584	-
Net gain on financial assets at fair value through profit or loss	741,409	-	228,483	-
Net gain on financial assets at fair value through profit or loss - structured products	28,059	-	-	-
Finance costs (Notes 26 and 33)	(351,374)	-	(844,172)	-
Other expenses	(352,667)	-	(343,473)	-
Net gain (loss) on disposal of property, plant and equipment	5,238	-	(30,456)	-
Net loss on disposal of intangible assets	(996)	-	(15)	-
Impairment loss (Notes 15, 16, 17 and 19)	<u>(2,181,463)</u>	<u>(1)</u>	<u>(358,140)</u>	<u>-</u>
Total non-operating income and expenses	<u>2,395,727</u>	<u>2</u>	<u>3,018,616</u>	<u>2</u>

(Continued)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
PROFIT BEFORE INCOME TAX	\$ 12,601,921	8	\$ 12,363,838	7
INCOME TAX EXPENSE (Note 27)	<u>(2,772,717)</u>	<u>(2)</u>	<u>(2,958,321)</u>	<u>(2)</u>
NET PROFIT FOR THE YEAR	<u>9,829,204</u>	<u>6</u>	<u>9,405,517</u>	<u>5</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 23 and 27)				
Items not reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(11,085)	-	(12,720)	-
Unrealized gain on investments in equity instruments designated as at fair value through other comprehensive income	56,067	-	247,171	-
Share of other comprehensive gain (loss) of associates accounted for using the equity method	440	-	(8,779)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>2,939</u>	<u>-</u>	<u>(2,278)</u>	<u>-</u>
	<u>48,361</u>	<u>-</u>	<u>223,394</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(1,764,488)	(1)	(1,908,702)	(1)
Share of other comprehensive loss of associates accounted for using the equity method	(22,694)	-	(166,880)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>352,220</u>	<u>-</u>	<u>419,656</u>	<u>-</u>
	<u>(1,434,962)</u>	<u>(1)</u>	<u>(1,655,926)</u>	<u>(1)</u>
Other comprehensive loss for the year, net of income tax	<u>(1,386,601)</u>	<u>(1)</u>	<u>(1,432,532)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 8,442,603</u>	<u>5</u>	<u>\$ 7,972,985</u>	<u>4</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Parent Company	\$ 10,016,038	6	\$ 9,374,899	5
Non-controlling interests	<u>(186,834)</u>	<u>-</u>	<u>30,618</u>	<u>-</u>
	<u>\$ 9,829,204</u>	<u>6</u>	<u>\$ 9,405,517</u>	<u>5</u>

(Continued)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
TOTAL COMPREHENSIVE INCOME (LOSS)				
ATTRIBUTABLE TO:				
Owners of the Parent Company	\$ 8,668,264	5	\$ 7,973,221	4
Non-controlling interests	<u>(225,661)</u>	<u>-</u>	<u>(236)</u>	<u>-</u>
	<u>\$ 8,442,603</u>	<u>5</u>	<u>\$ 7,972,985</u>	<u>4</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 28)				
From continuing operations				
Basic	<u>\$4.31</u>		<u>\$4.03</u>	
Diluted	<u>\$4.25</u>		<u>\$3.98</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, 2020 AND 2019
(in Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Parent Company										Other Equity (Note 24)					Non-controlling Interests (Notes 24 and 30)	Total Equity	
	Capital Surplus (Note 24)										Unrealized Gain on Financial Assets							Equity Directly Associated with Held-for-sale
	Issue of Share Capital (Note 24)	Additional Paid-in Capital from Share Issuance in the Fair Value	Round Conversion	Treasury Shares Transactions	Percentage of Ownership Interests in Subsidiaries	Changes in Capital Surplus from Accounts	Accounted for in the Method	Merger	Total	Legal Reserve	Special Reserve	Retained Earnings (Note 24 and 26)	Total	Gain (Loss) on Instruments	Gain (Loss) on Instruments			
	Amount																	
23,508,607	\$ 23,508,670	\$ 3,471,812	\$ 7,462,138	\$ 477,697	\$ 472,009	\$ 271,367	\$ 10,015,194	\$ 21,345,417	\$ 12,009,900	\$ 2,705,954	\$ 15,780,147	\$ 30,539,856	\$ (2,279,863)	\$ (49,940)	\$ 2,714	\$ (2,248,722)	\$ 3,354,645	
23,508,607	\$ 23,508,670	\$ 3,471,812	\$ 7,462,138	\$ 477,697	\$ 472,009	\$ 271,367	\$ 10,015,194	\$ 21,345,417	\$ 12,009,900	\$ 2,705,954	\$ 15,780,147	\$ 30,539,856	\$ (2,279,863)	\$ (49,940)	\$ 2,714	\$ (2,248,722)	\$ 3,354,884	

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, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 12,601,921	\$ 12,363,838
Adjustments for:		
Depreciation expenses	3,841,642	4,391,453
Amortization expenses	196,648	223,431
Expected credit loss (gain)	962,691	(23,060)
Net gain on fair value changes of financial assets as at fair value through profit or loss	(769,468)	(228,483)
Finance costs	351,374	844,172
Interest income	(1,404,436)	(1,896,183)
Dividend income	(13,391)	(20,484)
Share of profit of associates accounted for using the equity method	(385,513)	(60,069)
Net loss (gain) on disposal of property, plant and equipment	(5,238)	30,456
Net loss on disposal of intangible asset	996	15
Net gain on disposal of non-current assets held for sale	(304,830)	-
Net gain on disposal of investments	(745,573)	(261)
Impairment loss recognized on non-financial assets	1,984,537	-
Impairment loss reversed on non-financial assets	-	(887,297)
Unrealized net loss (gain) on foreign currency exchange	314,774	(792,299)
Net loss (gain) on disposal of subsidiaries	51,146	(226,034)
Recognition of provisions	380,078	300,722
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	712,823	730,141
Contract assets	400,809	588,627
Notes receivable	(178,274)	446,787
Trade receivables	1,261,909	5,252,094
Trade receivables from related parties	35,182	16,553
Other receivables	2,742,926	4,322,842
Other receivables from related parties	14,383	(17,325)
Inventories	(2,013,648)	6,185,308
Other current assets	(209,458)	603,977
Notes payable	(372)	(4,964)
Trade payables	(86,466)	(4,625,264)
Trade payables to related parties	(435,543)	(51,080)
Other payables	(694,792)	(6,782,557)
Other payables to related parties	(11,572)	(3,927)
Provisions	(240,845)	(264,988)
Advance receipts	248,247	546,307
Net defined benefit liabilities	(74,461)	(91,495)
Cash generated from operations	18,528,206	20,870,953
Interest received	1,417,894	1,902,531
Dividends received	13,391	20,484

(Continued)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
Interest paid	\$ (391,481)	\$ (855,798)
Income tax paid	<u>(2,004,677)</u>	<u>(2,176,423)</u>
Net cash generated from operating activities	<u>17,563,333</u>	<u>19,761,747</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of financial assets at fair value through other comprehensive income	(267,562)	(11,500)
Proceeds from disposal of financial assets at fair value through other comprehensive income	140,318	292,270
Purchases of financial assets at amortized cost	(181,298)	(658,270)
Proceeds from disposal of financial assets at amortized costs	330,950	720,192
Proceeds from disposal of investments accounted for using the equity method	2,698,700	3,997
Net cash outflow on acquisition of subsidiaries	(273,957)	-
Net cash inflow (outflow) on disposal of subsidiaries (Note 30)	(1,706,324)	355,775
Proceeds from disposal of non-current assets held for sale	3,266,204	422,389
Purchases of property, plant and equipment	(3,378,395)	(5,174,012)
Proceeds from disposal of property, plant and equipment	40,933	193,894
Decrease in refundable deposits	42,135	144,006
Purchases of intangible assets	(124,566)	(282,196)
Proceeds from disposal of intangible assets	10,963	3,062
Decrease (increase) in other non-current assets	(14,771)	12,339
Dividend received from associates	<u>-</u>	<u>140,066</u>
Net cash generated from (used in) investing activities	<u>583,330</u>	<u>(3,837,988)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	-	691,702
Repayments of short-term borrowings	(5,209,351)	-
Repayments of long-term borrowings	-	(184)
Proceeds from guarantee deposits received	5,724	11,573
Repayments of the principal portion of lease liabilities	(313,182)	(332,362)
Cash dividends paid	(7,443,283)	(6,793,345)
Payments for buy-back of ordinary shares	-	(22,592)
Acquisition of subsidiaries	-	(364,239)
Disposal of subsidiaries (Note 30)	295,686	-
Changes in non-controlling interests	<u>(25,316)</u>	<u>(814,371)</u>
Net cash used in financing activities	<u>(12,689,722)</u>	<u>(7,623,818)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>(1,587,961)</u>	<u>(1,808,492)</u>

(Continued)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 3,868,980	\$ 6,491,449
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>67,639,056</u>	<u>63,285,301</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 71,508,036</u>	<u>\$ 69,776,750</u>
Reconciliation of cash and cash equivalents at the end of the year:		
	2020	2019
Cash and cash equivalents on consolidated balance sheet	\$ 71,508,036	\$ 67,639,056
Cash and cash equivalents included in disposal groups held for sale (Note 13)	<u>-</u>	<u>2,137,694</u>
Cash and cash equivalents at the end of the year	<u>\$ 71,508,036</u>	<u>\$ 69,776,750</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, 2020 AND 2019 (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 extraordinary shareholders' meeting of the Company resolved to spin-off its Solid State Storage's business unit to 100% owned subsidiary, SOLID STATE STORAGE TECHNOLOGY CORPORATION, for the purpose of specialization under the Business Mergers and Acquisitions Act and related regulations in October 2019.

The consolidated financial statements of the 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 25, 2021.

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)

Except for the following, 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:

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

The Group applies the amendments to IFRS 3 to transactions that occur on or after January 1, 2020. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. To determine whether an acquired process is substantive, different criteria apply, depending on whether there are outputs at the acquisition date. In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether or not an acquired set of activities and assets is a business.

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

Upon retrospective application of the amendments, the Group complied with the hedge accounting requirements under the assumption that the interest rate benchmark (such as the London Interbank Offered Rate or LIBOR) on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

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

The Group adopted the amendments starting from January 1, 2020. The threshold of materiality that could influence users has been changed to “could reasonably be expected to influence”. Accordingly, disclosures in the consolidated financial statements do not include immaterial information that may obscure material information.

4) Amendments to IFRS 16 “Covid-19 - Related Rent Concessions”

The Group elected to apply the practical expedient provided in the amendment to IFRS 16 with respect to rent concessions negotiated with the lessor as a direct consequence of the COVID-19. The related accounting policies are stated in Note 4. Prior to the application of the amendment, the Group shall determine whether or not the abovementioned rent concessions need to be accounted for as lease modifications.

The Group applied the amendment from January 1, 2020. Because the above mentioned rent concessions affect only in 2020, retrospective application of the amendment has no impact on the retained earnings as of January 1, 2020.

- b. The IFRSs endorsed by FSC for application starting from 2021

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”	January 1, 2021

- 1) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”

“Interest Rate Benchmark Reform - Phase 2” primarily amends IFRS 9, IFRS 7 and IFRS 16 to provide practical relief from the impact of the interest rate benchmark reform.

Changes in the basis for determining contractual cash flows as a result of interest rate benchmark reform

The changes in the basis for determining contractual cash flows of financial assets, financial liabilities or lease liabilities are accounted for by updating the effective interest rate at the time the basis is changed, provided the changes are necessary as a direct consequence of the reform and the new basis is economically equivalent to the previous basis.

Hedging accounting

The amendments provide the following temporary exceptions to hedging relationships that are subject to the reform:

- a) The changes to the hedging relationship that are needed to reflect changes required by the reform are treated as a continuation of the existing hedging relationship, and do not result in the discontinuation of hedge accounting or the designation of a new hedging relationship.
- b) If an entity reasonably expects that an alternative benchmark rate will be separately identifiable within a period of 24 months, it is not prohibited from designating the rate as a non-contractually specified risk component if it is not separately identifiable at the designation date.
- c) After a cash flow hedging relationship is amended, the amount accumulated in the gain/(loss) on hedging instruments of cash flow hedge is deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.
- d) An entity should allocate the hedged items of a group hedge that is subject to the reform to subgroups based on whether the hedged items have been changed to reference an alternative benchmark rate, and should designate the hedged benchmark rate separately.

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
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 IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023

(Continued)

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 6)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)
(Concluded)	

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 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 3: 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 4: 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 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: 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.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities and 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 7 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

e. Business combinations

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

Goodwill is measured as the excess of the sum of the consideration transferred, 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 (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

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

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: 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 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.

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 a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and 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.

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, 2021, 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 Group considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Critical Accounting Judgements

Business model assessment for financial assets

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

Key Sources of Estimation Uncertainty

a. Estimated impairment of financial assets

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

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 investments in associates

The Group immediately recognizes impairment losses on its net investment in an associate when there is an indication that the investment may be impaired and the carrying amount may not be recoverable. The Group's management evaluates the impairment based on the estimated future cash flows expected to be generated by the associate, including assumptions about the growth rate of sales and the capacity of the production facilities as estimated by the associate's management. The Group also takes into consideration market conditions and industry development when evaluating the appropriateness of the relevant assumptions.

d. Impairment of property, plant and equipment

Impairment of equipment in relation to the production is evaluated based on the recoverable amount of the equipment, which is the higher of its fair value less costs of disposal and its value in use. Any changes in the market prices or future cash flows will affect the recoverable amount of the equipment and may lead to the recognition of additional impairment losses or the reversal of impairment losses.

e. 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, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2020	2019
Cash on hand	\$ 2,522	\$ 2,786
Checking accounts	793,254	1,125,503
Demand deposits	36,249,012	41,608,274
Time deposits	<u>34,463,248</u>	<u>24,902,493</u>
	<u>\$ 71,508,036</u>	<u>\$ 67,639,056</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2020	2019
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Currency swaps	\$ 965,617	\$ 157,557
Forward exchange contracts	<u>391,537</u>	<u>114,093</u>
	<u>\$ 1,357,154</u>	<u>\$ 271,650</u>
<u>Financial assets at FVTPL - non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	\$ 120,747	\$ 102,120
Domestic listed shares	<u>18,587</u>	<u>14,524</u>
	<u>\$ 139,334</u>	<u>\$ 116,644</u>
<u>Financial liabilities at FVTPL - current</u>		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Forward exchange contracts	\$ 1,599,443	\$ 684,519
Currency swaps	<u>12,962</u>	<u>4,315</u>
	<u>\$ 1,612,405</u>	<u>\$ 688,834</u>

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

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2020</u>			
The Parent Company			
Forward exchange contracts	USD/NTD	2021.01.28- 2021.12.20	USD1,490,000/NTD41,770,771
Currency swaps	USD/NTD	2021.01.07- 2021.05.06	USD1,090,000/NTD31,298,920
Lite-On Overseas Trading Co., Ltd.			
Forward exchange contracts	USD/CNY	2021.01.13- 2021.11.04	USD240,500/CNY1,676,973
Currency swaps	USD/CNY	2021.01.13- 2021.09.30	USD143,000/CNY993,984

(Continued)

	Currency	Maturity Date	Notional Amount (In Thousands)
LITE-ON SINGAPORE PTE. LTD.			
Forward exchange contracts	USD/NTD	2021.02.26- 2021.07.15	USD180,000/NTD5,184,099
Forward exchange contracts	USD/INR	2021.01.19- 2021.06.08	USD30,000/INR2,246,558
Forward exchange contracts	EUR/USD	2021.01.07	EUR9,000/USD10,880
(Continued)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
<u>December 31, 2019</u>			
The Parent Company			
Currency swaps	USD/NTD	2020.01.06- 2020.03.19	USD465,000/NTD14,022,525
Lite-On Overseas Trading Co., Ltd.			
Forward exchange contracts	USD/CNY	2020.01.09- 2020.04.07	USD209,000/CNY1,473,869
Currency swaps	USD/CNY	2020.01.09	USD60,000/CNY420,468
LITE-ON SINGAPORE PTE. LTD.			
Forward exchange contracts	USD/NTD	2020.01.10- 2020.11.16	USD1,328,000/NTD39,887,176
Forward exchange contracts	USD/INR	2020.01.10- 2020.06.16	USD35,000/INR2,519,329
Forward exchange contracts	EUR/USD	2020.01.07	EUR11,000/USD12,210
Forward exchange contracts	USD/CAD	2020.01.06	USD1,504/CAD2,000
Forward exchange contracts	USD/JPY	2020.01.07	USD919/JPY100,000
Forward exchange contracts	USD/BRL	2020.01.22	USD2,500/BRL10,166
Forward exchange contracts	USD/MXN	2020.01.07	USD2,600/MXN51,025
Forward exchange contracts	USD/CNY	2020.03.04- 2020.03.17	USD20,000/CNY140,540
Currency swaps	USD/CNY	2020.01.07- 2020.03.16	USD55,500/CNY389,881
Philip & Lite-On Digital Solutions Corporation			
Forward exchange contracts	EUR/USD	2020.01.06	USD3,866/EUR3,500
Currency swaps	USD/NTD	2020.01.30	USD20,000/NTD602,000
Silitech Technology Corporation			
Forward exchange contracts	USD/MYR	2020.01.07- 2020.03.06	USD1,940/MYR8,050
Forward exchange contracts	EUR/MYR	2020.01.10- 2020.03.17	EUR300/MYR1,405
Forward exchange contracts	CNY/MYR	2020.01.16	CNY1,000/MYR590
Forward exchange contracts	USD/CNY	2020.01.17- 2020.02.14	USD2,250/CNY15,803

(Concluded)

The Group entered into derivative contracts in 2020 and 2019 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	
	2020	2019
<u>Non-current</u>		
Domestic investments		
Listed shares	\$ 174,294	\$ 258,493
Unlisted shares	<u>45,190</u>	<u>51,352</u>
	<u>219,484</u>	<u>309,845</u>
Foreign investments		
Unlisted shares	<u>1,403,077</u>	<u>1,211,231</u>
	<u>\$ 1,622,561</u>	<u>\$ 1,521,076</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	
	2020	2019
Pledged deposits	\$ 410,987	\$ 467,674
Wealth management products	<u>-</u>	<u>92,965</u>
	<u>\$ 410,987</u>	<u>\$ 560,639</u>
Current	\$ 27,186	\$ 221,977
Non-current	<u>383,801</u>	<u>338,662</u>
	<u>\$ 410,987</u>	<u>\$ 560,639</u>

- Wealth management products mainly refer to bank deposit products with minimum guaranteed returns held by subsidiaries and measured at amortized cost. The products shall not be paid or redeemed within the contract period.
- 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 as at amortized cost.

	December 31	
	2020	2019
<u>At amortized cost</u>		
Gross carrying amount	\$ 410,987	\$ 560,639
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
Net carrying amount	<u>\$ 410,987</u>	<u>\$ 560,639</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, TRADE RECEIVABLES, NET AND OTHER RECEIVABLES

	December 31	
	2020	2019
<u>Notes receivable</u>		
Notes receivable - operating	<u>\$ 422,524</u>	<u>\$ 245,525</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 36,180,583	\$ 38,220,925
Allowance for impairment loss	<u>(190,153)</u>	<u>(142,271)</u>
	<u>\$ 35,990,430</u>	<u>\$ 38,078,654</u>

a. Notes receivable

The aging of notes receivable was as follows:

	December 31	
	2020	2019
Not past due	<u>\$ 422,524</u>	<u>\$ 245,525</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 an allowance 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, e.g. when the debtor has been placed under liquidation or when the trade receivables are more than 2 years past due, whichever occurs earlier. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables which are due. Where recoveries are made, these are recognized in profit or loss.

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

December 31, 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>

December 31, 2019

	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	\$ 37,776,076	\$ 281,476	\$ 50,801	\$ 948	\$ 111,624	\$ 38,220,925
Loss allowance	-	(3,939)	(26,130)	(578)	(111,624)	(142,271)
Amortized cost	<u>\$ 37,776,076</u>	<u>\$ 277,537</u>	<u>\$ 24,671</u>	<u>\$ 370</u>	<u>\$ -</u>	<u>\$ 38,078,654</u>

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

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ 142,271	\$ 218,840
Amounts written off	(8,054)	(48,488)
Expected credit loss (gain)	57,630	(22,998)
Reclassified to non-current assets held for sale	-	(1,454)
Disposal of subsidiaries	(24)	-
Foreign exchange translation	<u>(1,670)</u>	<u>(3,629)</u>
Balance at December 31	<u>\$ 190,153</u>	<u>\$ 142,271</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 2020 had increased significantly since the initial recognition and, therefore, recognized the lifetime expected credit impairment loss of \$905,061 thousand.

12. INVENTORIES, NET

	December 31	
	2020	2019
Finished goods	\$ 16,322,508	\$ 16,343,107
Raw materials	6,087,710	4,876,849
Work in progress	1,952,410	1,929,297
Inventory in transit	165,461	242,223
Merchandise	<u>140,574</u>	<u>255,967</u>
	<u>\$ 24,668,663</u>	<u>\$ 23,647,443</u>

The costs of inventories recognized as cost of goods sold for the years ended December 31, 2020 and 2019 were \$129,749,924 thousand and \$150,616,502 thousand, respectively.

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. The cost of inventories recognized as cost of goods sold for the year ended December 31, 2019 included a reduction of cost of goods sold amounting to \$1,245,437 thousand due to 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

	December 31	
	2020	2019
Disposal groups held for sale	\$ -	\$ 7,025,272
Liabilities directly associated with disposal groups held for sale	\$ -	\$ 2,693,881
Equity directly associated with disposal groups held for sale	\$ -	\$ (14,218)

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. The main categories of assets and liabilities of the subsidiaries held for sale on December 31, 2019 are as follows:

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

14. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Main Business	% of Ownership December 31		Remark
			2020	2019	
The Company	Silitech Technology Corporation	Manufacture and sale of modules and plastic products	18.87	33.87	1), 2)
	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	63.73	69.94	-
	LITE-ON ELECTRONICS H.K. LIMITED	Sale of LED optical products	100.00	100.00	-
	Lite-On Electronics (Thailand) Co., Ltd.	Manufacture and sale of LED optical products	100.00	100.00	-
	Lite-On Japan Ltd.	Sale of LED optical products and power supplies	100.00	100.00	-

(Continued)

Investor	Investee	Main Business	% of Ownership December 31		Remark
			2020	2019	
Lite-On Capital Corporation	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	100.00	-
	Philips & Lite-On Digital Solutions Corporation	Sale of optical disc drives	49.00	49.00	-
	LET (HK) LIMITED	Sale of optical disc drives	100.00	100.00	-
	Lite-On Automotive International (Cayman) Co., Ltd.	Investment activities	100.00	100.00	-
	LITE-ON AUTOMOTIVE ELECTRONICS MEXICO, S.A. DE C.V.	Production, manufacture, sale, import and export of photovoltaic device, key electronic components, telecommunications equipment, information technology equipment, semiconductor applications, general lighting, automotive electronics, renewable energy products and systems and maintenance within the automotive industry	99.00	99.00	-
	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	-
	SOLID STATE STORAGE TECHNOLOGY CORPORATION	Manufacture and duplication of electronic components and data storage medium	-	100.00	3)
	LITE-ON INC.	Investment activities	83.28	-	4)
	DYNA INVESTMENT CO., LTD	Investment activities	87.55	-	4)
	Silitech Technology Corporation	Manufacture and sale of modules and plastic products	0.64	0.64	2)
	Lite-On Green Technologies Inc.	Manufacture and wholesale of electronic components and energy technology services	100.00	100.00	-
	Lite-On Green Energy (HK) Limited	Investment activities	100.00	100.00	-
	Lite-On Technology (Europe) B.V.	Market research and after-sales services	46.00	46.00	-
	LITE-ON GREEN ENERGY (SINGAPORE) PTE. LTD.	Investment activities	100.00	100.00	-
	Lite-On Green Technologies Inc.	Solar energy engineering	100.00	100.00	-
	LITE-ON GREEN ENERGY (SINGAPORE) PTE. LTD.	Investment activities	100.00	100.00	-
	LITE-ON ELECTRONICS H.K. LIMITED	ODM services	100.00	100.00	-
	LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	Manufacture and sale of IT products	100.00	100.00	-
	CHINA BRIDGE (CHINA) CO., LTD.	Investment activities and acting as a sales agent	100.00	100.00	-
	LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	Manufacture of electronic components	100.00	100.00	-
	SILITEK ELEC. (DONGGUAN) CO., LTD.	Manufacture and sale of keyboards	100.00	100.00	-
	LITE-ON COMPUTER TECHNOLOGY (DONGGUAN) CO., LTD.	Manufacture and sale of display device	100.00	100.00	-
	LITE-ON DIGITAL ELECTRONICS (DONGGUAN) CO., LTD.	Manufacture and sale of computer peripheral products	-	100.00	5)
	CHINA BRIDGE (CHINA) CO., LTD.	Development, manufacture of new-type electronic components and provision technology consulting services, maintenance equipment and after-sales services	12.59	12.59	-
	WUXI CHINA BRIDGE EXPRESS TRADING CO., LTD.	Express and sale of power supplies, printers, display devices and scanners	100.00	100.00	-
	LITE-ON ELECTRONICS COMPANY LIMITED	Manufacture and sale of mobile terminal equipment	100.00	100.00	-
	LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	Manufacture and sale of printers and scanners	100.00	100.00	-
	LITE-ON (GUANGZHOU) INFORTECH CO., LTD.	Information outsourcing	100.00	100.00	-
	LITEON ELECTRONICS AND WIRELESS (GUANGZHOU) LIMITED	Manufacture and sale of mobile terminal equipment	100.00	100.00	-
	LITE-ON (GUANGZHOU) PRECISION TOOLING LTD.	Manufacture and sale of modules	67.03	67.03	-
	LITE-ON TECHNOLOGY (GUANGZHOU) LIMITED	Manufacture and sale of computer cases	100.00	100.00	-
	LITE-ON TECHNOLOGY (JIANGSU) CO., LTD.	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	Manufacture and sale of modules	32.97	32.97	-

(Continued)

Investor	Investee	Main Business	% of Ownership December 31		Remark
			2020	2019	
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 LED and provision technology consulting services, maintenance equipment and after-sales services	87.41	87.41	-
	LITE-ON MEDICAL DEVICE (CHANGZHOU) LTD.	Manufacture and sale of medical equipment	100.00	100.00	-
	CHANGZHOU LEOTEK NEW ENERGY TRADE LIMITED	Wholesale, import and export and installation of street lights, signal lights, scenery lights and new-type electronic components	100.00	100.00	-
	LITE-ON COMPUTER (CHANGZHOU) CO., LTD.	Design, development, manufacture and sale of computer laptop keyboard modules and components and provision of technology consulting services and after-sales services	100.00	100.00	-
	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	-
YET FOUNDATE LIMITED	DONGGUAN LITE-ON COMPUTER CO., LTD.	Manufacture and sale of computer hosts and components	100.00	100.00	-
FORDGOOD ELECTRONIC LIMITED	LITEON LI SHIN TECHNOLOGY (GANZHOU) LTD.	Manufacture and sale of electronic components	100.00	100.00	-
LITE-ON TECHNOLOGY USA, INC.	LITE-ON, INC.	Sales data processing of optoelectronic products and power supplies	100.00	100.00	-
	LITE-ON TRADING USA, INC.	Sale of optical products	100.00	100.00	-
	LEOTEK ELECTRONICS USA LLC.	Sale of LED products	100.00	100.00	-
	POWER INNOVATIONS INTERNATIONAL, INC.	Development, design and manufacture of power control and energy management	95.25	95.25	-
	SOLID STATE STORAGE TECHNOLOGY USA CORPORATION (formerly: Lite-On Sales & Distribution Inc.)	Sale of optical disc drives	-	100.00	3)
Lite-On International Holding Co., Ltd.	LITE-ON TECHNOLOGY SERVICE, INC.	After-sales service of optical products	100.00	100.00	-
LITE-ON SINGAPORE PTE. LTD.	LITE-ON CHINA HOLDING CO., LTD.	Investment activities	100.00	100.00	-
	LITE-ON TECHNOLOGY (XIANNING) CO., LTD.	Manufacture and sale of electronic components	100.00	100.00	-
	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Manufacture and sale of energy saving equipment	100.00	100.00	-
	LITE-ON AUTOMOTIVE ELECTRONICS MEXICO, S.A. DE C.V.	Production, manufacture, sale, import and export of photovoltaic device, key electronic components, telecommunications equipment, information technology equipment, semiconductor applications, general lighting, automotive electronics, renewable energy products and systems and maintenance within the automotive industry	1.00	1.00	-
	LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED	Manufacture and sale of phone chargers and power supplies	1.00	1.00	-
LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	LITE-ON INTELLIGENT TECHNOLOGY (YENCHENG) CORP.	Wholesale, import and export and installation of street lights, signal lights, scenery lights and new-type electronic components	100.00	100.00	-
LTC GROUP LTD.	TITANIC CAPITAL SERVICES LTD.	Investment activities	100.00	100.00	-
Lite-On Technology (Europe) B.V.	LTC INTERNATIONAL LTD.	Manufacture and sale of system products	100.00	100.00	-
Lite-On (Finland) Oy	Lite-On (Finland) Oy	Manufacture and sale of mobile phone modules and design for assembly lines	100.00	100.00	-
	Lite-On Mobile Oyj	Manufacture and sale of mobile phone modules and design for assembly lines	100.00	100.00	-
LITE-ON CHINA HOLDING CO., LTD.	LITE-ON ELECTRONICS COMPANY LIMITED	Investment activities	100.00	100.00	-
	YET FOUNDATE LIMITED	Manufacture of plastic and computer peripheral products	100.00	100.00	-
	I-SOLUTIONS LIMITED	Sale of specialized electronic products	-	100.00	6)
	FORDGOOD ELECTRONIC LIMITED	Import and export and real estate	100.00	100.00	-
	G&W TECHNOLOGY (BVI) LIMITED	Real estate management	50.00	50.00	-
G&W TECHNOLOGY (BVI) LIMITED	G&W TECHNOLOGY LIMITED	Leasing	100.00	100.00	-
EAGLE ROCK INVESTMENT LTD.	HUIZHOU LI SHIN ELECTRONIC CO., LTD.	Manufacture of computer peripheral products	100.00	100.00	-
HIGH YIELD GROUP CO., LTD.	LITE-ON IT INTERNATIONAL (HK) LIMITED	Sale of optical disc drives	100.00	100.00	-
LITE-ON IT INTERNATIONAL (HK) LIMITED	LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD. (formerly: LITEON OPTO TECHNOLOGY (GUANGZHOU) LTD.)	Manufacture of automotive parts and components	100.00	100.00	-
	LiteON Auto Electric Technology (Guangzhou) Ltd.	Manufacture and sale of optical disc drives	100.00	100.00	-
Lite-On Information Technology B.V.	LITEON-IT OPTO TECH (BH) CO., LTD.	Manufacture and sale of optical disc drives	100.00	100.00	-
Philips & Lite-On Digital Solutions Corporation	Lite-On Information Technology GmbH	Sale of optical disc drives	-	100.00	7)
	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	-
Silitech Technology Corporation	Silitech (BVI) Holding Ltd.	Investment activities	100.00	100.00	2)
Silitech (BVI) Holding Ltd.	Silitech (Bermuda) Holding Ltd.	Investment activities	100.00	100.00	2)

(Continued)

Investor	Investee	Main Business	% of Ownership December 31		Remark
			2020	2019	
Silitech (Bermuda) Holding Ltd.	Silitech Technology Corporation Limited	Manufacture of plastic and computer peripheral products	100.00	100.00	2)
	Silitech Technology Corp. Sdn. Bhd.	Manufacture of computer peripheral products	100.00	100.00	2)
	Silitech (Hong Kong) Holding Ltd.	Investment activities	100.00	100.00	2)
Silitech (Hong Kong) Holding Ltd.	Silitech Electronic (SuZhou) Co., Ltd.	Manufacture and sale of automotive parts, touch panels and plastic and rubber assembly	-	100.00	2)
Silitech Technology Corporation Limited	Xurong Electronic (Shenzhen) Ltd.	Manufacture of automotive parts, touch panels and plastic and rubber assembly	100.00	100.00	2)
Lite-On Automotive International (Cayman) Co., Ltd	LITE-ON AUTOMOTIVE HOLDINGS (HONG KONG) CO., LIMITED	Investment activities	100.00	100.00	-
LITE-ON AUTOMOTIVE HOLDINGS (HONG KONG) CO., LIMITED	LITE-ON AUTOMOTIVE (WUXI) CO., LTD	Manufacture, sale and processing of electronic products	100.00	100.00	-
	Lite-On (Guangzhou) Automotive Electronics Limited	Manufacture, sale and processing of electronic products	100.00	100.00	-
Lite-On Japan Ltd.	Lite-On Japan (H.K.) Limited	Import and export of electronic components	100.00	100.00	-
	Lite-On Japan (Korea) Co., Ltd.	Import and export of electronic components	100.00	100.00	-
	LITE-ON JAPAN (Thailand) CO., LTD.	Import and export of electronic components	100.00	100.00	-
Lite-On Japan (H.K.) Limited	NL (SHANGHAI) CO., LTD.	Import and export of electronic components	100.00	100.00	-
Lite-On Mobile Oyj	LITE-ON MOBILE INDÚSTRIA E COMÉRCIO DE PLÁSTICOS LTDA.	Manufacture and sale of mobile phone modules and design for assembly line	2.97	2.97	-
LITE-ON MOBILE PTE. LTD.	GUANGZHOU LITE-ON MOBILE ENGINEERING PLASTICS CO., LTD.	Manufacture and sale of mobile phone modules and design for assembly line	100.00	100.00	-
	BEIJING LITE-ON MOBILE ELECTRONIC AND TELECOMMUNICATION COMPONENTS CO., LTD.	Manufacture and sale of mobile phone modules and design for assembly line	100.00	100.00	-
	LITE-ON MOBILE INDÚSTRIA E COMÉRCIO DE PLÁSTICOS LTDA.	Manufacture and sale of mobile phone modules and design for assembly line	97.03	97.03	-
KBW-LEOTEK Jordan Private Shareholding Limited	LITE-ON YOUNG FAST PTE. LTD.	Investment activities	100.00	100.00	-
SOLID STATE STORAGE TECHNOLOGY CORPORATION	LEOTEK, PSC	Production and manufacture of energy-saving lights	60.00	60.00	-
	Solid State Storage Technology (Guangzhou) Corporation	Software and information technology related services	-	-	8)
	SOLID STATE STORAGE TECHNOLOGY PTE. LTD.	Business development and customer services	-	-	8)
LITE-ON INC.	DYNA INVESTMENT CO., LTD	Investment activities	12.40	-	4)
DYNA INVESTMENT CO., LTD	LITE-ON INC.	Investment activities	16.70	-	4)

(Concluded)

Remark:

- 1) Partially sold the equity interests in June 2020. Refer to Note 30 for further information.
 - 2) The Group lost its control on December 30, 2020, the inclusion of Silitech Technology Corporation and its subsidiaries in the consolidated statements was terminated from that date. However, Silitech Technology Corporation still has a significant impact on the Group and is subsequently recognized as an affiliated company using the equity method for subsequent measurement. Refer to Note 30 for further information.
 - 3) The disposal was completed in July 2020. Refer to Note 13 for further information.
 - 4) Acquired in batches from November to December 2020.
 - 5) Liquidated in September 2020.
 - 6) Liquidated in October 2020.
 - 7) Liquidated in December 2020.
 - 8) Capital injection and the disposal were completed in January 2020 and July 2020, respectively.
- b. Subsidiaries excluded from consolidated financial statements: None.

c. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests	
	December 31	
	2020	2019
Silitech Technology Corporation	-	65.49%

Refer to Note 30 for the Group's disclosure of disposal of Silitech Technology Corporation.

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

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests For the Year Ended December 31		Accumulated Non-controlling Interests December 31	
	2020	2019	2020	2019
Silitech Technology Corporation	\$ (230,534)	\$ (19,970)	\$ -	\$ 1,650,939
Others	<u>43,700</u>	<u>50,588</u>	<u>551,839</u>	<u>530,676</u>
	<u>\$ (186,834)</u>	<u>\$ 30,618</u>	<u>\$ 551,839</u>	<u>\$ 2,181,615</u>

The summarized financial information below represents amounts before intragroup eliminations.

Silitech Technology Corporation and its subsidiaries:

	December 31, 2019
Current assets	\$ 2,665,563
Non-current assets	679,836
Current liabilities	(714,824)
Non-current liabilities	<u>(109,572)</u>
Equity	<u>\$ 2,521,003</u>
Equity attributable to:	
The Parent Company	\$ 870,064
Non-controlling interests of Silitech Technology Corporation	<u>1,650,939</u>
	<u>\$ 2,521,003</u>

	For the Year Ended December 31	
	2020	2019
Revenue	<u>\$ 1,734,002</u>	<u>\$ 2,295,774</u>
Net loss for the year	\$ 366,258	\$ 30,495
Other comprehensive loss for the year	<u>62,717</u>	<u>6,191</u>
Total comprehensive loss for the year	<u>\$ 428,975</u>	<u>\$ 36,686</u>
Net loss attributable to:		
The Parent Company	\$ 135,724	\$ 10,525
Non-controlling interests of Silitech Technology Corporation	<u>230,534</u>	<u>19,970</u>
	<u>\$ 366,258</u>	<u>\$ 30,495</u>
Total comprehensive loss attributable to:		
The Parent Company	\$ 83,704	\$ 12,661
Non-controlling interests of Silitech Technology Corporation	<u>345,271</u>	<u>24,025</u>
	<u>\$ 428,975</u>	<u>\$ 36,686</u>
Net cash flow from:		
Operating activities	\$ (125,587)	\$ 91,871
Investing activities	92,310	347,075
Financing activities	(41,288)	(1,254,522)
Foreign exchange translation	<u>(69,136)</u>	<u>5,131</u>
Net cash outflow	<u>\$ (143,701)</u>	<u>\$ (810,445)</u>

15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates

	December 31	
	2020	2019
Associates that are not individually material	<u>\$ 2,582,904</u>	<u>\$ 4,729,554</u>

Aggregate Information of Associates That Are Not Individually Material

	For the Year Ended December 31	
	2020	2019
The Group's share of:		
Profit for the year	\$ 385,513	\$ 60,069
Other comprehensive loss for the year	<u>(20,436)</u>	<u>(164,085)</u>
Total comprehensive income (loss) for the year	<u>\$ (365,077)</u>	<u>\$ (104,016)</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 Group 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:

	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 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 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 was higher than its recoverable amount.

16. PROPERTY, PLANT AND EQUIPMENT, NET

	Freehold Land	Buildings	Machinery Equipment	Tooling Equipment	Transportation Equipment	Office Equipment	Other Equipment	Total
Cost								
January 1, 2020	\$ 2,322,935	\$ 19,203,997	\$ 25,579,970	\$ 2,057,199	\$ 48,191	\$ 2,051,727	\$ 5,768,202	\$ 57,032,221
Additions	216,257	253,697	1,588,278	56,415	1,279	212,894	831,453	3,160,273
Disposals	(2,150)	(46,796)	(2,381,212)	(423,235)	(8,631)	(130,301)	(439,214)	(3,431,539)
Effect of business combination	195,938	(214,903)	(769,353)	-	(9,367)	(107,909)	(151,779)	(1,057,373)
Reclassification	(5,732)	198,824	241,148	5,885	(401)	55,233	(538,141)	(43,184)
Effect of foreign currency exchange differences	(5,975)	(107,474)	(252,034)	(7,999)	(1,261)	(25,626)	(79,415)	(479,784)
December 31, 2020	<u>\$ 2,721,273</u>	<u>\$ 19,287,345</u>	<u>\$ 24,006,797</u>	<u>\$ 1,688,265</u>	<u>\$ 29,810</u>	<u>\$ 2,056,018</u>	<u>\$ 5,391,106</u>	<u>\$ 55,180,614</u>
Accumulated depreciation								
January 1, 2020	\$ -	\$ 9,327,522	\$ 20,188,463	\$ 1,885,187	\$ 41,273	\$ 1,781,730	\$ 3,930,410	\$ 37,154,585
Additions	-	728,286	2,251,969	97,735	2,232	177,476	232,082	3,489,780
Disposals	-	(39,494)	(2,291,705)	(406,767)	(6,647)	(126,600)	(389,833)	(3,261,046)
Effect of business combination	-	(198,373)	(518,242)	-	(9,367)	(86,246)	(89,366)	(901,594)
Reclassification	-	81,081	(80,087)	-	(6)	4,851	16,034	21,873
Effect of foreign currency exchange differences	-	(66,449)	(182,189)	(7,263)	(1,013)	(18,005)	(15,246)	(290,165)
December 31, 2020	<u>\$ -</u>	<u>\$ 9,832,573</u>	<u>\$ 19,368,209</u>	<u>\$ 1,568,892</u>	<u>\$ 26,472</u>	<u>\$ 1,733,206</u>	<u>\$ 3,684,081</u>	<u>\$ 36,213,433</u>
Accumulated impairment								
January 1, 2020	\$ -	\$ 35,006	\$ 529,830	\$ 19,024	\$ 404	\$ 2,637	\$ 119,361	\$ 706,262
Additions	-	543	163,253	3,368	44	12,672	85,663	265,543
Disposals	-	(409)	(72,618)	(16,192)	(394)	(2,263)	(42,922)	(134,798)
Effect of business combination	-	(64)	(142,247)	-	-	(7,848)	(61,394)	(211,553)
Reclassification	-	(10,633)	(22,709)	-	-	(2,474)	5,354	(30,462)
Effect of foreign currency exchange differences	-	(9,606)	6,883	(61)	(10)	(142)	(13,929)	(16,865)
December 31, 2020	<u>\$ -</u>	<u>\$ 14,837</u>	<u>\$ 462,392</u>	<u>\$ 6,139</u>	<u>\$ 44</u>	<u>\$ 2,582</u>	<u>\$ 92,133</u>	<u>\$ 578,127</u>
December 31, 2020, net	<u>\$ 2,721,273</u>	<u>\$ 9,439,935</u>	<u>\$ 4,176,196</u>	<u>\$ 113,234</u>	<u>\$ 3,294</u>	<u>\$ 320,230</u>	<u>\$ 1,614,892</u>	<u>\$ 18,389,054</u>
Cost								
January 1, 2019	\$ 2,327,976	\$ 18,155,108	\$ 27,419,920	\$ 2,108,806	\$ 56,075	\$ 2,126,243	\$ 7,244,205	\$ 59,438,333
Additions	-	996,935	1,812,295	101,551	3,949	126,737	1,403,914	4,445,381
Disposals	(4,744)	(810,200)	(2,153,971)	(128,057)	(10,982)	(155,182)	(110,727)	(3,373,863)
Reclassification	-	1,302,438	(733,237)	18,550	(48)	(6,545)	(2,602,901)	(2,021,743)
Effect of foreign currency exchange differences	(297)	(440,284)	(765,037)	(43,651)	(803)	(39,526)	(166,289)	(1,455,887)
December 31, 2019	<u>\$ 2,322,935</u>	<u>\$ 19,203,997</u>	<u>\$ 25,579,970</u>	<u>\$ 2,057,199</u>	<u>\$ 48,191</u>	<u>\$ 2,051,727</u>	<u>\$ 5,768,202</u>	<u>\$ 57,032,221</u>

(Continued)

	Freehold Land	Buildings	Machinery Equipment	Tooling Equipment	Transportation Equipment	Office Equipment	Other Equipment	Total
<u>Accumulated depreciation</u>								
January 1, 2019	\$ -	\$ 9,307,631	\$ 21,216,394	\$ 1,929,615	\$ 51,927	\$ 1,800,224	\$ 3,896,868	\$ 38,202,659
Additions	-	712,783	2,633,995	123,562	2,437	196,086	288,734	3,957,597
Disposals	-	(330,998)	(2,069,945)	(127,759)	(12,743)	(137,143)	(130,351)	(2,808,939)
Reclassification	-	(104,189)	(1,001,401)	(70)	106	(41,950)	(15,228)	(1,162,732)
Effect of foreign currency exchange differences	-	(257,705)	(590,580)	(40,161)	(454)	(35,487)	(109,613)	(1,034,000)
December 31, 2019	<u>\$ -</u>	<u>\$ 9,327,522</u>	<u>\$ 20,188,463</u>	<u>\$ 1,885,187</u>	<u>\$ 41,273</u>	<u>\$ 1,781,730</u>	<u>\$ 3,930,410</u>	<u>\$ 37,154,585</u>
<u>Accumulated impairment</u>								
January 1, 2019	\$ -	\$ 317,594	\$ 290,431	\$ 19,446	\$ 153	\$ 4,970	\$ 118,088	\$ 750,682
Additions	-	24,553	306,321	-	408	15	25,811	357,108
Disposals	-	(306,742)	(32,441)	-	-	(262)	(1,129)	(340,574)
Reclassification	-	-	(35,623)	-	(153)	(2,029)	(18,305)	(56,110)
Effect of foreign currency exchange differences	-	(399)	1,142	(422)	(4)	(57)	(5,104)	(4,844)
December 31, 2019	<u>\$ -</u>	<u>\$ 35,006</u>	<u>\$ 529,830</u>	<u>\$ 19,024</u>	<u>\$ 404</u>	<u>\$ 2,637</u>	<u>\$ 119,361</u>	<u>\$ 706,262</u>
December 31, 2019, net	<u>\$ 2,322,935</u>	<u>\$ 9,841,469</u>	<u>\$ 4,861,677</u>	<u>\$ 152,988</u>	<u>\$ 6,514</u>	<u>\$ 267,360</u>	<u>\$ 1,718,431</u>	<u>\$ 19,171,374</u>

(Concluded)

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 \$265,543 thousand and \$357,108 thousand for the years ended December 31, 2020 and 2019, respectively. The impairment losses was recognized in impairment loss of the consolidated statements of comprehensive income. The Group determined the recoverable amount on the basis of their fair value less costs of disposal. The fair value of the recoverable amount was categorized as a Level 1 measurement.

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

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

17. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31</u>	
	2020	2019
<u>Carrying amount</u>		
Land (including right-to-use land)	\$ 769,989	\$ 716,825
Buildings	545,365	788,373
Machinery	43,400	50,785
Transportation equipment	26,403	40,385
Other equipment	<u>4,359</u>	<u>6,110</u>
	<u>\$ 1,389,516</u>	<u>\$ 1,602,478</u>

	For the Year Ended December 31	
	2020	2019
Additions to right-of-use assets	\$ 438,405	\$ 196,205
Depreciation charge for right-of-use assets		
Land (including right-to-use land)	\$ 28,707	\$ 29,728
Buildings	244,540	322,416
Machinery	28,503	30,631
Transportation equipment	14,148	15,640
Other equipment	1,980	2,085
	<u>\$ 317,878</u>	<u>\$ 400,500</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, 2019 as there was no indication of impairment.

b. Lease liabilities

	December 31	
	2020	2019
<u>Carrying amounts</u>		
Current	\$ 225,095	\$ 306,405
Non-current	\$ 551,233	\$ 648,341

Range of discount rate for lease liabilities was as follows:

	December 31	
	2020	2019
Land (including right-to-use land)	1.79%	1.79%
Buildings	0.70%-9.20%	0.70%-9.20%
Machinery	3.30%-3.54%	3.49%-4.75%
Transportation equipment	0.70%-3.35%	0.70%-3.8%
Other equipment	3.25%-3.35%	3.35%

c. Material lease-in activities and terms

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

d. Other lease information

	For the Year Ended December 31	
	2020	2019
Expenses relating to short-term leases	\$ 310,908	\$ 372,051
Expenses relating to low-value asset leases	\$ 221,162	\$ 239,576
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 110,314	\$ 79,684
Total cash outflow for leases	\$ 985,943	\$ 1,062,009

18. INVESTMENT PROPERTIES, NET

	Completed Investment Properties
<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	(922)
Balance at December 31, 2020	\$ 1,397,288
<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	98
Balance at December 31, 2020	\$ 147,243
Carrying amounts at December 31, 2020	\$ 1,250,045
<u>Cost</u>	
Balance at January 1, 2019	\$ 1,239,935
Transfers from property, plant and equipment	202,421
Effects of foreign currency exchange differences	(58,959)
Balance at December 31, 2019	\$ 1,383,397
<u>Accumulated depreciation</u>	
Balance at January 1, 2019	\$ 61,542
Depreciation expenses	33,356
Transfers from property, plant and equipment	10,521
Effects of foreign currency exchange differences	(4,289)
Balance at December 31, 2019	\$ 101,130
Carrying amounts at December 31, 2019	\$ 1,282,267

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

Buildings 15-50 years

On December 31, 2020 and 2019, the Group was unable to reliably measure the fair value of the mainly investment property located in Shanghai because the market for comparable properties was inactive and alternative reliable measurements of fair value were not available. Therefore, the Group determined that the fair value of the investment property was 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, 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>
<u>Cost</u>							
January 1, 2019	\$ 15,053,072	\$ 51,364	\$ 2,695,878	\$ 163,819	\$ 1,165,487	\$ 1,509,808	\$ 20,639,428
Additions	16,660	55	-	-	241,038	2,175	259,928
Disposals	-	-	-	-	(51,582)	(62,787)	(114,369)
Reclassification	-	-	-	-	(18,420)	287	(18,133)
Effect of foreign currency exchange differences	(8,220)	(7)	-	-	(2,405)	(4,374)	(15,006)
December 31, 2019	<u>\$ 15,061,512</u>	<u>\$ 51,412</u>	<u>\$ 2,695,878</u>	<u>\$ 163,819</u>	<u>\$ 1,334,118</u>	<u>\$ 1,445,109</u>	<u>\$ 20,751,848</u>

(Continued)

	Goodwill	Patents	Patents Use Rights	Client Relationships	Software	Other Intangible Assets	Total
<u>Accumulated amortization</u>							
January 1, 2019	\$ 77,234	\$ 50,224	\$ 2,695,878	\$ 163,819	\$ 889,054	\$ 1,503,848	\$ 5,380,057
Additions	-	622	-	-	222,499	310	223,431
Disposals	-	-	-	-	(51,797)	(59,707)	(111,504)
Reclassification	-	-	-	-	(28,376)	(110)	(28,486)
Effect of foreign currency exchange differences	-	-	-	-	(1,533)	(4,246)	(5,779)
December 31, 2019	<u>\$ 77,234</u>	<u>\$ 50,846</u>	<u>\$ 2,695,878</u>	<u>\$ 163,819</u>	<u>\$ 1,029,847</u>	<u>\$ 1,440,095</u>	<u>\$ 5,457,719</u>
<u>Accumulated impairment</u>							
January 1, 2019	\$ 9,345,267	\$ -	\$ -	\$ -	\$ 20	\$ -	\$ 9,345,287
Additions	-	-	-	-	1,032	-	1,032
Disposals	-	-	-	-	-	-	-
Effect of foreign currency exchange differences	1	-	-	-	(10)	-	(9)
December 31, 2019	<u>\$ 9,345,268</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,042</u>	<u>\$ -</u>	<u>\$ 9,346,310</u>
December 31, 2019, net	<u>\$ 5,639,010</u>	<u>\$ 566</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 303,229</u>	<u>\$ 5,014</u>	<u>\$ 5,947,819</u>

(Concluded)

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

Patents	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:

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Parent Company	\$ 4,550,333	\$ 5,248,746
POWER INNOVATIONS INTERNATIONAL, INC.	-	334,721
Others	<u>55,543</u>	<u>55,543</u>
	<u>\$ 4,605,876</u>	<u>\$ 5,639,010</u>

- 1) 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 and \$1,032 thousand for the years ended December 31, 2020 and 2019, respectively.
- 2) The Group observed the current status and future development direction of the global information optical disc drives industry in September 2020 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 \$698,413 thousand, and the discount rate used to assess the value in use was 13.31%.

- 3) The Group conducted the impairment assessment on the goodwill of the cash-generating unit POWER INNOVATIONS INTERNATIONAL, INC. It is assessed that the recoverable amount of the cash-generating unit had been lower than its carrying amount, which resulted in the Group's recognition of an impairment loss of \$319,400 thousand in the fourth quarter of 2020. The discount rate used to evaluate the value in use is 13.4%, and the impairment loss has been included in the consolidated statement of comprehensive income. POWER INNOVATIONS INTERNATIONAL, INC. is classified into the Information and Communication Technologies segment of the Group.
- 4) 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.
- 5) The Group determined gross margin based on past performance, expected profits under normal operations and management's expectations of market development. The growth rate used was consistent with the forecasts included in industry reports. The discount rate used was 12.57% and 11.36% as of December 31, 2020 and 2019, respectively and reflected specific risks relating to the relevant cash-generating units.

20. OTHER ASSETS

	December 31	
	2020	2019
Prepayments	\$ 1,512,733	\$ 1,217,644
Offsets against business tax payable	452,848	564,020
Prepayments for leases	92,198	99,710
Prepayments for equipment	-	9,467
Others	<u>233,534</u>	<u>222,876</u>
	<u>\$ 2,291,313</u>	<u>\$ 2,113,717</u>
Current	\$ 2,160,519	\$ 1,969,183
Non-current	<u>130,794</u>	<u>144,534</u>
	<u>\$ 2,291,313</u>	<u>\$ 2,113,717</u>

21. SHORT-TERM BORROWINGS

	December 31	
	2020	2019
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>\$ 24,892,419</u>	<u>\$ 30,433,692</u>

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

	December 31	
	2020	2019
Short-term borrowings	0.52%-6.25%	0.73%-2.73%

22. PROVISIONS

	December 31	
	2020	2019
<u>Current</u>		
Warranties	\$ <u>1,179,147</u>	\$ <u>1,043,689</u>
Balance at January 1	\$ 1,043,689	\$ 1,011,238
Recognition of provisions	380,078	300,722
Usage	(240,845)	(264,988)
Effect of foreign currency exchange differences	<u>(3,775)</u>	<u>(3,283)</u>
Balance at December 31	\$ <u>1,179,147</u>	\$ <u>1,043,689</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 Parent Company and 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 Parent Company and 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	
	2020	2019
Present value of defined benefit obligation	\$ 990,785	\$ 1,167,947
Fair value of plan assets	<u>(997,104)</u>	<u>(1,099,824)</u>
Net defined benefit liabilities (assets)	<u>\$ (6,319)</u>	<u>\$ 68,123</u>

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2019	<u>\$ 1,230,896</u>	<u>\$ (1,069,899)</u>	<u>\$ 160,997</u>
Service cost	6,340	-	6,340
Net interest expense (income)	<u>12,857</u>	<u>(10,137)</u>	<u>2,720</u>
Recognized in loss (profit)	<u>19,197</u>	<u>(10,137)</u>	<u>9,060</u>
Remeasurement			
Return on plan assets	-	(39,316)	(39,316)
Actuarial loss - changes in demographic assumptions	1,523	-	1,523
Actuarial loss - changes in financial assumptions	25,012	-	25,012
Actuarial loss - experience adjustments	<u>25,501</u>	<u>-</u>	<u>25,501</u>
Recognized in other comprehensive loss (gain)	<u>52,036</u>	<u>(39,316)</u>	<u>12,720</u>
Contributions from the employer	-	(18,791)	(18,791)
Benefits paid	(46,093)	46,093	-
Spin-off	(87,866)	(7,774)	(95,640)
Exchange differences on foreign plans	<u>(223)</u>	<u>-</u>	<u>(223)</u>
Balance at December 31, 2019	<u>\$ 1,167,947</u>	<u>\$ (1,099,824)</u>	<u>\$ 68,123</u>
Balance at January 1, 2020	<u>\$ 1,167,947</u>	<u>\$ (1,099,824)</u>	<u>\$ 68,123</u>
Service cost	5,694	-	5,694
Past service cost and loss (gain) on settlements	(9,157)	-	(9,157)
Net interest expense (income)	<u>8,641</u>	<u>(7,555)</u>	<u>1,086</u>
Recognized in loss (profit)	<u>5,178</u>	<u>(7,555)</u>	<u>(2,377)</u>
Remeasurement			
Return on plan assets	-	(35,883)	(35,883)
Actuarial loss - changes in financial assumptions	34,671	-	34,671
Actuarial loss - experience adjustments	<u>12,297</u>	<u>-</u>	<u>12,297</u>
Recognized in other comprehensive loss (gain)	<u>46,968</u>	<u>(35,883)</u>	<u>11,085</u>
Contributions from the employer	-	(18,624)	(18,624)
Benefits paid	(149,739)	149,739	-
Disposal of subsidiaries	(76,331)	15,043	(61,288)
Exchange differences on foreign plans	<u>(3,238)</u>	<u>-</u>	<u>(3,238)</u>
Balance at December 31, 2020	<u>\$ 990,785</u>	<u>\$ (997,104)</u>	<u>\$ (6,319)</u>

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	
	2020	2019
Discount rate(s)	0.25%-0.50%	0.70%-3.50%
Expected rate(s) of salary increase	3.00%-3.25%	3.00%-4.75%

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

	December 31	
	2020	2019
Discount rate(s)		
0.25% increase	\$ (19,583)	\$ (15,641)
0.25% decrease	\$ 20,205	\$ 32,369
Expected rate(s) of salary increase		
0.25% increase	\$ 19,114	\$ 31,196
0.25% decrease	\$ (18,640)	\$ (14,642)

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	
	2020	2019
The expected contributions to the plan for the next year	\$ 13,864	\$ 19,127
The average duration of the defined benefit obligation	8-16.04 years	8.9-15.81 years

24. EQUITY

a. Share capital

1) Ordinary shares

	December 31	
	2020	2019
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 Company's authorized shares, 100,000 thousand shares had been reserved for the issuance of employee share options.

2) Issued global depositary receipts

On September 25, 1996, the 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.

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

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

The premium from shares issued in excess of par (including share premium from issuance of ordinary shares, conversion of bonds and merger) 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 and treasury share transactions from dividends according to the Company's shares holding by subsidiaries may only be used to offset a deficit.

c. Retained earnings and dividend policy

The shareholders' meeting was held on June 21, 2019 and passed the amendments to the Company's Articles of Incorporation (the "Articles"). Under the dividends policy as set forth in the amended Articles, the Company may distribute the surplus earnings or offset losses at the close of each quarter in accordance with the Company Act. While distributing surplus earnings, the Company shall estimate and reserve for 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. When the amount of such legal reserve reached the total paid-in capital, the requirement to make reserves will be waived. If the Company distributes surplus earnings in the form of cash, it shall be approved in the meeting of the board of directors; if such surplus earnings are distributed in the form of new shares to be issued, it shall be approved by shareholders in their meeting 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 surplus earnings, legal reserve and capital reserve in the form of cash, such distribution shall be authorized by a special resolution; and in addition, 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 the shareholders in their meeting according to the regulations.

Under the dividend policy as set forth in the Articles before the amendment, if there is net profit after tax upon the final settlement of account of each fiscal year, the 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. For the policies on distribution of employees' compensation and remuneration of directors before and after amendment, refer to Note 26(c) on employee benefits expense.

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.

Under Rule No. 10802432410 issued by the Ministry of Economic Affairs, the basis of appropriating 10% legal reserve was modified from the net profit for the current year excluding items other than profit accumulated in unappropriated earnings to the net profit for the current year including items other than profit accumulated in unappropriated earnings since the appropriations of earnings of 2019 and there after.

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

The appropriations of earnings for 2019 and 2018 that were approved in the shareholders’ meetings on June 15, 2020 and June 21, 2019, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2019	2018
Legal reserve	\$ 943,969	\$ 795,684
Special reserve	1,343,307	682,814
Cash dividends	7,521,296	6,864,532
Cash dividends per share (NT\$)	3.20	2.92

The appropriation of earnings for 2020 was proposed by the Company’s board of directors on February 25, 2021. The appropriation and dividends per share were as follows:

	For the Year Ended December 31, 2020
Legal reserve	\$ 994,879
Special reserve	1,090,618
Cash dividends	7,991,377
Cash dividends per share (NT\$)	3.40

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 31, 2021.

d. Other equity items

Movements in other equity items were as follows:

	For the Year Ended December 31, 2020				Total
	Foreign Currency Translation Reserve	Unrealized Gain (Loss) from Financial Assets at FVTOCI	Gain (Loss) on Hedging Instruments	Equity Directly Associated with Disposal Groups Held for Sale	
Balance at January 1	\$ (4,390,226)	\$ (312,940)	\$ 288	\$ (14,218)	\$ (4,717,096)
Exchange differences on translating foreign operations	(1,717,016)	-	-	-	(1,717,016)
Unrealized gain on equity instruments designated as at FVTOCI	-	56,067	-	-	56,067

(Continued)

For the Year Ended December 31, 2020					
	Foreign Currency Translation Reserve	Unrealized Gain (Loss) from Financial Assets at FVTOCI	Gain (Loss) on Hedging Instruments	Equity Directly Associated with Disposal Groups Held for Sale	Total
Share of associates accounted for using the equity method	\$ (21,205)	\$ -	\$ (1,489)	\$ -	\$ (22,694)
Disposal of equity instruments at FVTOCI	-	(30,707)	-	-	(30,707)
Disposal of investments accounted for using the equity method	168,121	(7,712)	1,201	-	161,610
Disposal of subsidiaries	51,616	49,434	-	16,305	117,355
Income tax benefit	343,572	-	-	-	343,572
Reclassified to equity associated with disposal groups held for sale	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> (Concluded)

For the Year Ended December 31, 2019					
	Foreign Currency Translation Reserve	Unrealized Gain (Loss) from Financial Assets at FVTOCI	Gain (Loss) on Hedging Instruments	Equity Directly Associated with Disposal Groups Held for Sale	Total
Balance at January 1	\$ (2,779,863)	\$ (449,461)	\$ 2,714	\$ -	\$ (3,226,610)
Exchange differences on translating foreign operations	(1,879,043)	-	-	-	(1,879,043)
Unrealized gain on equity instruments designated as at FVTOCI	-	247,902	-	-	247,902
Share of associates accounted for using the equity method	(164,454)	(20)	(2,426)	-	(166,900)
Disposal of equity instruments at FVTOCI	-	(111,361)	-	-	(111,361)
Disposal of investments accounted for using the equity method	(665)	-	-	-	(665)
Income tax benefit	419,581	-	-	-	419,581
Reclassified to equity associated with disposal groups held for sale	14,218	-	-	(14,218)	-
Balance at December 31	<u>\$ (4,390,226)</u>	<u>\$ (312,940)</u>	<u>\$ 288</u>	<u>\$ (14,218)</u>	<u>\$ (4,717,096)</u>

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. Non-controlling interests

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ 2,181,615	\$ 3,354,645
Adjustments on initial application of IFRS	-	(9,761)
Balance at January 1 as restated	2,181,615	3,344,884
Attributable to non-controlling interests:		
Share of profit (loss) for the year	(186,834)	30,618
Exchange difference on translation foreign entities	(47,472)	(29,659)
Unrealized loss on equity investments designated at FVTOCI	-	(731)
Remeasurement on define benefit plans	(3)	(539)
Income tax relating to other comprehensive income	8,648	75
Disposal of interests in subsidiaries (Note 30)	(1,387,520)	-
Decrease in non-controlling interests	(16,595)	(1,163,033)
Balance at December 31	<u>\$ 551,839</u>	<u>\$ 2,181,615</u>

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

f. Treasury shares

	Unit: In Thousands of Shares			
Purpose of Buyback	Number of Shares at January 1	Increase During the Year	Decrease During the Year	Number of Shares at December 31
<u>For the year ended December 31, 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>
<u>For the year ended December 31, 2019</u>				
Shares held by its subsidiaries	26,841	-	-	26,841
Buyback of dissenting shareholders' shares in accordance with the Business Mergers and Acquisitions Act	<u>-</u>	<u>462</u>	<u>-</u>	<u>462</u>
	<u>26,841</u>	<u>462</u>	<u>-</u>	<u>27,303</u>

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

Name of Subsidiary	Number of Shares Held (In Thousands)	Carrying Amount	Market Price
<u>December 31, 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>
<u>December 31, 2019</u>			
Lite-On Capital Corporation	15,116	\$ 718,857	\$ 745,968
LTC INTERNATIONAL LTD.	7,004	297,469	345,414
YET FOUNDATE LIMITED	2,271	126,881	111,903
LITE-ON ELECTRONICS COMPANY LIMITED	2,450	<u>105,515</u>	<u>120,739</u>
		<u>\$ 1,248,722</u>	<u>\$ 1,324,024</u>

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

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

25. REVENUE

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 157,020,819	\$ 177,863,982
Rental income from property	<u>112,804</u>	<u>90,184</u>
	<u>\$ 157,133,623</u>	<u>\$ 177,954,166</u>

Refer to Note 38 for segment revenue information.

26. ADDITIONAL INFORMATION ON EXPENSES

	For the Year Ended December 31	
	2020	2019
a. Finance costs		
Interest on borrowings	\$ 320,997	\$ 805,836
Interest on lease liabilities	<u>30,377</u>	<u>38,336</u>
	<u>\$ 351,374</u>	<u>\$ 844,172</u>
b. Depreciation and amortization		
Property, plant and equipment	\$ 3,489,780	\$ 3,957,597
Right-of-used assets	317,878	400,500
Intangible assets	196,648	223,431
Investment properties	<u>33,984</u>	<u>33,356</u>
	<u>\$ 4,038,290</u>	<u>\$ 4,614,884</u>
An analysis of depreciation by function		
Recognized in operating costs	\$ 3,039,059	\$ 3,534,321
Recognized in operating expenses	<u>802,583</u>	<u>857,132</u>
	<u>\$ 3,841,642</u>	<u>\$ 4,391,453</u>
An analysis of amortization by function		
Recognized in operating costs	\$ 12,744	\$ 12,065
Recognized in operating expenses	<u>183,904</u>	<u>211,366</u>
	<u>\$ 196,648</u>	<u>\$ 223,431</u>
	For the Year Ended December 31	
	2020	2019
c. Employee benefit expenses		
Post-employment benefits		
Defined contribution plans	\$ 402,324	\$ 568,075
Defined benefit plans (Note 23)	<u>(2,377)</u>	<u>9,060</u>
	399,947	577,135
Termination benefits	174,745	181,574
Other employee benefits	<u>20,047,434</u>	<u>21,838,624</u>
	<u>\$ 20,622,126</u>	<u>\$ 22,597,333</u>
Employee benefits expense summarized by function		
Recognized in operating costs	\$ 11,519,478	\$ 12,763,639
Recognized in operating expenses	<u>9,102,648</u>	<u>9,833,694</u>
	<u>\$ 20,622,126</u>	<u>\$ 22,597,333</u>

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, employees' compensation, and remuneration of directors. The appropriations of compensation of employees and remuneration of directors for 2020 and 2019, which were approved by the Company's board of directors on February 25, 2021 and February 26, 2020, respectively, are as follows:

	For the Year Ended December 31			
	2020		2019	
	Cash Dividends	Share Dividends	Cash Dividends	Share Dividends
Employees' compensation	\$ 1,363,183	\$ -	\$ 1,326,548	\$ -
Remuneration of directors	139,223	-	79,687	-

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, 2019 and 2018.

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

27. INCOME TAX

a. Income tax recognized in profit or loss

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

	For the Year Ended December 31	
	2020	2019
Current income tax expense		
In respect of the current year	\$ 2,435,590	\$ 2,658,946
Adjustments for prior year	(28,646)	(2,675)
	<u>2,406,944</u>	<u>2,656,271</u>
Deferred income tax expense (benefit)		
The recognition and reversal of temporary differences	<u>365,773</u>	<u>302,050</u>
Income tax expense recognized in profit or loss	<u>\$ 2,772,717</u>	<u>\$ 2,958,321</u>

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

	For the Year Ended December 31	
	2020	2019
Income before Income tax	\$ 12,601,921	\$ 12,363,838
Income tax expense calculated at the statutory rate	\$ 2,772,423	\$ 2,957,430
Deductible (nondeductible) items in determining taxable income	(336,833)	(298,484)
The recognition and reversal of temporary differences	365,773	302,050
Adjustments for prior year	<u>(28,646)</u>	<u>(2,675)</u>
Income tax expense recognized in profit or loss	<u>\$ 2,772,717</u>	<u>\$ 2,958,321</u>

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

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

	For the Year Ended December 31	
	2020	2019
<u>Deferred tax</u>		
Income tax recognized in other comprehensive income		
Translation of foreign operations	\$ (350,402)	\$ (420,073)
Remeasurement on defined benefit plans	(2,939)	2,278
Share of other comprehensive gain (loss) of associates accounted for using the equity method	<u>(1,818)</u>	<u>417</u>
	<u>\$ (355,159)</u>	<u>\$ (417,378)</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)	Reclassified to Disposal Groups Held for Sale	Exchange Differences	Closing Balance
For the year ended 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	<u>206,183</u>	<u>96,030</u>	<u>-</u>	<u>-</u>	<u>(2,721)</u>	<u>299,492</u>
	<u>\$ 4,577,757</u>	<u>\$ (470,531)</u>	<u>\$ 355,159</u>	<u>\$ -</u>	<u>\$ (5,458)</u>	<u>\$ 4,456,927</u>

(Continued)

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

The movements of deferred tax liabilities were as follows:

	Opening Balance	Recognized in Loss (Profit)	Recognized in Other Comprehen- sive Loss (Income)	Reclassified to Liabilities Directly Associated with Disposal Groups Held for Sale	Exchange Differences	Closing Balance
For the year ended 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>\$ -</u>	<u>\$ (1,796)</u>	<u>\$ 1,682,563</u>
For the year ended December 31, 2019						
Temporary differences						
Investment accounted for using the equity method	\$ 756,171	\$ (754)	\$ -	\$ -	\$ -	\$ 755,417
Unrealized amortization of goodwill	416,245	-	-	-	-	416,245
Land value increment tax	280,320	-	-	-	-	280,320
Unrealized net exchange gains	97,829	159,257	-	(1,816)	(73)	255,197
Others	54,784	27,800	-	-	(646)	81,938
	<u>\$ 1,605,349</u>	<u>\$ 186,303</u>	<u>\$ -</u>	<u>\$ (1,816)</u>	<u>\$ (719)</u>	<u>\$ 1,789,117</u>

d. Income tax assessments

The tax returns of the Company through 2018 have been assessed by the tax authorities.

28. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2020	2019
Basic earnings per share	\$ 4.31	\$ 4.03
Diluted earnings per share	\$ 4.25	\$ 3.98

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

Net Profit for the Year

	For the Year Ended December 31	
	2020	2019
Earnings used in the computation of basic earnings per share	\$ 10,016,038	\$ 9,374,899
Effect of potentially dilutive ordinary shares:		
Employees' compensation	-	-
Earnings used in the computation of diluted earnings per share	\$ 10,016,038	\$ 9,374,899

Weighted Average Number of Ordinary Shares Outstanding

Unit: In Thousand Shares

	For the Year Ended December 31	
	2020	2019
Weighted average number of ordinary shares outstanding in computation of basic earnings per share	2,323,564	2,323,968
Effect of potentially dilutive ordinary shares:		
Employees' compensation	32,462	30,856
Weighted average number of ordinary shares outstanding in computation of dilutive earnings per share	2,356,026	2,354,824

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, if the effect is dilutive. The dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

29. 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 mutual holding shares, the Group's comprehensive shareholding ratios in LITE-ON INC. and DYNA INVESTMENT CO., LTD are 99.98% and 99.95%, respectively. In accordance with IFRS 3 "Business Combination", the Company evaluated and concluded that the acquired shares of subsidiaries do not constitute a business; therefore, the share purchase transaction is accounted for as acquisition of a group of assets.

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

a. Assets acquired and liabilities assumed

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

b. Net cash outflow on the acquisition of subsidiaries

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

30. DISPOSAL OF SUBSIDIARIES

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

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

a. Consideration received from disposals

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

**Silitech
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Corporation**

Line items adjusted for equity transactions

Retained earnings \$ (49,018)

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

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and
Subsidiaries**

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

c. Loss on disposal of subsidiaries

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and
Subsidiaries**

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

d. Net cash outflow on disposals of subsidiaries

**Silitech
Technology
Corporation
and
Subsidiaries**

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

31. CAPITAL MANAGEMENT

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

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

32. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

December 31, 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
Securities listed in ROC - equity securities	<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>

(Continued)

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Unlisted securities in other countries - equity securities	\$ -	\$ -	\$ 1,403,077	\$ 1,403,077
Securities listed in ROC - equity securities	174,294	-	-	174,294
Unlisted securities in ROC - equity securities	<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>

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	\$ -	\$ 271,650	\$ -	\$ 271,650
Mutual funds	-	102,120	-	102,120
Securities listed in ROC - equity securities	<u>14,524</u>	<u>-</u>	<u>-</u>	<u>14,524</u>
	<u>\$ 14,524</u>	<u>\$ 373,770</u>	<u>\$ -</u>	<u>\$ 388,294</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Unlisted securities in other countries - equity securities	\$ -	\$ -	\$ 1,211,231	\$ 1,211,231
Securities listed in ROC - equity securities	258,493	-	-	258,493
Unlisted securities in ROC - equity securities	<u>-</u>	<u>-</u>	<u>51,352</u>	<u>51,352</u>
	<u>\$ 258,493</u>	<u>\$ -</u>	<u>\$ 1,262,583</u>	<u>\$ 1,521,076</u>
Financial liabilities at FVTPL				
Derivative instruments	<u>\$ -</u>	<u>\$ 688,834</u>	<u>\$ -</u>	<u>\$ 688,834</u>

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

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

	Investments in Equity Instruments Unlisted Quotes
<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>
<u>For the year ended December 31, 2019</u>	
Balance at January 1, 2019	\$ 84,950
Total gains or losses	
In other comprehensive loss	(66,048)
Additions	1,273,500
Reclassification	<u>(29,819)</u>
Balance at December 31, 2019	<u>\$ 1,262,583</u>

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 year and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Derivative instruments - currency swaps	Estimation of fair value of a currency swap contract is based on its principal and interest rate on mutual agreement and the suitable discount rate that reflects the credit risk of various counterparties at the end of the reporting period.
Mutual funds	Using the observable similar market average price or the price of the same type of instruments provided by the mutual fund management company.
Emerging market shares	Using the recent emerging market share price of the same type of emerging market shares and considering the adjustment of all the available information on the performance and operation of the emerging company from trading date to measuring date.

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

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

c. Categories of financial instruments

	December 31	
	2020	2019
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 1,496,488	\$ 388,294
Financial assets at amortized costs (1)	113,072,751	114,625,452
Investment in equity instruments at FVTOCI	1,622,561	1,521,076
<u>Financial liabilities</u>		
FVTPL		
Held for trading	1,612,405	688,834
Amortized cost		
Short-term borrowings	24,892,419	30,433,692
Payables (2)	62,999,397	66,167,150

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

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

d. Financial risk management objectives and policies

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

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

1) Market risk

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

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

a) Foreign currency risk

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

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

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

Sensitivity analysis

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

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

	USD Impact	
	For the Year Ended December 31 2020	2019
Profit or loss	\$ (663,493)	\$ (1,069,242)

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	
	2020	2019
Fair value interest rate risk		
Financial assets (i)	\$ 34,644,520	\$ 25,234,109
Financial liabilities (ii)	24,892,419	30,406,536
Cash flow interest rate risk		
Financial assets (iii)	36,478,727	41,837,297
Financial liabilities (iv)	-	27,156

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

Sensitivity analysis

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

If interest rates had been 25 basis points higher and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2020 and 2019 would have increased by \$91,197 thousand and \$104,525 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, 2020 and 2019 would have increased by \$1,859 thousand and \$1,452 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, 2020 and 2019 would have increased by \$17,429 thousand and \$25,849 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

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

a) Business related credit risk

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

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

b) Financial related credit risk

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

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

	Notes Receivable	Trade Receivables	Contract Assets	Total
January 1, 2020	\$ -	\$ 142,271	\$ 11,530	\$ 153,801
Expected credit loss	-	57,630	-	57,630
Actual write-off	-	(8,054)	-	(8,054)
Effect of loss of control in subsidiary	-	(24)	-	(24)
Influence on exchange rate	-	(1,670)	(6)	(1,676)
December 31, 2020	<u>\$ -</u>	<u>\$ 190,153</u>	<u>\$ 11,524</u>	<u>\$ 201,677</u>
January 1, 2019	\$ -	\$ 218,840	\$ 12,069	\$ 230,909
Reversal of expected credit loss	-	(22,998)	(62)	(23,060)
Actual write-off	-	(48,488)	-	(48,488)
Reclassified to disposal groups held for sale	-	(1,454)	-	(1,454)
Influence on exchange rate	-	(3,629)	(477)	(4,106)
December 31, 2019	<u>\$ -</u>	<u>\$ 142,271</u>	<u>\$ 11,530</u>	<u>\$ 153,801</u>

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

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, 2020

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Year	1-3 Years	Over 3 Years to 5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing		\$ 62,906,806	\$ 92,591	\$ -	\$ -
Lease liabilities	0.70-9.20	253,638	343,397	107,839	173,801
Fixed interest rate liabilities	0.52-6.25	24,892,419	-	-	-
		<u>\$ 88,052,863</u>	<u>\$ 435,988</u>	<u>\$ 107,839</u>	<u>\$ 173,801</u>

December 31, 2019

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

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

December 31, 2020

	On Demand or Less than 1 Year	1-3 Years	Over 3 Years to 5 Years	5+ Years
Forward exchange contracts				
Inflows	\$ 55,483,271	\$ -	\$ -	\$ -
Outflows	(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>

December 31, 2019

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

Related Party	Relationships with the Group
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
L&K Industries Philippines, Inc.	Associate (became an associate since September 2019)
Silitech Technology Corporation	Associate (became an associate since December 30, 2020)
Silport Travel Corp.	Related party in substance
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
Dongguan Huaqiang Information Technology Co., Ltd.	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	
	2020	2019
Associate		
Lite-On Semiconductor Corp.	\$ 122,859	\$ 324,423
L&K Industries Philippines, Inc.	37,323	9,683
Others	-	2,483
	<u>160,182</u>	<u>336,589</u>
Related party in substance		
Others	<u>716</u>	<u>2,843</u>
	<u>\$ 160,898</u>	<u>\$ 339,432</u>

For the years ended December 31, 2020 and 2019, the Group's selling prices for Lite-On Semiconductor Corp. were at cost plus an agreed-upon profit. Except for the sales arrangement with Lite-On Semiconductor Corp., the sales terms between the Group and its related parties have no material difference as those between the Group and non-related parties.

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	
	2020	2019
Associate		
Lite-Space Technology Company Limited	\$ 1,391,364	\$ 1,807,380
Lite-On Semiconductor Corp.	<u>873,684</u>	<u>1,376,650</u>
	<u>2,265,048</u>	<u>3,184,030</u>
Related party in substance		
Diodes Incorporated	233,366	636,358
Others	<u>2,852</u>	<u>18,306</u>
	<u>236,218</u>	<u>654,664</u>
	<u>\$ 2,501,266</u>	<u>\$ 3,838,694</u>

The costs of the Group's purchases from Lite-On Semiconductor Corp. for the years ended December 31, 2020 and 2019 were based on cost plus an agreed-upon profit. Except for these purchases, the purchase terms between the Group and its related parties did not have material difference as those between the Group and non-related parties.

d. Receivables from related parties

Related Party Category	December 31	
	2020	2019
Trade receivables		
Associate		
L&K Industries Philippines, Inc.	\$ 21,273	\$ 12,245
Lite-On Semiconductor Corp.	17,043	61,297
Others	<u>44</u>	<u>-</u>
	<u>\$ 38,360</u>	<u>\$ 73,542</u>
Other receivables		
Associate		
Yamada-Lom Ltda.	\$ 7,212	\$ 19,700
Others	<u>148</u>	<u>1,972</u>
	<u>7,360</u>	<u>21,672</u>
Related party in substance		
Others	<u>-</u>	<u>71</u>
	<u>\$ 7,360</u>	<u>\$ 21,743</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, 2020 and 2019.

e. Payables to related parties

Related Party Category	December 31	
	2020	2019
Trade payables		
Associate		
Lite-On Semiconductor Corp.	\$ 189,315	\$ 382,405
Lite-Space Technology Company Limited	90,979	128,711
Others	<u>14,707</u>	<u>-</u>
	<u>295,001</u>	<u>511,116</u>
Related party in substance		
Diodes Incorporated	-	217,356
Others	<u>-</u>	<u>2,072</u>
	<u>-</u>	<u>219,428</u>
	<u>\$ 295,001</u>	<u>\$ 730,544</u>
Other payables		
Associate		
Silitech Technology Corporation	\$ 785	\$ -
Others	<u>29</u>	<u>593</u>
	<u>814</u>	<u>593</u>

(Continued)

Related Party Category	December 31	
	2020	2019
Related party in substance		
Silport Technology Corp.	\$ 108	\$ 270
Silport Travel Corp.	-	5,930
Chi Mei Mold Co.	-	5,631
Others	-	70
	<u>108</u>	<u>11,901</u>
	<u>\$ 922</u>	<u>\$ 12,494</u>
		(Concluded)

The outstanding trade payables to related parties are unsecured.

f. Lease arrangements

Related Party Category/Name	For the Year Ended December 31	
	2020	2019
Interest expense		
Associate		
Lite-On Semiconductor Corp.	\$ 361	\$ 962

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	
	2020	2019
Associate		
Others	\$ 29	\$ 35
Related party in substance		
Lite-On Cultural Foundation	10,000	8,375
Silport Travel Corp.	8,598	69,119
Chi Mei Mold Co.	3,992	4,069
Others	503	559
	<u>23,093</u>	<u>82,122</u>
	<u>\$ 23,122</u>	<u>\$ 82,157</u>

The Group donated and recognized associated expenses of \$10,000 thousand and \$8,375 thousand for the years ended December 31, 2020 and 2019, respectively, to help Lite-On Cultural Foundation, a related party in substance, facilitate communal, cultural and educational projects.

h. Other revenue

Related Party Category	For the Year Ended December 31	
	2020	2019
Associates		
Yamada-Lom Ltda.	\$ 10,375	\$ 13,910
Lite-On Semiconductor Corp.	4,422	6,790
Others	<u>438</u>	<u>-</u>
	<u>15,235</u>	<u>20,700</u>
Related party in substance		
Others	<u>806</u>	<u>1,468</u>
	<u>\$ 16,041</u>	<u>\$ 22,168</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>

For the year ended December 31, 2019

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

j. Acquisition of property, plant and equipment

Related Party Category	Purchase Price For the Year Ended December 31	
	2020	2019
Related party in substance Others	\$ <u>327</u>	\$ <u>-</u>

k. Disposal of Property, Plant and Equipment

Related Party Category	Proceeds of Disposal For the Year Ended December 31		Gain on Disposal For the Year Ended December 31	
	2020	2019	2020	2019
Associate Yamada-Lom Ltda	\$ <u>-</u>	\$ <u>15,609</u>	\$ <u>-</u>	\$ <u>3,225</u>
Related party in substance Others	\$ <u>5</u>	\$ <u>-</u>	\$ <u>5</u>	\$ <u>-</u>

l. Compensation of key management personnel

	For the Year Ended December 31	
	2020	2019
Short-term employee benefits	\$ 530,522	\$ 572,153
Post-employment benefits	<u>48,287</u>	<u>38,308</u>
	<u>\$ 578,809</u>	<u>\$ 610,461</u>

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

34. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

	December 31	
	2020	2019
Pledged time deposits (classified as financial assets at amortized costs)	<u>\$ 410,987</u>	<u>\$ 467,674</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

Bench Walk Lighting, LLC sued the Company and its subsidiary - LITE-ON TECHNOLOGY USA, INC. - for patent infringement during the fourth quarter of 2019. The petitioner claimed that certain products supplied by the subsidiary infringed the original patents and demanded royalty payments. Both parties have reached the settlement, and the plaintiff withdrew the lawsuit. There was no material impact on the operations and financial performance of the Group.

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, 2020

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

December 31, 2019

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

For the years ended December 31, 2020 and 2019, net foreign exchange gains were \$635,338 thousand and \$666,584 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: None.
 - 6) Disposal of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: None.
 - 7) Total purchases from or sales to related parties of at amounting to at least NT\$100 million or 20% of the paid-in capital: See Table 5 below.
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: See Table 6 below.
 - 9) Trading in derivative instruments: See Notes 7 and 32 to the financial statements.
 - 10) Others: Intercompany relationships and significant intercompany transactions: See Table 9 below.
- b. Information on investees: See Table 7 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 8 below.
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: See Table 9 below.
- 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 managerial reporting information, and the segments by the types of products which included Optoelectronics, Information Technologies and others. The types of products are described as follows:

- 1) Optoelectronics: The manufacture and sale of LED, camera modules, LED traffic lights, street lights, general lighting and automotive electronics.
- 2) Information & communication technologies: The manufacture and sale of notebooks, desktops, tablets, servers, optical disc drives, solid-state drives, networking devices and multifunction peripherals.
- 3) The Group also has other operating segments that did not exceed the quantitative threshold. These segments mainly engage in the manufacture and sale of plastic/rubber products and others.

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, 2019 was 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, 2020					
	Optoelectronics	Information and Communication Technologies	Others	Elimination	Total
Sales from external customers	\$ 30,458,508	\$ 120,704,075	\$ 5,971,040	\$ -	\$ 157,133,623
Sales among segments	1,437,277	1,663,397	654,340	(3,755,014)	-
Operating profit (loss)	3,546,043	9,566,376	(1,337,929)	-	11,774,490

For the Year Ended December 31, 2019					
	Optoelectronics	Information and Communication Technologies	Others	Elimination	Total
Sales from external customers	\$ 30,589,775	\$ 140,686,773	\$ 6,677,618	\$ -	\$ 177,954,166
Sales among segments	1,314,750	1,535,556	792,003	(3,642,309)	-
Operating profit (loss)	1,553,338	9,841,789	(563,173)	-	10,831,954

d. Geographic information

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2020	2019	2020	2019
Asia	\$ 111,585,246	\$ 116,905,037	\$ 25,553,566	\$ 27,373,092
America	27,944,345	39,370,373	444,421	771,509
Europe	17,328,093	21,404,220	2,118	3,871
Others	<u>275,939</u>	<u>274,536</u>	<u>-</u>	<u>-</u>
	<u>\$ 157,133,623</u>	<u>\$ 177,954,166</u>	<u>\$ 26,000,105</u>	<u>\$ 28,148,472</u>

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

e. Information about major customers

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

	For the Year Ended December 31			
	2020		2019	
	Sales Revenue	Portion (%)	Sales Revenue	Portion (%)
Customer A	\$ 16,596,257	10.56	\$ -	-

f. Reconciliation information for segment profit

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

	For the Year Ended December 31	
	2020	2019
Reportable segments' profit	\$ 11,774,490	\$ 10,831,954
Unclassified loss	(1,568,296)	(1,486,732)
Non-operating income and expenses	<u>2,395,727</u>	<u>3,018,616</u>
Profit before income tax	<u>\$ 12,601,921</u>	<u>\$ 12,363,838</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.

TABLE 1

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020
(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	\$ 1,208,000	\$ 757,215	\$ 757,215	0.83338%-2.49413%	b	\$ -	Operating capital	\$ -	Note	\$ -	\$ 15,392,209	\$ 15,392,209
2	LITE-ON AUTOMOTIVE (WUXI) CO., LTD.	LITE-ON GREEN TECHNOLOGIES (NANJING) CORPORATION	Receivables from related parties	Yes	13,065	-	-	3.045%	b	-	Operating capital	-	Note	-	519,601	519,601
3	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	CHANGZHOU LEOTEK NEW ENERGY TRADE LIMITED	Receivables from related parties	Yes	210,827	98,960	98,960	2.65%-3%	b	-	Operating capital	-	Note	-	4,648,752	4,648,752
4	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	LITE-ON GREEN TECHNOLOGIES (NANJING) CORPORATION LITE-ON INTELLIGENT TECHNOLOGY (YENCHENG) CORP.	Receivables from related parties Receivables from related parties	Yes Yes	12,985 83,870	12,908 43,026	12,908 43,026	2.65% 2.65%-3.045%	b b	- -	Operating capital Operating capital	- -	Note Note	- -	2,959,435 2,959,435	2,959,435 2,959,435
5	GUANGZHOU LITE-ON MOBILE ENGINEERING PLASTICS CO., LTD.	BEIJING LITE-ON MOBILE ELECTRONIC AND TELECOMMUNICATION COMPONENTS CO., LTD.	Receivables from related parties	Yes	72,367	34,421	34,421	2.65%-3.045%	b	-	Operating capital	-	Note	-	1,845,791	1,845,791

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, 2020
(Amounts in Thousands of New Taiwan Dollars)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 2)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity Per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable (Note 2)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship (Note 1)											
1	Lite-On Capital Corporation	Lite-On Green Energy B.V.	c	\$ 1,836,270	\$ 328,544	\$ 323,970	\$ 323,970	\$ -	0.44	\$ 1,836,270	No	No	No	

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

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

Note 2: a. The 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, 2020

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

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2020			Note
				Shares/Units (In Thousands)	Carrying Value	Percentage of Ownership (%)	
Lite-On Technology Corporation	Ordinary shares						
	EPISTAR Corporation (Note 2)	-	Financial asset at FVTPL	449	\$ 18,587	0.04	\$ 18,587
	Wistron Corporation	-	Financial asset at FVTOCI	1,487	46,099	0.05	46,099
	Logah Technology Corp.	-	Financial asset at FVTOCI	7,905	99,210	8.50	99,210
	Com2B Corp.	-	Financial asset at FVTOCI	5,000	9,009	11.11	9,009
	Avamax Corp.	-	Financial asset at FVTPL	559	-	6.99	-
	Aetas Technology, Inc.	Member of the board of directors	Financial asset at FVTPL	4,026	-	8.07	Note 1
	Auria Solar Co., LTD.	-	Financial asset at FVTPL	41,400	-	19.71	Note 1
	Z-Com, Inc.	-	Financial asset at FVTOCI	63	673	0.09	673
	Fong Han Electronics Co., LTD.	-	Financial asset at FVTPL	1,167	-	6.67	-
	Xepex Electronics Co., LTD.	-	Financial asset at FVTPL	-	-	-	Note 1
	North America Micro-Electronic & Software, Incorporated	-	Financial asset at FVTOCI	5	-	2.67	Note 1
	ACTION MEDIA TECHNOLOGIES, INC.	-	Financial asset at FVTPL	38	-	-	Note 1
	Oplink Communications, Inc.	-	Financial asset at FVTOCI	1	793	0.01	793
	Taiwan Changxing Technology Co., LTD.	-	Financial asset at FVTOCI	462	4,620	15.40	4,620
	InSynerger Technology Co., LTD.	Member of the board of directors	Financial asset at FVTOCI	1,710	29,070	19.29	29,070
	TAIWAN METAL PRECISION LTD.	-	Financial asset at FVTOCI	1,150	11,500	10.00	11,500
	PlayNitride Inc.	-	Financial asset at FVTOCI	177	35,340	0.39	35,340
Lite-On Capital Corporation	Preference shares						
	Arkologic Holdings Limited	-	Financial asset at FVTPL	11,111	-	7.66	-
	PI-CORAL, INC.	-	Financial asset at FVTPL	1,139	-	10.65	-
	PlayNitride Inc.	-	Financial asset at FVTOCI	1,165	232,222	2.58	232,222
	Fund						
	Arm IoT Fund, L.P.	-	Financial asset at FVTPL	-	50,589	10.33	50,589
	Convertible bond						
	Xepex Electronics Co., LTD.	-	Financial assets at FVTPL	150	-	-	-
	Ordinary shares						
	Lite-On Technology Corporation	The Parent Company	Financial assets at FVTOCI	15,116	752,770	0.64	752,770
	Lead Data, Inc.	-	Financial assets at FVTOCI	865	2,629	0.59	2,629
	Compound Solar Technology Co., LTD.	-	Financial assets at FVTPL	2,000	-	2.86	-
	Z-Com, Inc.	-	Financial assets at FVTOCI	2,412	25,683	3.33	25,683

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Shares/Units (In Thousands)	Carrying Value	Percentage of Ownership (%)	Fair Value	
Lite-on Green Energy (HK) Limited	Ordinary shares 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 Lite-On Technology Corporation	The Parent Company	Financial assets at FVTOCI	2,450	122,028	0.10	122,028	
YET FOUNDATE LIMITED	Ordinary shares Lite-On Technology Corporation	The Parent Company	Financial assets at FVTOCI	2,271	113,098	0.10	113,098	
LET (HK) LIMITED	Northern Lights Semiconductor Fund	-	Financial assets at FVTPL	3,000	-	5.91	-	Note 1
	Innovation Works Development Fund, L.P.	-	Financial assets at FVTPL	-	HK\$ 7,765	0.55	HK\$ 7,765	
LITE-ON TECHNOLOGY USA, INC.	Fund SMART WORLD INNOVATION FUND GP, LLC	-	Financial assets at FVTPL	-	US\$ 1,500	17.86	US\$ 1,500	
LITE-ON SINGAPORE PTE. LTD.	Ordinary shares Lux Visions Imnotech Limited	-	Financial assets at FVTOCI	12,000	US\$ 40,000	7.55	US\$ 40,000	
LTC GROUP LTD.	Ordinary shares VIZIO, Inc.	-	Financial assets at FVTPL	437	-	2.90	-	Note 1
LTC INTERNATIONAL LTD.	Ordinary shares Lite-On Technology Corporation	The Parent Company	Financial assets at FVTOCI	7,004	348,810	0.30	348,810	
LITE-ON CHINA HOLDING CO. LTD.	Ordinary shares COMMIT Incorporated	-	Financial assets at FVTPL	4,962	-	1.87	-	Note 1
LITE-ON INC.	Ordinary shares VISION DISPLAY SYSTEM CO., LTD.	-	Financial assets at FVTPL	107	-	0.89	-	Note 1
	Preference shares InterEMS.com, Inc.	-	Financial assets at FVTPL	40	-	0.30	-	Note 1
	@NETWORK, Inc.	-	Financial assets at FVTPL	50	-	-	-	Note 1
	STEMCYTE, INC.	-	Financial assets at FVTPL	24	-	0.23	-	Note 1
	LYNXWORKS, INCORPORATED	-	Financial assets at FVTPL	40	-	0.52	-	Note 1
	COMBIO NETWORKS, INC.	-	Financial assets at FVTPL	300	-	0.50	-	Note 1
	Nobex Corporation	-	Financial assets at FVTPL	150	-	0.33	-	Note 1
	Advanced Reticle Technology, Inc.	-	Financial assets at FVTPL	-	-	-	-	Note 1
	Fund PacRim Venture Partners	-	Financial assets at FVTPL	-	-	-	-	Note 1

(Concluded)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Shares/Units (In Thousands)	Carrying Value	Percentage of Ownership (%)	Fair Value	
DYNA INVESTMENT CO., LTD.	Ordinary shares Innolabs Corporation VISION DISPLAY SYSTEM CO., LTD.	-	Financial assets at FVTPL	320	\$	0.89	\$	Note 1
		-	Financial assets at FVTPL	214	-	1.79	-	Note 1
	Preference shares Newera Communications, Inc.	-	Financial assets at FVTPL	1,538	-	33.92	-	Note 1
	Single Chip Systems Corporation	-	Financial assets at FVTPL	294	-	0.56	-	Note 1
	Hotvoice Communications Technologies	-	Financial assets at FVTPL	125	-	30.49	-	Note 1
	InterEMS.com, Inc.	-	Financial assets at FVTPL	60	-	0.45	-	Note 1
	@NETWORK, Inc.	-	Financial assets at FVTPL	150	-	-	-	Note 1
	Stemcyte, Inc.	-	Financial assets at FVTPL	71	-	0.68	-	Note 1
	COMBIO NETWORKS, INC.	-	Financial assets at FVTPL	300	-	0.50	-	Note 1
	Lynuxworks, Incorporated	-	Financial assets at FVTPL	40	-	0.52	-	Note 1
	Nobex Corporation	-	Financial assets at FVTPL	150	-	0.33	-	Note 1
	Advanced Reticle Technology, Inc.	-	Financial assets at FVTPL	1,200	-	-	-	Note 1
	Fund PacRim Venture Partners	-	Financial assets at FVTPL	-	-	3.00	-	Note 1

Note 1: The carrying values of financial instruments were all assessed for impairment.

Note 2: The board of directors of EPISTAR Corporation resolved to conduct the share swap with ENNOSTAR Inc. The share swap basis date is in January 2021.

(Concluded)

TABLE 4

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2020

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

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counterparty	Nature of Relationship	Beginning Balance		Acquisition		Disposal		Ending Balance	
					Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount
Lite-On Technology Corporation	The shares of LITE-ON VIETNAM CO., LTD.	Investments accounted for using the equity method (Note 4)	LITE-ON VIETNAM CO., LTD.	Subsidiary	-	\$ 663,988	-	\$ -	-	\$ 115,828 (Note 1)	-	\$ 1,553,161
	The shares of LITE-ON SEMICONDUCTOR CORPORATION	Non-current assets held for sale	Diodes Incorporated	Associate	57,204	1,364,881	-	-	2,423,867 (Note 2)	1,693,689	730,178 (Note 2)	-
	The shares of SOLID STATE STORAGE TECHNOLOGY CORPORATION	Disposal group held for sale	KIOXIA Holdings Corporation	Subsidiary	448,245	4,440,540	-	-	(Note 3)	4,440,540	(Note 3)	-
SOLID STATE STORAGE TECHNOLOGY CORPORATION	The shares of SOLID STATE STORAGE TECHNOLOGY (Guangzhou) CORPORATION	Disposal group held for sale	KIOXIA Holdings Corporation	Subsidiary	-	-	-	24,021	(Note 3)	24,021	(Note 3)	-
	The shares of Solid State Storage Technology PTE. LTD.	Disposal group held for sale	KIOXIA Holdings Corporation	Subsidiary	-	-	200	6,027	(Note 3)	6,027	(Note 3)	-
	The shares of SOLID STATE STORAGE TECHNOLOGY USA CORPORATION	Disposal group held for sale	KIOXIA Holdings Corporation	Subsidiary	1	US\$ 4,469	-	-	(Note 3)	US\$ 4,469	(Note 3)	-
Lite-On Technology USA, Inc.	The shares of CNEX Labs Inc.	Disposal group held for sale	KIOXIA Holdings Corporation	-	245	US\$ 1,000	-	-	(Note 3)	US\$ 1,000	(Note 3)	-
	The shares of LITE-ON SEMICONDUCTOR CORPORATION	Non-current assets held for sale	Diodes Incorporated	Associate	6,486	183,287	-	-	(Note 2)	274,833	59,238 (Note 2)	-

Note 1: The acquisition amount includes the acquisition of \$940,230 thousand and share of profit on investments accounted for the using the equity method of \$64,771 thousand; the disposal amount refers to the effects on changes in equities.

Note 2: The disposal subject conducted the share swap with Diodes Incorporated, and the consideration for disposal is \$2,698,700 thousand based on \$42.5 per share. After deducting the stock transaction tax and relevant remittance fee, the related gain on disposal amounted to \$789,416 thousand. Refer to Note 15.

Note 3: The consideration of the shares disposed of for the Group is US\$190,175 thousand, which is based on the agreed price listed on the share purchase agreement. The related gain on the disposal of the equity shares is \$304,830 thousand after deducting the relevant costs, taxes and the book value of the investments accounted for using the equity method on the date of disposal.

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

TABLE 5

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NTS100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2020
(Amounts in Thousands of New Taiwan Dollars or in Thousands of Foreign Currencies)

Company Name	Related Party	Nature of Relationship	Purchase/Sale	Transaction Details		Abnormal Transaction		Notes/Trade (Payable) or Receivable		Note
				Amount	% of Total	Unit Price	Payment Terms	Ending Balance	% of Total	
Lite-On Technology Corporation	Philips & Lite-On Digital Solutions Corporation	Subsidiary	Sale	\$ (7,450,123)	(7.48)	Cost-plus pricing	About 90 days	\$ 2,774,530	9.37	
	SOLID STATE STORAGE TECHNOLOGY CORPORATION	Subsidiary	Sale	(404,959)	(0.41)	Cost-plus pricing	About 90 days	-	-	
	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Fourth-tier subsidiary	Sale	(1,048,726)	(1.05)	Cost-plus pricing	About 90 days	392,767	1.33	
	LITE-ON SINGAPORE PTE. LTD.	Subsidiary	Sale	(3,484,494)	(3.50)	Cost-plus pricing	About 90 days	1,140,252	3.85	
	Lite-On Japan LTD.	Subsidiary	Sale	(734,253)	(0.74)	Cost-plus pricing	About 90 days	197,878	0.67	
	LITE-ON TRADING USA, INC.	Subsidiary	Purchase	(2,479,715)	(2.49)	Cost-plus pricing	About 90 days	809,583	2.73	
	SOLID STATE STORAGE TECHNOLOGY CORPORATION	Subsidiary	Purchase	1,266,933	1.46	Cost-plus pricing	About 90 days	-	-	
	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Fourth-tier subsidiary	Purchase	1,246,841	1.44	Cost-plus pricing	About 90 days	(348,685)	(1.12)	
	LITE-ON VIETNAM CO., LTD.	Subsidiary	Purchase	257,432	0.30	Cost-plus pricing	About 90 days	(252,285)	(0.81)	
	LITE-ON SINGAPORE PTE. LTD.	Subsidiary	Purchase	20,401,675	23.51	Cost-plus pricing	About 90 days	(7,152,981)	(22.88)	
	Lite-On Overseas Trading Co., LTD.	Subsidiary	Purchase	58,504,199	67.43	Cost-plus pricing	About 90 days	(20,027,171)	(64.05)	
	Philips & Lite-On Digital Solutions USA, Inc.	Subsidiary	Sale	(3,651,441)	(46.76)	Cost-plus pricing	About 90 days	887,099	54.67	
SOLID STATE STORAGE TECHNOLOGY CORPORATION	SOLID STATE STORAGE TECHNOLOGY USA CORPORATION	Affiliate	Sale	(179,856)	(3.14)	Cost-plus pricing	About 90 days	-	-	
	LITE-ON ELECTRONICS (TIANJIN) CO., LTD.	Affiliate	Sale	(1,596,623)	(100.00)	Cost-plus pricing	About 90 days	131,649	100.00	
	LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	Affiliate	Sale	(102,727)	(0.77)	Cost-plus pricing	About 90 days	47,655	27.13	
	LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	Affiliate	Sale	(213,163)	(1.59)	Cost-plus pricing	About 90 days	93,360	53.15	
	Lite-On Overseas Trading Co., LTD.	Affiliate	Sale	(13,007,360)	(96.91)	Cost-plus pricing	About 90 days	1,420	0.81	
	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	Affiliate	Sale	(4,943,819)	(100.00)	Cost-plus pricing	About 90 days	1,148,814	100.00	
	LITEON LI SHIN TECHNOLOGY (GANZHOU) LTD.	Affiliate	Sale	(518,634)	(100.00)	Cost-plus pricing	About 90 days	126,861	100.00	
	LITE-ON AUTOMOTIVE ELECTRONICS (CHANGZHOU) CO., LTD.	Affiliate	Sale	(223,933)	(57.65)	Cost-plus pricing	About 90 days	118,256	67.99	
	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Affiliate	Sale	(157,534)	(40.56)	Cost-plus pricing	About 90 days	53,559	30.79	
	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(14,452,946)	(59.82)	Cost-plus pricing	About 90 days	2,641,246	47.06	
	Lite-On Overseas Trading Co., LTD.	Affiliate	Sale	(8,419,462)	(34.85)	Cost-plus pricing	About 90 days	2,351,440	41.89	
	Lite-On Overseas Trading Co., LTD.	Affiliate	Sale	(535,711)	(100.00)	Cost-plus pricing	About 90 days	122,165	100.00	
	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	Affiliate	Sale	(210,577)	(3.61)	Cost-plus pricing	About 90 days	51,867	3.18	
LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	LITE-ON TECHNOLOGY (CHANGZHOU) CORPORATION	Affiliate	Sale	(174,952)	(3.00)	Cost-plus pricing	About 90 days	53,243	3.26	
	Lite-On Overseas Trading Co., LTD.	Affiliate	Sale	(14,418,509)	(99.89)	Cost-plus pricing	About 90 days	2,139,912	99.96	
	LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	Affiliate	Sale	(324,863)	(2.89)	Cost-plus pricing	About 90 days	210,144	6.83	
SILITEK ELEC. (DONGGUAN) CO., LTD.	LITE-ON TECHNOLOGY (CHANGZHOU) CORPORATION	Affiliate	Sale	(10,348,633)	(92.00)	Cost-plus pricing	About 90 days	2,700,772	87.74	
	Lite-On Overseas Trading Co., LTD.	Affiliate	Sale	(1,496,858)	(98.25)	Cost-plus pricing	About 90 days	133,592	98.88	

(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 ELECTRONICS H.K. LIMITED	Lite-On Overseas Trading Co., LTD.	Affiliate	Sale	\$ (247,340)	(7.45)	Cost-plus pricing	No significant difference	\$ 95,748	17.84	
HUIZHOU LI SHIN ELECTRONIC CO., LTD.	Lite-On Overseas Trading Co., LTD.	Affiliate	Sale	(1,922,289)	(90.81)	Cost-plus pricing	No significant difference	264,153	85.55	
LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Affiliate	Sale	(1,792,743)	(8.98)	Cost-plus pricing	No significant difference	849,957	13.66	
	WUXI CHINA BRIDGE EXPRESS TRADING CO., LTD.	Affiliate	Sale	(646,534)	(3.24)	Cost-plus pricing	No significant difference	286,517	4.60	
	Lite-On Overseas Trading Co., LTD.	Affiliate	Sale	(17,461,717)	(87.42)	Cost-plus pricing	No significant difference	5,045,795	81.09	
LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD. (formerly: LITEON OPTO TECHNOLOGY (GUANGZHOU) LTD.)	Lite-On Overseas Trading Co., LTD.	Affiliate	Sale	(720,650)	(100.00)	Cost-plus pricing	No significant difference	261,969	100.00	
LiteON Auto Electric Technology (Guangzhou) LTD.	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Affiliate	Sale	(278,988)	(99.60)	Cost-plus pricing	No significant difference	73,396	99.63	
LITEON-IT OPTO TECH (BH) CO., LTD.	Lite-On Overseas Trading Co., LTD.	Affiliate	Sale	(5,753,277)	(100.00)	Cost-plus pricing	No significant difference	1,656,820	100.00	
Lite-On Electronics (Thailand) Co., LTD.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(3,733,111)	(96.49)	Cost-plus pricing	No significant difference	591,421	91.53	
	Lite-On Japan LTD.	Affiliate	Sale	(135,760)	(3.51)	Cost-plus pricing	No significant difference	54,700	8.47	
LITE-ON VIETNAM CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(438,128)	(62.99)	Cost-plus pricing	No significant difference	111,035	30.56	
LITE-ON SINGAPORE PTE. LTD.	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Subsidiary	Sale	(993,503)	(1.55)	Cost-plus pricing	No significant difference	431,365	2.30	
	WUXI CHINA BRIDGE EXPRESS TRADING CO., LTD.	Affiliate	Sale	(1,320,068)	(2.06)	Cost-plus pricing	No significant difference	476,087	2.54	
	LITE-ON ELECTRONICS H.K. LIMITED	Affiliate	Sale	(3,052,231)	(4.76)	Cost-plus pricing	No significant difference	962,560	5.14	
	Lite-On Japan LTD.	Affiliate	Sale	(1,057,310)	(1.65)	Cost-plus pricing	No significant difference	223,629	1.19	
	LITE-ON, INC.	Affiliate	Sale	(555,249)	(0.87)	Cost-plus pricing	No significant difference	208,781	1.12	
	LITE-ON TRADING USA, INC.	Affiliate	Sale	(6,970,083)	(10.88)	Cost-plus pricing	No significant difference	2,260,180	12.07	
	LEOTEK ELECTRONICS USA LLC	Affiliate	Sale	(843,279)	(1.32)	Cost-plus pricing	No significant difference	247,243	1.32	
	Lite-On Overseas Trading Co., LTD.	Affiliate	Sale	(181,895)	(0.28)	Cost-plus pricing	No significant difference	83,528	0.45	
	LITE-ON MOBILE INDUSTRIA E COMERCIO DE PLÁSTICOS LTDA.	Affiliate	Sale	(430,958)	(0.67)	Cost-plus pricing	No significant difference	93,606	0.50	
LITE-ON AUTOMOTIVE ELECTRONICS MEXICO, S.A. DE C.V.	LITE-ON SINGAPORE PTE. LTD.	Parent	Sale	(335,545)	(100.00)	Cost-plus pricing	No significant difference	-	-	
Lite-On Overseas Trading Co., LTD.	LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	Affiliate	Sale	(10,755,220)	(7.90)	Cost-plus pricing	No significant difference	1,447,207	3.64	
	LITE-ON TECHNOLOGY (CHANGZHOU) CORPORATION	Affiliate	Sale	(11,864,867)	(8.72)	Cost-plus pricing	No significant difference	4,259,469	10.72	
	LITE-ON TECHNOLOGY (XIANNING) CO., LTD.	Affiliate	Sale	(145,907)	(0.11)	Cost-plus pricing	No significant difference	20,819	0.05	
	LITE-ON ELECTRONICS (DONGGUAN) LIMITED	Affiliate	Sale	(11,770,905)	(8.65)	Cost-plus pricing	No significant difference	1,443,964	3.64	
	SILITEK ELEC. (DONGGUAN) CO., LTD.	Affiliate	Sale	(7,880,120)	(5.79)	Cost-plus pricing	No significant difference	1,410,412	3.55	
	HUIZHOU LI SHIN ELECTRONIC CO., LTD.	Affiliate	Sale	(637,610)	(0.47)	Cost-plus pricing	No significant difference	93,461	0.24	
	LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	Affiliate	Sale	(13,561,555)	(9.97)	Cost-plus pricing	No significant difference	4,494,141	11.32	
	LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD. (formerly: LITEON OPTO TECHNOLOGY (GUANGZHOU) LTD.)	Affiliate	Sale	(466,914)	(0.34)	Cost-plus pricing	No significant difference	160,901	0.41	
	LITEON-IT OPTO TECH (BH) CO., LTD.	Affiliate	Sale	(5,380,989)	(3.95)	Cost-plus pricing	No significant difference	1,709,865	4.31	
	LITE-ON VIETNAM CO., LTD.	Affiliate	Sale	(242,185)	(0.18)	Cost-plus pricing	No significant difference	251,064	0.63	
	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(14,666,837)	(10.78)	Cost-plus pricing	No significant difference	4,332,009	10.91	
	Lite-On Semiconductor Corp.	Associates	Purchase	532,261	0.39	Cost-plus pricing	No significant difference	(166,867)	(0.85)	
	Diodes Incorporated	Related party in substance	Purchase	109,678	0.08	Cost-plus pricing	No significant difference	-	-	
	Lite-Space Technology Company Limited	Associates	Purchase	1,391,364	1.02	Cost-plus pricing	No significant difference	(90,042)	(0.46)	
Lite-On (Guangzhou) Automotive Electronics Limited	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Affiliate	Sale	(1,737,481)	(47.37)	Cost-plus pricing	No significant difference	877,423	54.23	
	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(1,465,349)	(39.95)	Cost-plus pricing	No significant difference	375,555	23.21	

(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 Japan LTD.	Lite-On Semiconductor Corp.	Affiliate	Purchase	\$ 302,395	12.90	Cost-plus pricing	No significant difference	\$ (3,599)	(0.54)	
Silitech Technology Corp. LTD.	Silitech Technology Corporation	Parent	Sale	US\$ (5,016)	(100.00)	No significant difference	90-120 days	US\$ 493	100.00	
				EUR (5,269)				JPY 1,287		
Xurong Electronic (Shenzhen) LTD.	Silitech Technology Corp. LTD.	Parent	Sale	EUR (182)	(50.00)	No significant difference	90-120 days	-	24.00	
				US\$ (5,016)				US\$ 493		
				EUR (5,269)				JPY 1,287		
				EUR (182)				-		

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

(Concluded)

TABLE 6

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, 2020
(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	\$ -	\$ 2,774,530	\$ 2,428	2.65	-	-	\$ 878,626	\$ -
	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Fourth-tier subsidiary	-	392,767	875	2.65	-	-	-	-
	LITE-ON SINGAPORE PTE. LTD.	Subsidiary	-	1,140,252	95,735	3.21	-	-	345,792	-
	LITE-ON JAPAN LTD.	Subsidiary	-	197,878	22,701	4.15	-	-	14,236	-
	LITE-ON TRADING USA, INC.	Subsidiary	-	809,583	2,207	1.95	-	-	166,940	-
Philips & Lite-On Digital Solutions Corporation	Lite-On Overseas Trading Co., LTD.	Subsidiary	-	2,847,586	21,885	-	-	-	1,443,057	-
	Philips & Lite-On Digital Solutions USA, Inc.	Subsidiary	-	887,099	1,889	5.87	-	-	246,120	-
	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	131,649	-	12.32	-	-	131,648	-
	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	1,148,814	9,488	4.35	-	-	476,920	-
	Lite-On Overseas Trading Co., LTD.	Affiliate	-	126,861	-	3.73	-	-	126,860	-
LITE-ON LI SHIN TECHNOLOGY (GANZHOU) LTD.	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Affiliate	-	118,256	-	1.97	-	-	25,691	-
LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Lite-On Technology Corporation	Parent	-	348,685	-	3.13	-	-	106,310	-
LITE-ON TECHNOLOGY (XIANNING) CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	2,641,246	-	4.95	-	-	18,749	-
	Lite-On Overseas Trading Co., LTD.	Affiliate	-	2,351,440	-	4.09	-	-	-	-
LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	Lite-On Overseas Trading Co., LTD.	Affiliate	-	122,165	-	4.04	-	-	-	-
LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	Lite-On Overseas Trading Co., LTD.	Affiliate	-	2,139,912	-	8.06	-	-	7,753	-
SILITEK ELEC. (DONGGUAN) CO., LTD.	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Affiliate	-	210,144	-	3.09	-	-	-	-
	Lite-On Overseas Trading Co., LTD.	Affiliate	-	2,700,772	5,677	3.83	-	-	1,027,452	-
LITE-ON POWER TECHNOLOGY (DONGGUAN) CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	133,592	-	22.41	-	-	133,591	-
HUIZHOU LI SHIN ELECTRONIC CO., LTD.	Lite-On Overseas Trading Co., LTD.	Affiliate	-	264,153	-	6.24	-	-	260,520	-
LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Affiliate	-	849,957	-	2.60	-	-	185,668	-
	WUXI CHINA BRIDGE EXPRESS TRADING CO., LTD.	Affiliate	-	286,517	-	1.93	-	-	83,350	-
	Lite-On Overseas Trading Co., LTD.	Affiliate	-	5,045,795	-	3.21	-	-	1,595,375	-
LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD. (formerly: LITEON OPTO TECHNOLOGY (GUANGZHOU) LTD.)	Lite-On Overseas Trading Co., LTD.	Affiliate	-	261,969	-	2.35	-	-	75,301	-
LITEON-IT OPTO TECH (BH) CO., LTD.	Lite-On Overseas Trading Co., LTD.	Affiliate	-	1,656,820	-	3.77	-	-	688,435	-
Lite-On Electronics (Thailand) Co., LTD.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	591,421	18,853	6.78	-	-	162,623	-
LITE-ON VIETNAM CO., LTD.	Lite-On Technology Corporation	Parent	-	252,285	-	2.04	-	-	-	-
	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	111,035	-	6.11	-	-	29	-

(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 LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD. WUXI CHINA BRIDGE EXPRESS TRADING CO., LTD. Lite-On Japan LTD. LITE-ON ELECTRONICS H.K. LIMITED Lite-On, INC. LITE-ON TRADING USA, INC. LEOTEK ELECTRONICS USA LLC LITE-ON MOBILE PTE. LTD.	Parent	\$ -	\$ 7,152,981	\$ 19,910	2.84	\$ -	-	\$ 1,849,110	\$ -
		Subsidiary	-	431,365	-	1.76	-	-	-	-
		Affiliate	-	476,087	-	2.78	-	-	-	-
		Affiliate	-	962,560	6,164	2.68	-	-	-	-
		Affiliate	-	223,629	271	3.37	-	-	4,937	-
		Affiliate	-	208,781	541	3.44	-	-	33,762	-
		Affiliate	-	2,260,180	22,150	2.82	-	-	354,734	-
		Affiliate	-	247,243	-	5.11	-	-	19,432	-
		Affiliate	-	-	758,080	-	-	-	-	-
		Subsidiary	-	-	124,706	-	-	-	-	-
G&W TECHNOLOGY (BVI) LIMITED	Lite-On Technology Corporation LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD. LITE-ON ELECTRONICS (DONGGUAN) CO., LTD. SILITEK ELEC. (DONGGUAN) CO., LTD. LITE-ON ELECTRONICS (GUANGZHOU) LIMITED LITE-ON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD. (formerly: LITEON OPTO TECHNOLOGY (GUANGZHOU) LTD.). LITE-ON-IT OPTO TECH (BH) CO., LTD. LITE-ON VIETNAM CO., LTD. LITE-ON SINGAPORE PTE. LTD.	Parent	-	20,027,171	-	2.68	213,078	-	6,166,701	-
		Affiliate	-	1,447,207	2,692	6.60	-	-	8,037	-
		Affiliate	-	4,259,469	-	2.83	-	-	2,855	-
		Affiliate	-	1,443,964	-	9.50	-	-	1,161,847	-
		Affiliate	-	1,410,412	-	6.99	-	-	1,405,377	-
		Affiliate	-	4,494,141	-	2.66	-	-	1,358,913	-
		Affiliate	-	160,901	21	2.18	-	-	37,722	-
		Affiliate	-	1,709,865	183	3.14	-	-	694	-
		Affiliate	-	251,064	3,448	1.93	-	-	13,280	-
		Affiliate	-	4,332,009	-	3.45	-	-	844,726	-
Lite-On (Guangzhou) Automotive Electronics Limited	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD. LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	877,423	3,931	2.05	-	-	242,604	-
		Affiliate	-	375,555	2,711	5.18	-	-	198,979	-

Note: All intercompany transactions have been eliminated upon consolidation.

(Concluded)

TABLE 7

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2020

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2020		Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Note
				December 31, 2020	December 31, 2019	Shares (In Thousands)	Percentage of Ownership (%)			
Lite-On Technology Corporation	Slittech Technology Corporation	New Taipei City, Taiwan	Manufacture and sale of modules and plastic/rubber products	\$ 60,504	\$ 108,600	11,322	18.87	\$ (366,258)	\$ (133,370)	Associate (Note 1)
	Lite-On Integrated Service Inc.	Taipei City, Taiwan	Information outsourcing and system integration	25,886	25,886	3,400	100.00	9,168	9,168	Subsidiary
	Dragonjet Corporation	New Taipei City, Taiwan	Manufacture and sale of computer peripherals, printers, digital cameras, modules and plastic products	1,069,080	1,069,080	21,969	29.62	(39,135)	(13,672)	Associate (Note 2)
	Lite-On Capital Corporation	Taipei City, Taiwan	Investment activities	3,707,984	4,096,367	170,707	100.00	1,094,239	107,099	Subsidiary
	LITE-ON ELECTRONICS H.K. LIMITED	Hong Kong	Sale of LED optical products	7,339,481	7,339,481	17,865	100.00	18,455,896	1,181,269	Subsidiary
	Lite-On Electronics (Thailand) Co., LTD.	Thailand	Manufacture and sale of LED optical products	632,128	632,128	6,050	100.00	THB 105,730	99,504	Subsidiary
	Lite-On Japan LTD.	Japan	Sale of LED optical products and power supplies	679,856	679,856	12,451	100.00	822,303	88,021	Subsidiary
	Lite-On International Holding Co., LTD.	British Virgin Islands	Investment activities	US\$ 363,725	US\$ 363,725	363,725	100.00	20,212,804	570,273	Subsidiary
	LTC GROUP LTD.	British Virgin Islands	Investment activities	US\$ 1,098,752	US\$ 1,098,752	32,916	100.00	US\$ 860	7,803	Subsidiary
	LITE-ON TECHNOLOGY USA, INC.	USA	Investment activities	US\$ 55,172	US\$ 55,172	470	100.00	US\$ (7,337)	(212,936)	Subsidiary
	LITE-ON ELECTRONICS (EUROPE) LIMITED	United Kingdom	Manufacture and sale of power supplies	\$ 44,559	\$ 44,559	300	100.00	GBP 111	4,247	Subsidiary
	Lite-On Technology (Europe) B.V.	Netherlands	Market research and after-sales services	2,322,039	2,543,184	331	54.00	EUR (64)	(1,130)	Subsidiary
	Lite-On Overseas Trading Co., LTD.	British Virgin Islands	Investment activities	168,947	168,947	5,143	100.00	US\$ 30,203	873,533	Subsidiary
	LITE-ON SINGAPORE PTE. LTD.	Singapore	Manufacture and supply of computer peripheral products	US\$ 63,788	US\$ 63,788	51,777	100.00	US\$ 124,486	3,750,970	Subsidiary
	Lite-On Semiconductor Corp.	New Taipei City, Taiwan	Manufacture of image sensors and rectifiers	-	\$ 773,618	-	-	\$ 2,380,544	453,382	Associate (Note 3)
	LITE-ON VIETNAM CO., LTD.	Vietnam	Electronic contract manufacturing	US\$ 52,000	US\$ 21,000	-	100.00	US\$ 2,196	64,771	Subsidiary
	EAGLE ROCK INVESTMENT LTD.	British Virgin Islands	Import and export and investment activities	\$ 341	\$ 341	10	100.00	US\$ (822)	(21,822)	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	341,863	100.00	US\$ (22,433)	(630,996)	Subsidiary
	LET (HK) LIMITED	Hong Kong	Sale of optical disc drives	\$ 251,322	\$ 251,322	62,060	100.00	HK\$ 187	714	Subsidiary
	HIGH YIELD GROUP CO., LTD.	British Virgin Islands	Holding company	2,271,806	2,271,806	68,138	100.00	US\$ 268	105,989	Subsidiary
	Lite-On Information Technology B.V.	Netherlands	Market research and customer service	1,163,591	1,163,591	11,018	100.00	EUR (20)	(999)	Subsidiary
	Philips & Lite-On Digital Solutions Corporation	Taipei City, Taiwan	Sale of optical disc drives	267,113	267,113	17,150	49.00	\$ 61,815	39,054	Subsidiary
	Lite-Space Technology Company Limited	Hong Kong	Sale of computer components	165,498	165,498	5,600	46.67	US\$ 75	1,581	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	295	99.00	MXN 6,428	13,801	Subsidiary
	Lite-On Automotive International (Cayman) Co., LTD.	Cayman	Investment activities	US\$ 100,626	US\$ 100,626	11,967	100.00	US\$ 307	52,667	Subsidiary
	KBW-LEOTEK Jordan Private Shareholding LTD.	Jordan	Investment activities	US\$ 69	US\$ 69	49	49.00	JOD 12	241	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	36,057	99.86	JOD 645	27,748	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2020		Carrying Amount	Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Note
				December 31, 2020	December 31, 2019	Shares (In Thousands)	Percentage of Ownership (%)				
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	99.00	\$ 217,430	INR (74,379)	\$ (31,867)	Subsidiary
	SKYLA CORPORATION	Taiwan	Manufacture and sale of medical equipment	\$ 200,000	\$ 200,000	20,000	63.73	207,800	\$ 11,702	\$ 5,587	Subsidiary
	SOLID STATE STORAGE TECHNOLOGY CORPORATION	Taipei City, Taiwan	Manufacture and duplication of electronic components and data storage medium	-	4,482,454	-	-	-	(180,175)	(103,266)	Subsidiary (Note 4)
	LITE-ON INC.	Taipei City, Taiwan	Investment activities	150,879	-	412	83.28	151,997	26,498	1,118	Subsidiary
	DYNA INVESTMENT CO., LTD.	Taipei City, Taiwan	Investment activities	170,582	-	407	87.55	171,393	70,843	811	Subsidiary
Lite-On Capital Corporation	Slitech Technology Corporation	New Taipei City, Taiwan	Manufacture and sale of modules and plastic products	107,901	107,901	386	0.64	12,858	(366,258)	-	Associate (Note 1)
	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	100.00	233,089	(3,230)	-	Subsidiary
	Lite-On Green Energy (HK) Limited	Hong Kong	Investment activities	US\$ 3,100	US\$ 3,100	3,100	100.00	5,785	US\$ (2)	-	Subsidiary
	Lite-On Technology (Europe) B.V.	Netherlands	Market research and after-sales services	\$ 1,938,096	\$ 2,126,479	282	46.00	176,385	EUR (64)	-	Subsidiary
	Lite-On Semiconductor Corp.	New Taipei City, Taiwan	Manufacture of image sensors and rectifiers	-	-	-	-	-	\$ 2,380,544	-	Associate (Note 3)
Lite-On Green Technologies B.V.	LITE-ON GREEN ENERGY (SINGAPORE) PTE. LTD.	Singapore	Investment activities	227,434	227,434	3,458	100.00	102,023	EUR (26)	-	Subsidiary
	Lite-On Green Technologies B.V.	Netherlands	Solar energy engineering	EUR 11,520	EUR 11,520	6,818	100.00	45,088	EUR (41)	-	Subsidiary
	Lite-On Green Energy B.V.	Netherlands	Investment activities	EUR 2,500	EUR 2,500	9,140	100.00	EUR 613	EUR (6)	-	Subsidiary
	KompaktSolar GmbH	Berlin, Germany	Solar energy engineering	EUR 401	EUR 401	51	51.00	EUR -	EUR -	-	Associate
	SOLID STATE STORAGE TECHNOLOGY PTE. LTD.	Singapore	Business development and customer services	US\$ -	US\$ -	-	-	-	SGD (86)	-	Subsidiary (Note 4)
LITE-ON INC.	DYNA INVESTMENT CO., LTD.	Taipei City, Taiwan	Investment activities	\$ 79,179	\$ 79,179	58	12.40	\$ 24,270	\$ 70,843	-	Subsidiary
	LITE-ON INC.	Taipei City, Taiwan	Investment activities	105,538	105,538	83	16.70	30,478	26,498	-	Subsidiary
	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 150,295	CNY 31,862	-	Subsidiary
	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	Changzhou, China	Development and manufacture of new-type electronic components and provision of technology consulting services, maintenance equipment and after-sales services	CNY 85,015	CNY 85,015	-	12.59	CNY 86,597	CNY 23,477	-	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 1,080,452	CNY 76,919	-	Subsidiary
CHINA BRIDGE (CHINA) 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 601,228	CNY 23,477	-	Subsidiary
	LITE-ON MEDICAL DEVICE (CHANGZHOU) LTD.	Changzhou, China	Manufacture and sale of medical equipment	CNY 30,640	CNY 30,640	-	100.00	CNY 24,407	CNY 78	-	Subsidiary
	LITE-ON COMPUTER (CHANGZHOU) CO., LTD.	Changzhou, China	Design, development, manufacture and sale of computer laptop keyboards and components and provision technology consulting services and after-sales services	CNY 55,924	CNY 55,924	-	100.00	CNY 57,197	CNY 4,319	-	Subsidiary
	LITE-ON AUTOMOTIVE ELECTRONICS (CHANGZHOU) CO., LTD.	Changzhou, China	Manufacture, sale and processing of electronic products	CNY 223,746	CNY 223,746	-	100.00	CNY 206,669	CNY (8,725)	-	Subsidiary
											(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Shares (In Thousands)	Balance as of December 31, 2020		Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Note
				December 31, 2020	December 31, 2019		Percentage of Ownership (%)	Carrying Amount			
Lite-On Automotive International (Cayman) Co., LTD.	LITE-ON AUTOMOTIVE HOLDINGS (HONG KONG) CO., LIMITED	Hong Kong	Investment activities	HK\$ 42,009	HK\$ 42,009	101,250	100.00	US\$ 81,111	HK\$ 2,328	\$	- Subsidiary
HIGH YIELD GROUP CO., LTD.	LITE-ON IT INTERNATIONAL (HK) LIMITED	Hong Kong	Sale of optical disc drives	US\$ 102,400	US\$ 102,400	102,400	100.00	US\$ 214,665	US\$ 276		- Subsidiary
Lite-On Information Technology B.V.	Lite-On Information Technology GmbH	Germany	Sale of optical disc drives	EUR -	EUR 25	-	-	EUR -	EUR (2)		- Subsidiary (Note 5)
Philips & Lite-On Digital Solutions Corporation	Philips & Lite-On Digital Solutions USA, Inc. PLDS Germany GmbH	USA Germany	Sale of optical disc drives Development and sale of modules of automotive recorders	\$ 33 1,326,996	\$ 33 1,326,996	1	100.00	\$ 236,081 954,475	US\$ 292 EUR 195		- Subsidiary - Subsidiary
	Philips & Lite-On Digital Solutions Korea LTD.	South Korea	Sale of optical disc drives	15,376	15,376	18	100.00	33,283	KRW 9,658		- Subsidiary
KBW-LEOTEK Jordan Private Shareholding Limited	LEOTEK, PSC	Jordan	Production, manufacture energy-saving lights	JOD 30	JOD 30	30	60.00	JOD 44	JOD 21		- Subsidiary
LITE-ON TECHNOLOGY USA, INC.	LITE-ON, INC.	USA	Sales data processing business of optoelectronic products and power supplies	US\$ 3,000	US\$ 3,000	3,000	100.00	US\$ 7,527	US\$ 1,193		- Subsidiary
	LITE-ON TRADING USA, INC.	USA	Sale of optical products	US\$ 31,500	US\$ 31,500	315	100.00	US\$ 39,785	US\$ 1,158		- Subsidiary
	LEOTEK ELECTRONICS USA LLC	USA	Sale of LED products	US\$ 5,792	US\$ 5,792	-	100.00	US\$ 14,817	US\$ 1,083		- Subsidiary
	POWER INNOVATIONS INTERNATIONAL, INC.	USA	Development, design and manufacture of power controls and energy management	US\$ 15,756	US\$ 15,756	12,916	95.25	US\$ 7,335	US\$ 1,250		- Subsidiary
	SOLID STATE STORAGE TECHNOLOGY USA CORPORATION (formerly: Lite-On Sales & Distribution Inc.)	USA	Sale of optical disc drives	US\$ -	US\$ 4,765	-	-	US\$ -	US\$ (316)		- Subsidiary (Note 4)
Lite-On International Holding Co., LTD.	LITE-ON TECHNOLOGY SERVICE, INC.	USA	After-sales services of optical products	US\$ 1,500	US\$ 1,500	1	100.00	US\$ 1,858	US\$ 30		- Subsidiary
LITE-ON SINGAPORE PTE. LTD.	LITE-ON CHINA HOLDING CO., LTD.	British Virgin Islands	Investment activities	US\$ 427,342	US\$ 427,342	427,342	100.00	US\$ 747,222	US\$ 21,127		- Subsidiary
	LiteStar JV Holding (BVI) Co., LTD. LITE-ON AUTOMOTIVE ELECTRONICS MEXICO, S.A. DE C.V.	British Virgin Islands Mexico	Investment activities 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\$ 27,000 US\$ 90	US\$ 27,000 US\$ 90	2 3	17.59 1.00	US\$ 24,914 US\$ 76	\$ (148,227) MXN 6,428		- Associate - 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	1.00	US\$ 78	INR (74,379)		- 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 24,880	CNY 144		- Subsidiary
LTC GROUP LTD.	TITANIC CAPITAL SERVICES LTD. LTC INTERNATIONAL LTD.	British Virgin Islands British Virgin Islands	Investment activities Manufacture and sale of system products	\$ 529,106 485,514	\$ 529,106 485,514	8,655 15,120	100.00 100.00	US\$ 757 US\$ 15,053	US\$ 186 US\$ 673		- Subsidiary - 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 64,891	EUR 76,674	3	100.00	EUR 7,762	EUR (89)		- Subsidiary
Lite-On (Finland) Oy	Lite-On Mobile Oyj	Finland	Manufacture and sale of mobile phone modules and design of assembly lines	EUR 196,618	EUR 196,618	52,937	100.00	EUR 7,473	EUR (89)		- Subsidiary
LITE-ON CHINA HOLDING CO., LTD.	LITE-ON ELECTRONICS COMPANY LIMITED	Hong Kong	Investment activities	US\$ 375,760	US\$ 375,760	3,083,467	100.00	US\$ 704,295	HK\$ 164,193		- Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2020		Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Note
				December 31, 2020	December 31, 2019	Shares (In Thousands)	Percentage of Ownership (%)			
LITE-ON CHINA HOLDING CO., LTD.	YET FOUNDATION LIMITED	Hong Kong	Manufacture of plastic and computer peripheral products	CNY 73,220	CNY 73,220	68,430	100.00	CNY (3,287)	\$	- Subsidiary
	I-SOLUTIONS LIMITED	British Virgin Islands	Sale of specialized electronic products	US\$ -	US\$ 1,500	-	-	US\$ 11		- Subsidiary (Note 6)
	FORDGOOD ELECTRONIC LIMITED	Hong Kong	Import and export and real estate business	US\$ 12,666	US\$ 12,666	100,150	100.00	HK\$ 497		- Subsidiary
	G&W TECHNOLOGY (BVI) LIMITED	British Virgin Islands	Real estate management	US\$ 3,900	US\$ 3,900	3,900	50.00	US\$ 470		- Subsidiary
G&W TECHNOLOGY (BVI) LIMITED	G&W TECHNOLOGY LIMITED	Hong Kong	Leasing business	US\$ 65	US\$ 65	500	100.00	US\$ 542		- Subsidiary
Silitech Technology Corporation	Silitech (BVI) Holding LTD.	British Virgin Islands	Investment activities	US\$ 52,182	US\$ 52,182	52,182	100.00	US\$ (8,817)		- Subsidiary (Note 1)
Silitech (BVI) Holding LTD.	Silitech (Bermuda) Holding LTD.	Bermuda	Investment activities	US\$ 52,132	US\$ 52,132	52,132	100.00	US\$ (8,818)		- Subsidiary (Note 1)
Silitech (Bermuda) Holding LTD.	Silitech (Hong Kong) Holding LTD.	Hong Kong	Investment activities	US\$ 24,200	US\$ 24,200	24,200	100.00	CNY 806		- Subsidiary (Note 1)
	Silitech Technology Corporation Sdn. Bhd.	Malaysia	Manufacture of computer peripheral products	US\$ 5,632	US\$ 5,632	21,400	100.00	MYR 10,848		- Subsidiary (Note 1)
	Silitech Technology Corporation Limited	Hong Kong	Manufacture of plastic and computer peripheral products	US\$ 8,000	US\$ 8,000	62,400	100.00	CNY (78,180)		- Subsidiary (Note 1)
Lite-On Japan LTD.	L&K Industries Philippines, Inc.	Philippines	Import and export of electronic components	JPY 91,681	JPY 91,681	350	35.00	JPY (59,655)		- Associate (Note 7)
	Lite-On Japan (H.K.) Limited	Hong Kong	Import and export of electronic components	JPY 70,000	JPY 70,000	50	100.00	JPY 23,095		- Subsidiary (Note 7)
	Lite-On Japan (Korea) Co., LTD.	South Korea	Import and export of electronic components	JPY 22,593	JPY 22,593	20	100.00	JPY -		- Subsidiary (Note 7)
	LITE-ON JAPAN (Thailand) CO., LTD.	Thailand	Import and export of electronic components	JPY 65,939	JPY 65,939	200	100.00	JPY 55,810		- Subsidiary (Note 7)
Lite-On Mobile Oyj	LITE-ON MOBILE INDÚSTRIA E COMÉRCIO DE PLÁSTICOS LTDA.	Brazil	Manufacture and sale of mobile phone modules and design of assembly lines	EUR 2,509	EUR 2,509	6,507	2.97	BRL 35,778		- 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	97.03	BRL 35,778		- Subsidiary
	LITE-ON YOUNG FAST PTE. LTD.	Singapore	Investment activities	US\$ 3,863	US\$ 7,864	7	100.00	US\$ 19		- Subsidiary
	Yamada-Lom Fabricacao De Arrelatos De Material Plastico LTDA.	Brazil	Manufacture and sale of mobile phone modules and design of assembly lines	US\$ 540	US\$ 540	-	25.00	BRL (3,897)		- Associate

Note 1: Lost control on December 30, 2020. The Group deconsolidated Silitech Technology Corporation and its subsidiaries and accounted for associates under the equity method for subsequent measurement due to significant influence. Refer to Notes 14 and 30 for further information.

Note 2: Information on net income or loss of investee has not been approved by its board of directors, so it is shown as an estimated amount. Refer to financial statements published on the market observation post system for the final amount of net income or loss.

Note 3: Sold in November 30, 2020. Refer to Note 15 for further information.

Note 4: Sold in July 2020. Refer to Note 13 for further information.

Note 5: Liquidated in December 2020.

Note 6: Liquidated in October 2020.

Note 7: The investment income/losses and adjustment for changes in equities were recognized by the Group.

Note 8: Refer to Table 8 for information on investments in mainland China.

(Concluded)

TABLE 8

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA

FOR THE YEAR ENDED DECEMBER 31, 2020

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

Investor Company	Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (Note 2)	Method of Investment (Note 1)	Accumulated Outflow of Investment from January 1, 2020	Investment of Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net Income (Losses) of the Investee Company (Note 2)	Percentage of Ownership	Share of Profits/Losses (Note 2)	Carrying Amount as of December 31, 2020	Accumulated Inward Remittance of Earnings as of December 31, 2020	Note
						Outflow	Inflow							
Lite-On Technology Corporation	LITE-ON COMPUTER TECHNOLOGY (DONGGUAN) CO., LTD.	Manufacture and sale of display device	\$ 459,938	a	\$ 798,413	\$ -	\$ -	\$ 798,413	\$ (14,861)	100.00	\$ (14,861)	\$ -	-	Note 3
	LITE-ON ELECTRONICS (TIANJIN) CO., LTD.	ODM services	(US\$ 16,400)	a	(US\$ 28,469)	-	-	(US\$ 28,469)	(CNY -3,482)	100.00	(CNY -3,482)	(HK\$ 3,195,912)	-	-
	LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	Manufacture of electronic components	(US\$ 66,500)	a	(US\$ 1,864,936)	-	-	(US\$ 1,864,936)	(CNY 17,887)	100.00	(CNY 17,887)	(HK\$ 883,410)	-	-
	SILITEK ELEC. (DONGGUAN) CO., LTD.	Manufacture of keyboards	(US\$ 35,400)	a	(US\$ 992,793)	-	-	(US\$ 992,793)	(CNY 233,894)	100.00	(CNY 233,894)	(HK\$ 2,592,205)	-	-
	LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	Manufacture and sale of printers and scanners	(US\$ 134,616)	a	(US\$ 35,400)	-	-	(US\$ 35,400)	(CNY 34,803)	100.00	(CNY 34,803)	(HK\$ 4,637,663)	-	Note 3
	CHINA BRIDGE (CHINA) CO., LTD.	Investment activities, consulting services and acting as a sales agent	(US\$ 4,800)	a	(US\$ 1,026,447)	-	-	(US\$ 1,026,447)	(CNY 103,800)	100.00	(CNY 103,800)	(HK\$ 1,281,937)	-	Note 4
	LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	Manufacture and sale of IT products	(US\$ 34,600)	a	(US\$ 8,600)	-	-	(US\$ 8,600)	(CNY 138,690)	100.00	(CNY 138,690)	(HK\$ 2,560,181)	-	-
	LITEON COMMUNICATION (GUANGZHOU) COMPANY LIMITED	Manufacture and sale of mobile terminal equipment	(US\$ 84,380)	a	(US\$ 29,745)	-	-	(US\$ 29,745)	(CNY 32,329)	100.00	(CNY 32,329)	(HK\$ 1,472,881)	-	-
	LITE-ON TECHNOLOGY (GUANGZHOU) LIMITED	Manufacture and sale of computer case	(US\$ 32,086)	a	(US\$ 1,208,590)	-	-	(US\$ 1,208,590)	(CNY 306,183)	100.00	(CNY 306,183)	(HK\$ 4,472,541)	-	-
	WIRELESS (GUANGZHOU) LIMITED	Manufacture and sale of mobile terminal equipment	(US\$ 443,391)	a	(US\$ 443,391)	-	-	(US\$ 443,391)	(CNY 71,741)	100.00	(CNY 71,741)	(HK\$ 1,236,294)	-	Note 4
	LITE-ON (GUANGZHOU) INFOTECH CO., LTD.	Information outsourcing	(US\$ 35,617)	a	(US\$ 65,737)	-	-	(US\$ 65,737)	(CNY 9,206)	100.00	(CNY 9,206)	(HK\$ 194,234)	-	-
	LITE-ON (GUANGZHOU) PRECISION TOOLING LTD.	Manufacture and sale of modules	(US\$ 510,419)	a	(US\$ 2,344)	-	-	(US\$ 2,344)	(CNY 2,157)	100.00	(CNY 2,157)	(HK\$ 53,690)	-	-
	LITE-ON DIGITAL ELECTRONICS (DONGGUAN) CO., LTD.	Manufacture and sale of computer peripheral products	(US\$ 18,200)	a	(US\$ 342,149)	-	-	(US\$ 342,149)	(CNY -)	100.00	(CNY -)	-	-	Note 4
	LITON LI SHIN TECHNOLOGY (GANZHOU) LTD.	Manufacture and sale of electronic components	-	a	(US\$ 12,200)	-	-	(US\$ 12,200)	(CNY -)	-	(CNY -)	(HK\$ 835)	-	Note 5
	LITE-ON TECHNOLOGY (XIANNING) CO., LTD.	Manufacture and sale of electronic components	(US\$ 336,540)	a	(US\$ 3,000)	-	-	(US\$ 3,000)	(CNY -)	100.00	(CNY -)	(HK\$ 505,830)	-	-
	LITE-ON TECHNOLOGY (JIANGSU) CO., LTD.	Investment activities, consulting services and acting as a sales agent	(US\$ 182,293)	a	(US\$ 13,336)	-	-	(US\$ 13,336)	(CNY 18,668)	100.00	(CNY 18,668)	(HK\$ 372,746)	-	-
	LITE-ON TECHNOLOGY (GZ) INVESTMENT COMPANY LIMITED	Investment activities	(US\$ 4,655,470)	a	(US\$ 6,500)	-	-	(US\$ 6,500)	(CNY 390,662)	100.00	(CNY 390,662)	(US\$ 8,819,707)	-	-
	LITE-ON POWER TECHNOLOGY (DONGGUAN) CO., LTD.	Development, manufacture and sale of electronic components, power supplies and provision of technology consulting services	(US\$ 2,243,600)	a	(US\$ 166,000)	-	-	(US\$ 166,000)	(CNY 3,376)	100.00	(CNY 3,376)	(HK\$ 541,711)	-	-
			(US\$ 80,000)	a	(US\$ 80,000)	-	-	(US\$ 80,000)	(CNY 158,100)	100.00	(CNY 158,100)	(HK\$ 1,166,958)	-	-
			(US\$ 447,935)	a	(US\$ 447,935)	-	-	(US\$ 447,935)	(CNY 37,044)	100.00	(CNY 37,044)	(HK\$ 322,569)	-	-
			(US\$ 15,972)	a	(US\$ 15,972)	-	-	(US\$ 15,972)	(CNY -)	100.00	(CNY -)	(HK\$ -)	-	-

(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 January 1, 2020	Investment of Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net Income (Losses) of the Investee Company (Note 2)	Percentage of Ownership	Share of Profit/Losses (Note 2)	Carrying Amount as of December 31, 2020	Accumulated Inward Remittance of Earnings as of December 31, 2020	Note
Lite-On Technology Corporation	CHANGZHOU LITEON NEW ENERGY TRADE LIMITED	Wholesale, import, export and installation of street lights, signal lights, scenery lights and new-type electronic components	\$ 28,045 (US\$ 1,000)	a	\$ 28,045 (US\$ 1,000)	\$ -	\$ -	\$ 28,045 (US\$ 1,000)	\$ (14,135) (CNY -3,312)	100.00	\$ (14,135) (CNY -3,312)	\$ (32,730) (CNY -7,607)	\$ -	
	LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD. (formerly LITEON OPTO TECHNOLOGY (GUANGZHOU) LTD.)	Manufacture and sale of optical disc drives	1,205,935 (US\$ 43,000)	a	1,205,935 (US\$ 43,000)	-	-	1,205,935 (US\$ 43,000)	(94,193) (CNY -22,070)	100.00	(94,193) (CNY -22,070)	1,718,317 (US\$ 61,270)	-	
	Lite-On Auto Electric Technology (Guangzhou) LTD.	Manufacture and sale of optical disc drives	56,090 (US\$ 2,000)	a	56,090 (US\$ 2,000)	-	-	56,090 (US\$ 2,000)	516 (CNY 121)	100.00	516 (CNY 121)	81,527 (US\$ 2,907)	-	
	LITEON-IT OPTO TECH (BH) CO., LTD.	Manufacture and sale of optical disc drives	1,542,475 (US\$ 55,000)	a	1,542,475 (US\$ 55,000)	-	-	1,542,475 (US\$ 55,000)	104,854 (CNY 24,568)	100.00	104,854 (CNY 24,568)	4,216,454 (US\$ 150,346)	-	
	Lite-On (Guangzhou) Automotive Electronics Limited	Manufacture, sale and processing of electronic products	173,879 (US\$ 6,200)	a	164,624 (US\$ 5,870)	-	-	164,624 (US\$ 5,870)	8,229 (CNY 1,928)	100.00	8,229 (CNY 1,928)	1,753,257 (HK\$ 484,633)	-	
	LITE-ON AUTOMOTIVE (WUXI) CO., LTD.	Manufacture, sale and processing of electronic products	140,225 (US\$ 5,000)	a	140,225 (US\$ 5,000)	-	-	140,225 (US\$ 5,000)	(229) (CNY -57)	100.00	(229) (CNY -57)	519,599 (US\$ 18,377)	-	
	HUIZHOU LI SHIN ELECTRONIC CO., LTD.	Manufacture of computer peripheral products	372,325 (US\$ 13,276)	a	180,666 (US\$ 6,442)	-	-	180,666 (US\$ 6,442)	(21,275) (CNY -4,985)	100.00	(21,275) (CNY -4,985)	1,337,775 (US\$ 47,701)	-	
	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Manufacture and sale of energy-saving equipment	1,991,195 (US\$ 71,000)	a	1,991,195 (US\$ 71,000)	-	-	1,991,195 (US\$ 71,000)	244,918 (CNY 57,386)	100.00	244,918 (CNY 57,386)	2,499,118 (US\$ 89,111)	-	
	SUZHOU LITE-ON STORAGE CO., LTD.	Research, development, manufacture, sale of SSD and smart storage device (including high-speed with more than 100TB storage capacity) provide after-sales service and technical support; import and export as a principal or an agent, assorted products and technologies	2,804,500 (US\$ 100,000)	b	1,262,025 (US\$ 45,000)	-	-	1,262,025 (US\$ 45,000)	(190,336) (CNY -44,597)	45.00	(67,847) (CNY -15,981)	880,249 (US\$ 31,111)	-	
	BEIJING LITE-ON MOBILE ELECTRONIC AND TELECOMMUNICATION COMPONENTS CO., LTD.	Manufacture and sale of mobile phone modules and design of assembly lines	448,720 (US\$ 16,000)	a	1,468,548 (US\$ 52,364)	-	-	1,468,548 (US\$ 52,364)	(43,742) (CNY -10,249)	100.00	(43,742) (CNY -10,249)	430,266 (US\$ 15,342)	-	
	GUANGZHOU LITE-ON MOBILE ENGINEERING PLASTICS CO., LTD.	Manufacture and sale of mobile phone modules and design of assembly lines	548,841 (US\$ 19,570)	a	2,541,635 (US\$ 90,627)	-	-	2,541,635 (US\$ 90,627)	38,488 (CNY 9,018)	100.00	38,488 (CNY 9,018)	1,845,782 (US\$ 65,815)	-	
	LITE-ON GREEN TECHNOLOGIES (NANJING) CORPORATION	Solar energy engineering	21,034 (US\$ 750)	a	21,034 (US\$ 750)	-	-	21,034 (US\$ 750)	(1,041) (CNY -244)	100.00	(1,041) (CNY -244)	(11,806) (US\$ 409)	-	
	Changzhou Binhui Thin Film Solar Greenhouse Co., LTD.	Manufacture and sale of solar energy engineering	430,260 (CNY 100,000)	a	84,051 (US\$ 2,997)	-	-	84,051 (US\$ 2,997)	-	19.90	-	3,926 (US\$ 140)	-	
	Epicrystal (Changzhou) Co., LTD.	Design, manufacture and sale of light-emitting diode and related display	4,403,065 (US\$ 157,000)	a	757,215 (US\$ 27,000)	-	-	757,215 (US\$ 27,000)	(158,019) (CNY -37,025)	19.74	(31,190) (CNY -7,308)	825,067 (CNY 191,760)	-	
	DONGGUAN LITE-ON COMPUTER CO., LTD.	Manufacture and sale of computer hosts and components, keyboards, scanners, printers and mouse	56,090 (US\$ 2,000)	a	56,091 (US\$ 2,000)	-	-	56,091 (US\$ 2,000)	2,642 (CNY 619)	100.00	2,642 (CNY 619)	102,686 (CNY 23,866)	-	
Philips & Lite-On Digital Solutions Corporation	Dongguan Huagang Information Technology Co., LTD.	Manufacture and sale of laser heads and digital player machine cores	86,052 (CNY 20,000)	a	48,854 (US\$ 1,742)	-	-	48,854 (US\$ 1,742)	(2,514) (CNY -589)	46.67	(1,174) (CNY -275)	1,760 (CNY 409)	-	
	NL (SHANGHAI) CO., LTD.	Import and export of electronic components	8,414 (US\$ 300)	a	86,883 (US\$ 3,098)	-	-	86,883 (US\$ 3,098)	11,649 (JPY 42,129)	100.00	11,649 (JPY 42,129)	9,695 (JPY 35,655)	-	
	SOLID STATE STORAGE TECHNOLOGY (Guangzhou) CORPORATION	Software and information technology related services	-	a	-	22,436 (US\$ 800)	-	22,436 (US\$ 800)	(4,995) (CNY -1,172)	-	(4,995) (CNY -1,172)	-	-	Note 6
	Philips & Lite-On Digital Solutions (Shanghai) Co., LTD.	Sale of optical disc drives	28,045 (US\$ 1,000)	a	28,045 (US\$ 1,000)	-	-	28,045 (US\$ 1,000)	(12,565) (CNY -2,944)	100.00	(12,565) (CNY -2,944)	435,997 (US\$ 15,342)	-	
Silitech Technology Corporation	Xurong Electronic (Shenzhen) LTD.	Manufacture of automotive parts, touch panels and plastic & rubber assemblies	-	a	203,354 (US\$ 7,500)	-	-	203,354 (US\$ 7,500)	(336,811) (CNY -79,411)	-	(336,811) (CNY -79,411)	-	-	Note 7
	Silitech Electronic (Suzhou) Co., LTD.	Manufacture and sale of automotive parts	-	a	981,575 (US\$ 35,000)	-	-	981,575 (US\$ 35,000)	8 (CNY 2)	-	8 (CNY 2)	-	-	Note 7

(Continued)

Investor Company	Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Lite-On Technology Corporation	\$ 28,993,454 (US\$ 1,033,819)	\$ 37,072,629 (US\$ 1,321,898)	Note 8
Philips & Lite-On Digital Solutions Corporation	28,045 (US\$ 1,000)	28,045 (US\$ 1,000)	\$ 338,374 (Note 9)

Note 1: The way of investment in mainland China is as follows:
a. Indirect investment in mainland China through holding companies.
b. Direct investment in mainland China through the Parent Company.

Note 2: The financial statements used as basis for calculating 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: Liquidated in September 2020.

Note 6: Sold in July 2020. Refer to Note 13 for further information.

Note 7: Lost control on December 30, 2020. The Group deconsolidated Silitech Technology Corporation and its subsidiaries and accounted for associates under the equity method for subsequent measurement due to significant influence. Refer to Notes 14 and 30 for further information.

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

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

(Concluded)

TABLE 9

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transaction			% of Consolidated Net Revenue or Total Assets (Note 3)
				Financial Statements Item	Amount	Terms	
0	Lite-On Technology Corporation	Philips & Lite-On Digital Solutions Corporation Philips & Lite-On Digital Solutions Corporation LITE-ON SINGAPORE PTE. LTD. LITE-ON TRADING USA, INC. Lite-On Overseas Trading Co., LTD. LITE-ON SINGAPORE PTE. LTD. LITE-ON SINGAPORE PTE. LTD. Lite-On Overseas Trading Co., LTD. Lite-On Overseas Trading Co., LTD.	a. a. a. a. a. a. a. a. a.	Sales Trade receivables Sales Sales Trade receivables Purchases Trade payables Purchases Trade payables	\$ 7,450,123 2,774,530 3,484,494 2,479,715 2,847,586 20,401,675 7,152,981 58,504,199 20,027,171	Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing	5 2 2 2 13 4 37 11
1	Philips & Lite-On Digital Solutions Corporation	Philips & Lite-On Digital Solutions USA, Inc.	a.	Sales	3,651,441	Cost-plus pricing	2
2	LITE-ON ELECTRONICS (TIANJIN) CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	c.	Sales	1,596,623	Cost-plus pricing	1
3	LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	Lite-On Overseas Trading Co., LTD.	c.	Sales	13,007,360	Cost-plus pricing	8
4	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	c.	Sales	4,943,819	Cost-plus pricing	3
5	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	LITE-ON SINGAPORE PTE. LTD. LITE-ON SINGAPORE PTE. LTD. Lite-On Overseas Trading Co., LTD. Lite-On Overseas Trading Co., LTD.	c. c. c. c.	Sales Trade receivables Sales Trade receivables	14,452,946 2,641,246 8,419,462 2,351,440	Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing	9 2 5 1
6	LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	Lite-On Overseas Trading Co., LTD. Lite-On Overseas Trading Co., LTD.	c. c.	Sales Trade receivables	14,418,509 2,139,912	Cost-plus pricing Cost-plus pricing	9 1
7	SILITEK ELEC. (DONGGUAN) CO., LTD.	Lite-On Overseas Trading Co., LTD. Lite-On Overseas Trading Co., LTD.	c. c.	Sales Trade receivables	10,348,633 2,700,772	Cost-plus pricing Cost-plus pricing	7 2
8	HUIZHOU LI SHIN ELECTRONIC CO., LTD.	Lite-On Overseas Trading Co., LTD.	c.	Sales	1,922,289	Cost-plus pricing	1
9	LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD. Lite-On Overseas Trading Co., LTD. Lite-On Overseas Trading Co., LTD.	c. c. c.	Sales Sales Trade receivables	1,792,743 17,461,717 5,045,795	Cost-plus pricing Cost-plus pricing Cost-plus pricing	1 11 3

(Continued)

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transaction			% of Consolidated Net Revenue or Total Assets (Note 3)
				Financial Statements Item	Amount	Terms	
10	LITEON-IT OPTO TECH (BH) CO., LTD.	Lite-On Overseas Trading Co., LTD.	c.	Sales	\$ 5,753,277	Cost-plus pricing	4
11	Lite-On Electronics (Thailand) Co., LTD.	LITE-ON SINGAPORE PTE. LTD.	c.	Sales	3,733,111	Cost-plus pricing	2
12	LITE-ON SINGAPORE PTE. LTD.	LITE-ON ELECTRONICS H.K. LIMITED LITE-ON TRADING USA, INC. LITE-ON TRADING USA, INC.	c. c. c.	Sales Sales Trade receivables	3,052,231 6,970,083 2,260,180	Cost-plus pricing Cost-plus pricing Cost-plus pricing	2 4 1
13	Lite-On Overseas Trading Co., LTD.	LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD. LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD. LITE-ON ELECTRONICS (DONGGUAN) CO., LTD. SILITEK ELEC. (DONGGUAN) CO., LTD. LITE-ON ELECTRONICS (GUANGZHOU) LIMITED LITE-ON ELECTRONICS (GUANGZHOU) LIMITED LITEON-IT OPTO TECH (BH) CO., LTD. LITE-ON SINGAPORE PTE. LTD. LITE-ON SINGAPORE PTE. LTD.	c. c. c. c. c. c. c. c. c. c.	Sales Sales Trade receivables Sales Sales Sales Sales Trade receivables Sales Sales Trade receivables	10,755,220 11,864,867 4,259,469 11,770,905 7,880,120 13,561,555 4,494,141 5,380,989 14,666,837 4,332,009	Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing Cost-plus pricing	7 8 2 7 5 9 3 3 9 2
14	Lite-On (Guangzhou) Automotive Electronics Limited	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	c.	Sales	1,737,481	Cost-plus pricing	1

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

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

Note 2: Nature of relationship is as follows:

- From the Parent Company to its subsidiary.
- From a subsidiary to its Parent Company.
- 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, 2020. For profit or loss items, cumulative amounts are shown as a percentage to consolidated total operating revenues for the year ended December 31, 2020.

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, 2020 and 2019 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, 2019 and 2018, 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, 2019 and 2018, 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, 2019. 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.

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

Allowance for Impairment Loss of Trade Receivables

The allowance for impairment loss of trade receivables reflects management's subjective evaluation and determination of the recoverable amount of overdue receivables containing credit risk. The key assumptions and inputs used in the evaluation process involve significant estimates by management. Hence, we focused on assessing the reasonableness of management's estimates of allowance for impairment loss in our audit.

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

Allowance for Inventory Valuation Loss

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

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

Impairment Loss of Property, Plant, Equipment and Intangible Assets (Including Goodwill)

The value of property, plant, equipment and intangible assets (including goodwill) represents the amounts of relevant assets that have not been depreciated or amortized and are expected to be recoverable in future periods under the conditions of sustainable operation. The management should evaluate at each balance sheet date whether there is any indication of impairment. If there is an indication of impairment, it is necessary to estimate the recoverable amount of the assets. If the recoverable amount of an individual asset cannot be estimated, the management should evaluate the recoverable amount of the cash-generating unit to which the asset belongs. Due to the complexity of the assumptions and involvement of multiple assumptions and estimates, we evaluated and determined that the estimation was made in accordance with IAS No. 36 and evaluated whether the carrying amount of the asset is below the recoverable amount.

The accounting policies are described in Note 4 to the Company's financial statements. For the carrying amounts of the assets, refer to the disclosures in Notes 15 and 17 to the financial statements. The audit procedures for the matters mentioned above included:

1. We obtained the Company's asset impairment evaluation documents for each cash-generating unit.
2. We evaluated the reasonableness of the Company's assumptions and parameters used in the asset impairment assessments, including the appropriateness of the classification of each cash-generating unit, the cash flow forecasts and the discount rates used.

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, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Meng-Chieh, Chiu

Cheng-Tsai Tsai

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 25, 2021

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, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 6,101,978	4	\$ 5,160,275	4
Financial assets at fair value through profit or loss (Note 7)	738,188	1	127,764	-
Financial assets at amortized cost (Notes 9 and 30)	27,186	-	120,894	-
Contract assets	271,395	-	276,129	-
Notes receivable, net (Note 11)	-	-	207	-
Trade receivables, net (Note 11)	21,407,212	15	21,578,655	15
Trade receivables from related parties (Note 29)	8,198,192	6	9,112,758	6
Other receivables	1,142,397	1	512,440	-
Other receivables from related parties (Note 29)	171,790	-	205,810	-
Inventories, net (Note 12)	5,641,260	4	6,759,512	5
Prepayments	678,143	-	622,459	1
Non-current assets held for sale (Note 13)	-	-	4,604,229	3
Total current assets	44,377,741	31	49,081,132	34
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss (Note 7)	69,176	-	59,364	-
Financial assets at fair value through other comprehensive income (Note 8)	468,536	-	278,625	-
Financial assets at amortized cost (Notes 9 and 30)	291,774	-	230,518	-
Investments accounted for using the equity method (Notes 14 and 29)	81,084,824	57	78,825,567	54
Property, plant and equipment, net (Notes 15 and 29)	8,240,165	6	7,885,540	5
Right-of-use assets, net (Note 16)	163,449	-	93,033	-
Intangible assets, net (Note 17)	4,748,110	3	5,528,836	4
Deferred tax assets (Note 24)	3,955,980	3	3,912,461	3
Refundable deposits	39,342	-	102,713	-
Net defined benefit assets (Note 20)	13,081	-	9,278	-
Other non-current assets	6,471	-	6,471	-
Total non-current assets	99,080,908	69	96,932,406	66
TOTAL	\$ 143,458,649	100	\$ 146,013,538	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 18)	\$ 16,786,635	12	\$ 20,134,925	14
Financial liabilities at fair value through profit or loss (Note 7)	1,348,761	1	-	-
Contract liabilities	13,059	-	-	-
Trade payables	3,474,791	2	3,116,384	2
Trade payables to related parties (Note 29)	27,791,580	19	31,425,045	21
Other payables	12,517,062	9	11,331,303	8
Other payables to related parties (Note 29)	105,885	-	286,494	-
Current tax liabilities	3,803,573	3	3,552,602	2
Provisions (Note 19)	996,166	1	863,538	1
Lease liabilities (Note 16)	23,502	-	28,852	-
Advances received	1,356,933	1	1,163,175	1
Total current liabilities	68,217,947	48	71,902,318	49
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Note 24)	1,489,510	1	1,569,467	1
Lease liabilities (Note 16)	141,699	-	65,385	-
Guarantee deposits	19,818	-	16,593	-
Total non-current liabilities	1,651,027	1	1,651,445	1
Total liabilities	69,868,974	49	73,553,763	50
EQUITY				
Share capital				
Ordinary shares	23,508,670	16	23,508,670	16
Capital surplus				
Additional paid-in capital from share issuance in excess of par value	3,471,812	2	3,471,812	3
Bond conversions	7,462,138	5	7,462,138	5
Treasury share transactions	626,897	1	548,884	-
Recognized changes in percentage of ownership interest in subsidiaries	37,533	-	48,298	-
Changes in equities of investments in associates accounted for using the equity method	-	-	273,024	-
Mergers	10,015,194	7	10,015,194	7
Total capital surplus	21,613,574	15	21,819,350	15
Retained earnings				
Legal reserve	13,789,553	10	12,845,584	9
Special reserve	4,732,075	3	3,388,768	2
Unappropriated earnings	17,026,026	12	16,885,813	12
Total retained earnings	35,547,654	25	33,120,165	23
Other equity				
Exchange differences on translating the financial statements of foreign operations	(5,563,051)	(4)	(4,404,444)	(3)
Unrealized loss of financial assets at fair value through other comprehensive income	(245,858)	-	(312,940)	-
Gain on hedging instruments	-	-	288	-
Total other equity	(5,808,909)	(4)	(4,717,096)	(3)
Treasury shares	(1,271,314)	(1)	(1,271,314)	(1)
Total equity	73,589,675	51	72,459,775	50
TOTAL	\$ 143,458,649	100	\$ 146,013,538	100

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, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales (Notes 22 and 29)	\$ 101,992,611	102	\$ 123,561,638	102
Less: Sales returns	365,624	-	626,709	-
Sales allowance	<u>2,073,363</u>	<u>2</u>	<u>2,063,499</u>	<u>2</u>
Total operating revenue	<u>99,553,624</u>	<u>100</u>	<u>120,871,430</u>	<u>100</u>
COST OF GOODS SOLD (Notes 12, 23 and 29)	<u>(86,767,469)</u>	<u>(87)</u>	<u>(107,679,816)</u>	<u>(89)</u>
GROSS PROFIT	12,786,155	13	13,191,614	11
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	<u>(41,044)</u>	<u>-</u>	<u>(54,041)</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>12,745,111</u>	<u>13</u>	<u>13,137,573</u>	<u>11</u>
OPERATING EXPENSES (Notes 23 and 29)				
Selling and marketing expenses	(2,069,021)	(2)	(2,024,057)	(2)
General and administrative expenses	(4,419,077)	(5)	(4,800,162)	(4)
Research and development expenses	(2,865,416)	(3)	(3,764,771)	(3)
Expected credit loss (Notes 11 and 28)	<u>(21,178)</u>	<u>-</u>	<u>(10,634)</u>	<u>-</u>
Total operating expenses	<u>(9,374,692)</u>	<u>(10)</u>	<u>(10,599,624)</u>	<u>(9)</u>
OPERATING INCOME	<u>3,370,419</u>	<u>3</u>	<u>2,537,949</u>	<u>2</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit of subsidiaries and associates accounted for using the equity method	6,241,446	6	5,620,984	5
Interest income	19,388	-	51,933	-
Dividend income	11,113	-	8,263	-
Other income (Note 29)	665,930	1	1,877,588	1
Net gain on disposal of property, plant and equipment	24,257	-	34,935	-
Net gain (loss) on disposal of investments	992,891	1	(31,365)	-
Net gain on foreign currency exchange	1,281,464	1	361,889	-
Net gain on financial assets at fair value through profit or loss	558,183	1	738,420	1
Finance costs (Notes 23 and 29)	(197,981)	-	(462,006)	-
Other expenses	(13,398)	-	(179,153)	-
Net loss on disposal of intangible asset	(72)	-	-	-
Impairment loss (Notes 14, 15 and 17)	<u>(1,580,584)</u>	<u>(2)</u>	<u>-</u>	<u>-</u>
Total non-operating income and expenses	<u>8,002,637</u>	<u>8</u>	<u>8,021,488</u>	<u>7</u>

(Continued)

LITE-ON TECHNOLOGY CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
PROFIT BEFORE INCOME TAX	\$ 11,373,056	11	\$ 10,559,437	9
INCOME TAX EXPENSE (Note 24)	<u>(1,357,018)</u>	<u>(1)</u>	<u>(1,184,538)</u>	<u>(1)</u>
NET PROFIT FOR THE YEAR	<u>10,016,038</u>	<u>10</u>	<u>9,374,899</u>	<u>8</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 20, 21 and 24)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(11,145)	-	(11,835)	-
Unrealized gain on investments in equity instruments designated as at fair value through other comprehensive income	62,668	-	165,202	-
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	(5,388)	-	68,930	-
Income tax relating to items will not be reclassified subsequently to profit or loss	<u>2,229</u>	<u>-</u>	<u>2,367</u>	<u>-</u>
	<u>48,364</u>	<u>-</u>	<u>224,664</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(1,725,075)	(2)	(1,885,353)	(1)
Share of other comprehensive loss of subsidiaries and associates accounted for using the equity method	(14,635)	-	(160,531)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>343,572</u>	<u>1</u>	<u>419,542</u>	<u>-</u>
	<u>(1,396,138)</u>	<u>(1)</u>	<u>(1,626,342)</u>	<u>(1)</u>
Other comprehensive loss for the year, net of income tax	<u>(1,347,774)</u>	<u>(1)</u>	<u>(1,401,678)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 8,668,264</u>	<u>9</u>	<u>\$ 7,973,221</u>	<u>7</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 25)				
From continuing operations				
Basic	<u>\$4.31</u>		<u>\$4.03</u>	
Diluted	<u>\$4.25</u>		<u>\$3.98</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, 2020 and 2019
(In Thousands of New Taiwan Dollars)

	Capital Surplus (Note 21)						Other Equity (Note 21)								
	Issue of Share Capital (Note 21)	Additional Paid-in Capital Excess of Par Value	Bond Conversions	Treasury Share Transactions	Recognized Percentage of Ownership Interest in Subsidiaries	Changes in Equities of Investments in Associates and Joint Ventures Using the Equity Method	Mergers	Changes in Capital Surplus (Note 21)				Other Equity (Note 21)			
								Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating Foreign Operations	Gain (Loss) on Disposal of Financial Assets Through Other Comprehensive Income		
	Shares (In Thousands)	Amount													
	2,350,867	\$ 23,508,670	\$ 7,462,138	\$ 477,697	\$ 47,209	\$ 271,367	\$ 10,015,194	\$ 21,745,417	\$ 12,049,900	\$ 2,705,954	\$ 15,789,147	\$ 30,545,001	\$ (2,779,863)	\$ 2,714	\$ (1,248,722)
			</												

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, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 11,373,056	\$ 10,559,437
Adjustments for:		
Depreciation expenses	598,874	696,541
Amortization expenses	176,525	204,529
Expected credit loss	21,178	10,634
Net gain on fair value changes of financial assets as at fair value through profit or loss	(558,183)	(738,420)
Finance costs	197,981	462,006
Interest income	(19,388)	(51,933)
Dividend income	(11,113)	(8,263)
Share of profit of subsidiaries and associates accounted for using the equity method	(6,241,446)	(5,620,984)
Net gain on disposal of property, plant and equipment	(24,257)	(34,935)
Net loss on disposal of intangible assets	72	-
Net loss (gain) on disposal of investments	(992,891)	31,365
Impairment loss recognized (reversed) on non-financial assets	1,485,864	(121,539)
Unrealized gain on transactions with subsidiaries and associates	41,044	54,041
Unrealized net gain on foreign currency exchange	(9,072)	(561,451)
Recognition of provisions	366,374	255,747
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	1,296,520	609,515
Contract assets	4,734	353,456
Notes receivable	207	996
Trade receivables	192,419	4,706,057
Trade receivables from related parties	941,632	1,776,944
Other receivables	(626,181)	415,382
Other receivables from related parties	34,020	203,863
Inventories	860,607	532,837
Prepayments	(55,684)	17,723
Contract liabilities	13,059	-
Notes payable	-	(2,571)
Trade payables	350,001	(1,396,219)
Trade payables to related parties	(3,781,448)	(3,936,863)
Other payables	865,920	(843,924)
Other payables to related parties	(180,609)	193,050
Provisions	(233,746)	(243,250)
Advance receipts	193,758	427,211
Net defined benefit liabilities	(14,948)	(13,620)
Cash generated from operations	6,264,879	7,937,362
Interest received	19,345	53,437

(Continued)

LITE-ON TECHNOLOGY CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
Dividends received	\$ 11,113	\$ 8,262
Interest paid	(216,888)	(469,824)
Income tax paid	<u>(752,547)</u>	<u>(328,751)</u>
Net cash generated from operating activities	<u>5,325,902</u>	<u>7,200,486</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of financial assets at fair value through other comprehensive income	(267,562)	(11,500)
Proceeds from disposal of financial assets at fair value through other comprehensive income	140,318	-
Purchases of financial assets at amortized costs	(89,272)	(42,722)
Proceeds from disposal of financial assets at amortized costs	121,723	-
Purchases of investments accounted for using the equity method	-	(2,013,931)
Proceeds from disposal of investments accounted for using the equity method	2,423,867	7,957
Net cash outflow on spin-off of subsidiaries (Note 14)	-	(2,176,374)
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	404,353
Proceeds from disposal of non-current assets held for sale	5,415,152	-
Purchases of property, plant and equipment	(886,425)	(1,812,444)
Proceeds from disposal of property, plant and equipment	32,800	64,094
Decrease (increase) in refundable deposits	63,371	(8,015)
Purchases of intangible assets	(87,314)	(231,573)
Proceeds from disposal of intangible assets	207	-
Dividends received from subsidiaries and associates	<u>179,603</u>	<u>367,957</u>
Net cash generated from (used in) investing activities	<u>7,334,535</u>	<u>(5,452,198)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	-	3,269,010
Repayments of short-term borrowings	(3,524,025)	-
Proceeds from guarantee deposits received	3,225	613
Repayments of the principal portion of lease liabilities	(32,094)	(52,621)
Cash dividends paid	(7,521,296)	(6,864,532)
Payments for buy-back of ordinary shares	-	(22,591)
Acquisition of subsidiaries	(940,230)	-
Disposal of partial interests in subsidiary without a loss of control	<u>295,686</u>	<u>-</u>
Net cash used in financing activities	<u>(11,718,734)</u>	<u>(3,670,121)</u>

(Continued)

LITE-ON TECHNOLOGY CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 941,703	\$ (1,921,833)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>5,160,275</u>	<u>7,082,108</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 6,101,978</u>	<u>\$ 5,160,275</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, 2020 AND 2019

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

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 25, 2021.

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)

Except for the following, 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:

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

The Company applies the amendments to IFRS 3 to transactions that occur on or after January 1, 2020. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. To determine whether an acquired process is substantive, different criteria apply, depending on whether there are outputs at the acquisition date. In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether or not an acquired set of activities and assets is a business.

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

Upon retrospective application of the amendments, the Company complied with the hedge accounting requirements under the assumption that the interest rate benchmark (such as the London Interbank Offered Rate or LIBOR) on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

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

The Company adopted the amendments starting from January 1, 2020. The threshold of materiality that could influence users has been changed to “could reasonably be expected to influence”. Accordingly, disclosures in the financial statements do not include immaterial information that may obscure material information.

- 4) Amendments to IFRS 16 “Covid-19 - Related Rent Concessions”

The Company elected to apply the practical expedient provided in the amendment to IFRS 16 with respect to rent concessions negotiated with the lessor as a direct consequence of the COVID-19. The related accounting policies are stated in Note 4. Prior to the application of the amendment, the Company shall determine whether or not the abovementioned rent concessions need to be accounted for as lease modifications.

The Company applied the amendment from January 1, 2020. Because the abovementioned rent concessions affect only in 2020, retrospective application of the amendment has no impact on the retained earnings as of January 1, 2020.

- b. The IFRSs endorsed by FSC for application starting from 2021

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”	January 1, 2021

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”

“Interest Rate Benchmark Reform - Phase 2” primarily amends IFRS 9, IFRS 7 and IFRS 16 to provide practical relief from the impact of the interest rate benchmark reform.

Changes in the basis for determining contractual cash flows as a result of interest rate benchmark reform

The changes in the basis for determining contractual cash flows of financial assets, financial liabilities or lease liabilities are accounted for by updating the effective interest rate at the time the basis is changed, provided the changes are necessary as a direct consequence of the reform and the new basis is economically equivalent to the previous basis.

Hedging accounting

The amendments provide the following temporary exceptions to hedging relationships that are subject to the reform:

- 1) The changes to the hedging relationship that are needed to reflect changes required by the reform are treated as a continuation of the existing hedging relationship, and do not result in the discontinuation of hedge accounting or the designation of a new hedging relationship.
- 2) If an entity reasonably expects that an alternative benchmark rate will be separately identifiable within a period of 24 months, it is not prohibited from designating the rate as a non-contractually specified risk component if it is not separately identifiable at the designation date.
- 3) After a cash flow hedging relationship is amended, the amount accumulated in the gain/(loss) on hedging instruments of cash flow hedge is deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.
- 4) An entity should allocate the hedged items of a group hedge that is subject to the reform to subgroups based on whether the hedged items have been changed to reference an alternative benchmark rate, and should designate the hedged benchmark rate separately.

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.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
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 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 6)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

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 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 3: 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 4: 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 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: 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.

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 (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

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

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business 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 of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss. 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 consolidated 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, contract assets 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 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.

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 cash and cash equivalents, trade receivable and notes receivable (including related party) at amortized cost, contract assets and other receivables (including related party)).

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.

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, 2021, 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 Company considers the economic implications of the COVID-19 when making its critical accounting 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 investments in associates

The Company immediately recognizes impairment losses on its net investment in an associate when there is an indication that the investment may be impaired and the carrying amount may not be recoverable. The Company's management evaluates the impairment based on the estimated future cash flows expected to be generated by the associate, including assumptions about the growth rate of sales and the capacity of the production facilities as estimated by the associate's management. The Company also takes into consideration market conditions and industry development when evaluating the appropriateness of the relevant assumptions.

d. Impairment of property, plant and equipment

Impairment of equipment in relation to the production is evaluated based on the recoverable amount of the equipment, which is the higher of its fair value less costs of disposal and its value in use. Any changes in the market prices or future cash flows will affect the recoverable amount of the equipment and may lead to the recognition of additional impairment losses or the reversal of impairment losses.

e. 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, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2020	2019
Cash on hand	\$ 349	\$ 480
Checking accounts	42,223	1,063
Demand deposits	<u>6,059,406</u>	<u>5,158,732</u>
	<u>\$ 6,101,978</u>	<u>\$ 5,160,275</u>

7. FINANCIAL INSTRUMENTS AT FVTPL

	December 31	
	2020	2019
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Currency swaps	\$ 738,188	\$ 127,764
<u>Financial assets at FVTPL - non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	\$ 50,589	\$ 44,840
Domestic listed shares	18,587	14,524
	\$ 69,176	\$ 59,364
<u>Financial liabilities at FVTPL - current</u>		
Financial liabilities held for trading		
Derivative financial assets (not under hedge accounting)		
Forward exchange contracts	\$ 1,348,761	\$ -

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

	Currency	Maturity Date	Notional Amount (In Thousands)
<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
<u>December 31, 2019</u>			
Currency swaps	USD/NTD	2020.01.06-2020.03.19	USD465,000/NTD14,022,525

The Company entered into derivative contracts in 2020 and 2019 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	
	2020	2019
<u>Non-current</u>		
Domestic investments		
Listed shares	\$ 145,982	\$ 223,579
Unlisted shares	<u>45,190</u>	<u>45,190</u>
	<u>191,172</u>	<u>268,769</u>
Foreign investments		
Unlisted shares	<u>277,364</u>	<u>9,856</u>
	<u>\$ 468,536</u>	<u>\$ 278,625</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	
	2020	2019
Pledged deposits	<u>\$ 318,960</u>	<u>\$ 351,412</u>
Current	\$ 27,186	\$ 120,894
Non-current	<u>291,774</u>	<u>230,518</u>
	<u>\$ 318,960</u>	<u>\$ 351,412</u>

- Refer to Note 10 for credit risk management and impairment evaluation for investments in financial assets at amortized cost.
- Refer to Note 30 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	
	2020	2019
<u>At amortized cost</u>		
Gross carrying amount	\$ 318,960	\$ 351,412
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
Net carrying amount	<u>\$ 318,960</u>	<u>\$ 351,412</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. NOTES AND TRADE RECEIVABLES, NET

	December 31	
	2020	2019
<u>Notes receivable</u>		
Notes receivable - operating	<u>\$ -</u>	<u>\$ 207</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 21,474,921	\$ 21,630,144
Allowance for impairment loss	<u>(67,709)</u>	<u>(51,489)</u>
	<u>\$ 21,407,212</u>	<u>\$ 21,578,655</u>

a. Notes receivable

The aging of notes receivable was as follows:

	December 31	
	2020	2019
Not past due	<u>\$ -</u>	<u>\$ 207</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 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 an allowance 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 allowance matrix.

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>

December 31, 2019

	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	\$ 21,520,248	\$ 56,975	\$ 4,499	\$ 677	\$ 47,745	\$ 21,630,144
Loss allowance	-	(174)	(2,893)	(677)	(47,745)	(51,489)
Net carrying amount	<u>\$ 21,520,248</u>	<u>\$ 56,801</u>	<u>\$ 1,606</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,578,655</u>

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

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ 51,489	\$ 66,339
Expected credit loss	21,178	10,634
Amounts written off	(4,958)	(21,464)
Spin-off	<u>-</u>	<u>(4,020)</u>
Balance at December 31	<u>\$ 67,709</u>	<u>\$ 51,489</u>

12. INVENTORIES, NET

	December 31	
	2020	2019
Merchandise	\$ 5,321,708	\$ 6,512,113
Raw materials	233,083	133,720
Work in progress	63,298	75,249
Finished good	<u>23,171</u>	<u>38,430</u>
	<u>\$ 5,641,260</u>	<u>\$ 6,759,512</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2020 and 2019 was \$86,767,469 thousand and \$107,679,816 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the year ended December 31, 2020 and 2019 included a reduction of cost of goods sold amounting to \$94,720 thousand and \$121,539 thousand, respectively, due to the reversal of write-down in net realizable value. The increase was mainly due to the Company's write-off of part of its inventories that had been impaired.

13. NON-CURRENT ASSETS HELD FOR SALE

	December 31	
	2020	2019
Non-current assets held for sale	<u>\$ -</u>	<u>\$ 4,604,229</u>

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; therefore, the Company reclassified the investments accounted for using the equity method of \$4,604,229 thousand to non-current assets held for sale in the balance sheet on December 31, 2019. The disposal was completed in July 2020.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2020	2019
Investments in subsidiaries	\$ 79,355,847	\$ 75,155,998
Investments in associates	<u>1,728,977</u>	<u>3,669,569</u>
	<u>\$ 81,084,824</u>	<u>\$ 78,825,567</u>

a. Investments in subsidiaries

	December 31			
	2020		2019	
	%	Book Value	%	Book Value
Lite-On International Holding Co., Ltd.	100.00	\$ 20,212,804	100.00	\$ 19,591,419
LITE-ON ELECTRONICS H.K. LIMITED	100.00	18,455,896	100.00	17,346,887
LITE-ON SINGAPORE PTE. LTD.	100.00	15,866,145	100.00	12,964,934
HIGH YIELD GROUP CO., LTD.	100.00	5,806,406	100.00	5,719,653
LITE-ON MOBILE PTE. LTD.	100.00	3,036,630	100.00	3,868,831
LITE-ON TECHNOLOGY USA, INC.	100.00	2,181,028	100.00	2,378,528
Lite-On Automotive International (Cayman) Co., Ltd.	100.00	2,277,805	100.00	2,227,755
Lite-On Electronics (Thailand) Co., Ltd.	100.00	2,059,766	100.00	2,082,837
KBW-LITEON Jordan Private Shareholding Limited	99.86	1,749,747	99.86	1,839,781
Lite-On Capital Corporation	100.00	1,094,239	100.00	1,484,244
EAGLE ROCK INVESTMENT LTD.	100.00	1,355,973	100.00	1,379,538
Silitech Technology Corporation	18.87	-	33.87	853,863
Lite-On Japan Ltd.	100.00	822,303	100.00	775,017
LITE-ON VIETNAM CO., LTD.	100.00	1,553,161	100.00	663,988
Lite-On Technology (Europe) B.V.	54.00	209,234	54.00	421,187
LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED	99.00	217,430	99.00	268,460
Philips & Lite-On Digital Solutions Corporation	49.00	276,338	49.00	265,895
Lite-On Overseas Trading Co., Ltd.	100.00	1,074,513	100.00	242,766
LITE-ON AUTOMOTIVE ELECTRONICS MEXICO, S.A. DE C.V.	99.00	212,149	99.00	227,611
SKYLA CORPORATION	63.73	207,800	64.94	202,160
LTC GROUP LTD.	100.00	175,165	100.00	161,203
LITE-ON ELECTRONICS (EUROPE) LIMITED	100.00	67,887	100.00	65,413
Lite-On Integrated Service Inc.	100.00	53,213	100.00	54,781
LET (HK) LIMITED	100.00	50,260	100.00	52,688
Lite-On Information Technology B.V.	100.00	16,337	100.00	16,557

(Continued)

	December 31			
	2020		2019	
	%	Book Value	%	Book Value
KBW-LEOTEK Jordan Private Shareholding Limited	49.00	\$ 228	49.00	\$ 2
SOLID STATE STORAGE TECHNOLOGY CORPORATION	-	-	100.00	-
LITE-ON INC.	83.28	151,997	-	-
DYNA INVESTMENT CO., LTD.	87.55	<u>171,393</u>	-	<u>-</u>
		<u>\$ 79,355,847</u>		<u>\$ 75,155,998</u> (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 of the Group's 2020 Consolidated Financial Report for more details about the disposal.

The extraordinary general meeting of shareholder was held in October 2019 and resolved to spin-off its Solid State Storage's business operations and assets to SOLID STATE STORAGE TECHNOLOGY CORPORATION for the purpose of business reorganization and specialization. SOLID STATE STORAGE TECHNOLOGY CORPORATION primarily manufactures and duplicates electronic components and data storage medium. The net assets as of December 12, 2019, the target date of the spin-off, were as follows:

ASSETS	
Cash and cash equivalents	\$ 2,176,374
Trade receivables including related parties, net	1,599,261
Inventories, net	2,473,317
Other current assets	7,896
Property, plant and equipment, net	603,594
Intangible assets, net	8,901
Right-of-use assets, net	57,693
Deferred tax assets	42,068
Other non-current assets	<u>5,000</u>
Total assets for the year	<u>6,974,104</u>
LIABILITIES	
Trade payables	2,094,119
Other current liabilities	<u>397,531</u>
Total liabilities for the year	<u>2,491,650</u>
Net assets	<u>\$ 4,482,454</u>

b. Investments in associates

	December 31	
	2020	2019
Associates that are not individually material	<u>\$ 1,728,977</u>	<u>\$ 3,669,569</u>

Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2020	2019
The Company's share of:		
Net profit for the year	\$ 373,444	\$ 72,701
Other comprehensive loss	<u>(11,402)</u>	<u>(125,071)</u>
Total comprehensive income (loss) for the year	<u>\$ 362,042</u>	<u>\$ (52,370)</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:

	Amount
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, 2020							
	Freehold Land	Buildings	Machinery Equipment	Tooling Equipment	Transportation Equipment	Office Equipment	Other Equipment	Total
<u>Cost</u>								
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>
<u>Accumulated depreciation</u>								
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>
<u>Accumulated impairment</u>								
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>

	For the Year Ended December 31, 2019							
Cost	Freehold Land	Buildings	Machinery Equipment	Tooling Equipment	Transportation Equipment	Office Equipment	Other Equipment	Total
January 1, 2019	\$ 2,226,499	\$ 4,773,975	\$ 4,059,863	\$ 731,479	\$ 3,581	\$ 801,108	\$ 2,030,663	\$ 14,627,168
Additions	-	958,225	293,350	50,495	-	56,903	181,510	1,540,483
Disposals	(4,118)	(58,864)	(588,681)	(17,749)	(95)	(37,821)	(28,237)	(735,565)
Spin-off	-	(223,474)	(1,450,860)	(70)	(48)	(40,745)	(75,158)	(1,790,355)
Reclassification	-	1,529,235	101,603	14,323	-	21,449	(1,568,249)	98,361
December 31, 2019	<u>\$ 2,222,381</u>	<u>\$ 6,979,097</u>	<u>\$ 2,415,275</u>	<u>\$ 778,478</u>	<u>\$ 3,438</u>	<u>\$ 800,894</u>	<u>\$ 540,529</u>	<u>\$ 13,740,092</u>
Accumulated depreciation								
January 1, 2019	\$ -	\$ 1,992,450	\$ 3,327,692	\$ 643,370	\$ 3,468	\$ 670,915	\$ 332,481	\$ 6,970,376
Additions	-	160,763	311,766	31,363	17	92,373	48,001	644,283
Disposals	-	(51,472)	(577,653)	(17,749)	(95)	(37,138)	(26,966)	(711,073)
Spin-off	-	(94,026)	(1,021,345)	(70)	(48)	(38,770)	(32,502)	(1,186,761)
Reclassification	-	7,783	62,428	45,657	-	8,495	2,524	126,887
December 31, 2019	<u>\$ -</u>	<u>\$ 2,015,498</u>	<u>\$ 2,102,888</u>	<u>\$ 702,571</u>	<u>\$ 3,342</u>	<u>\$ 695,875</u>	<u>\$ 323,538</u>	<u>\$ 5,843,712</u>
Accumulated impairment								
January 1, 2019	\$ -	\$ 5,210	\$ 500	\$ 8,844	\$ -	\$ 351	\$ 1,209	\$ 16,114
Additions	-	-	-	-	-	-	-	-
Disposals	-	(5,210)	(26)	-	-	(38)	-	(5,274)
December 31, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 474</u>	<u>\$ 8,844</u>	<u>\$ -</u>	<u>\$ 313</u>	<u>\$ 1,209</u>	<u>\$ 10,840</u>
December 31, 2019, net	<u>\$ 2,222,381</u>	<u>\$ 4,963,599</u>	<u>\$ 311,913</u>	<u>\$ 67,063</u>	<u>\$ 96</u>	<u>\$ 104,706</u>	<u>\$ 215,782</u>	<u>\$ 7,885,540</u>

Influenced by the product life cycle, some equipment of the Company became idle as a result of the insufficient products expected to be produced in the future. 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	
	2020	2019
Carrying amount		
Land (including right-to-use land)	\$ 135,696	\$ 47,838
Buildings	10,928	20,750
Transportation equipment	<u>16,825</u>	<u>24,445</u>
	<u>\$ 163,449</u>	<u>\$ 93,033</u>

	For the Year Ended December 31	
	2020	2019
Additions to right-of-use assets	\$ 151,245	\$ 51,175
Depreciation charge for right-of-use assets		
Land (including right to use land)	\$ 9,206	\$ 9,373
Buildings	13,264	32,859
Transportation equipment	8,098	10,026
	<u>\$ 30,568</u>	<u>\$ 52,258</u>

b. Lease liabilities

	December 31	
	2020	2019
<u>Carrying amounts</u>		
Current	\$ 23,502	\$ 28,852
Non-current	\$ 141,699	\$ 65,385

Range of discount rate for lease liabilities was as follows:

	December 31	
	2020	2019
Land (including right to use land)	1.79%	1.79%
Buildings	1.79%-4.51%	1.79%-4.51%
Transportation equipment	1.79%	1.79%

c. Material lease-in activities and terms

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

	For the Year Ended December 31	
	2020	2019
Expenses relating to short-term leases	\$ 12,218	\$ 26,388
Expenses relating to low-value asset leases	\$ 205,360	\$ 217,777
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 60,754	\$ 31,484
Total cash outflow for leases	<u>\$ 312,630</u>	<u>\$ 330,992</u>

17. INTANGIBLE ASSETS, NET

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>

For the Year Ended December 31, 2019

	Goodwill	Patents	Software	Client Relationships	Total
<u>Cost</u>					
January 1, 2019	\$ 5,662,190	\$ 3,421,562	\$ 1,556,570	\$ 163,819	\$ 10,804,141
Additions	-	-	231,573	-	231,573
Disposals	-	-	(41,753)	-	(41,753)
Spin-off	-	-	(38,928)	-	(38,928)
Reclassification	-	-	16,463	-	16,463
December 31, 2019	<u>\$ 5,662,190</u>	<u>\$ 3,421,562</u>	<u>\$ 1,723,925</u>	<u>\$ 163,819</u>	<u>\$ 10,971,496</u>
<u>Accumulated amortization</u>					
January 1, 2019	\$ 77,234	\$ 3,420,670	\$ 1,309,222	\$ 163,819	\$ 4,970,945
Additions	-	622	203,907	-	204,529
Disposals	-	-	(41,753)	-	(41,753)
Spin-off	-	-	(30,027)	-	(30,027)
Reclassification	-	-	2,748	-	2,748
December 31, 2019	<u>\$ 77,234</u>	<u>\$ 3,421,292</u>	<u>\$ 1,444,097</u>	<u>\$ 163,819</u>	<u>\$ 5,106,442</u>
<u>Accumulated impairment</u>					
January 1, 2019	\$ 336,210	\$ -	\$ 8	\$ -	\$ 336,218
December 31, 2019	<u>\$ 336,210</u>	<u>\$ -</u>	<u>\$ 8</u>	<u>\$ -</u>	<u>\$ 336,218</u>
December 31, 2019, net	<u>\$ 5,248,746</u>	<u>\$ 270</u>	<u>\$ 279,820</u>	<u>\$ -</u>	<u>\$ 5,528,836</u>

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

Patents	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 optical disc drives industry in September 2020 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 \$698,413 thousand, and the discount rate used to assess the value-in-use was 13.31%. The impairment loss was recognized in the statements of comprehensive income. 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 expectation of market development.
- 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 12.57% and 11.36% as of December 31, 2020 and 2019, respectively and reflects specific risks relating to the relevant cash-generating units.

18. SHORT-TERM BORROWINGS

	December 31	
	2020	2019
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>\$ 16,786,635</u>	<u>\$ 20,134,925</u>

The range of interest rates on unsecured borrowings was 0.52%-0.61% and 0.73%-2.45% per annum as of December 31, 2020 and 2019, respectively.

19. PROVISIONS

	December 31	
	2020	2019
<u>Current</u>		
Warranties	<u>\$ 996,166</u>	<u>\$ 863,538</u>

Movements in the provisions were as follows:

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ 863,538	\$ 851,041
Recognition of provisions	366,374	255,747
Usage	<u>(233,746)</u>	<u>(243,250)</u>
Balance at December 31	<u>\$ 996,166</u>	<u>\$ 863,538</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:

	December 31	
	2020	2019
Present value of defined benefit obligation	\$ 975,537	\$ 1,044,709
Fair value of plan assets	<u>(988,618)</u>	<u>(1,053,987)</u>
Net defined benefit assets	<u>\$ 13,081</u>	<u>\$ 9,278</u>

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2019	\$ 1,113,237	\$ (1,035,001)	\$ 78,236
Service cost	2,867	-	2,867
Net interest expense (income)	10,372	(9,714)	658
Recognized in profit or loss	13,239	(9,714)	3,525
Remeasurement			
Return on plan assets	-	(38,220)	(38,220)
Actuarial loss - changes in financial assumptions	20,634	-	20,634
Actuarial loss - experience adjustments	29,421	-	29,421
Recognized in other comprehensive loss (gain)	50,055	(38,220)	11,835
Contributions from the employer	-	(17,145)	(17,145)
Benefits paid	(46,093)	46,093	-
Spin-off	(85,729)	-	(85,729)
Balance at December 31, 2019	\$ 1,044,709	\$ (1,053,987)	\$ (9,278)
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)

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	
	2020	2019
Discount rate	0.25%	0.70%
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	
	2020	2019
Discount rate		
0.25% increase	<u>\$ (19,113)</u>	<u>\$ (12,705)</u>
0.25% decrease	<u>\$ 19,715</u>	<u>\$ 29,327</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 18,643</u>	<u>\$ 28,259</u>
0.25% decrease	<u>\$ (18,185)</u>	<u>\$ (11,790)</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	
	2020	2019
The expected contributions to the plan for the next year	<u>\$ 13,755</u>	<u>\$ 17,040</u>
The average duration of the defined benefit obligation	8.00 years	11.07 years

21. EQUITY

a. Share capital

1) Ordinary shares

	December 31	
	2020	2019
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 Company's authorized shares, 100,000 thousand shares had been reserved for the issuance of employee share options.

2) Issued global depositary receipts

On September 25, 1996, the 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.

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

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 depositary 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

The premium from shares issued in excess of par (including share premium from issuance of ordinary shares, conversion of bonds and merger) 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 and treasury share transactions from dividends according to the Company's shares holding by subsidiaries may only be used to offset a deficit.

c. Retained earnings and dividend policy

The shareholders' meeting was held on June 21, 2019 and passed the amendments to the Company's Articles of Incorporation (the "Articles"). Under the dividends policy as set forth in the amended Articles, the Company may distribute the surplus earnings or offset losses at the close of each quarter in accordance with the Company Act. While distributing surplus earning, the Company shall estimate and reserve for 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. When the amount of such legal reserve reached the total paid-in capital, the requirement to make reserves will be waived. If the Company distributes surplus earnings in the form of cash, it shall be approved in the meeting of the board of directors; if such surplus earnings are distributed in the form of new shares to be issued, it shall be approved by shareholders in their meeting 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 surplus earnings,

legal reserve and capital reserve in the form of cash, such distribution shall be authorized by a special resolution; and in addition, 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 the shareholders in their meeting according to the regulations.

Under the dividend policy as set forth in the Articles before the amendment, if there is net profit after tax upon the final settlement of account of each fiscal year, the 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. For the policies on distribution of employees' compensation and remuneration of directors before and after amendment, refer to Note 23(c) on employee benefits expense.

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.

Under Rule No. 10802432410 issued by the Ministry of Economic Affairs, the basis of appropriating 10% legal reserve was modified from the net profit for the current year excluding items other than profit accumulated in unappropriated earnings to the net profit for the current year including items other than profit accumulated in unappropriated earnings since the appropriations of earnings of 2019 and thereafter.

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

The appropriations of earnings for 2019 and 2018 that were approved in the shareholders' meetings on June 15, 2020 and June 21, 2019, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2019	2018
Legal reserve	\$ 943,969	\$ 795,684
Special reserve	1,343,307	682,814
Cash dividends	7,521,296	6,864,532
Cash dividends per share (NT\$)	3.20	2.92

The appropriation of earnings for 2020 was proposed by the Company's board of directors on February 25, 2021. The appropriation and dividends per share were as follows:

	For the Year Ended December 31, 2020
Legal reserve	\$ 994,879
Special reserve	1,090,618
Cash dividends	7,991,377
Cash dividends per share (NT\$)	3.40

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' meeting will be expected to be held on May 31, 2021.

d. Other equity items

Movements in other equity items were as follows:

	For the Year Ended December 31, 2020			
	Foreign Currency Translation Reserve	Unrealized Gain (Loss) from Financial Assets at FVTOCI	Gain (Loss) on Hedging 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>

	For the Year Ended December 31, 2019			
	Foreign Currency Translation Reserve	Unrealized Gain (Loss) from Financial Assets at FVTOCI	Gain (Loss) on Hedging Instruments	Total
Balance at January 1	\$ (2,779,863)	\$ (449,461)	\$ 2,714	\$ (3,226,610)
Exchange differences on translating foreign operations	(1,885,353)	-	-	(1,885,353)
Unrealized gain on equity instruments designated as at FVTOCI	-	165,202	-	165,202
Share of associates and subsidiaries accounted for using the equity method	(158,105)	82,680	(2,426)	(77,851)
Disposal of investments accounted for using the equity method	(665)	-	-	(665)
Disposal of investments in equity instruments designated as at FVTOCI	-	(111,361)	-	(111,361)
Income tax benefit	<u>419,542</u>	<u>-</u>	<u>-</u>	<u>419,542</u>
Balance at December 31	<u>\$ (4,404,444)</u>	<u>\$ (312,940)</u>	<u>\$ 288</u>	<u>\$ (4,717,096)</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 Shares at January 1	Increase During the Year	Decrease During the Year	Number of Shares at December 31
<u>For the year ended December 31, 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>
<u>For the year ended December 31, 2019</u>				
Shares held by its subsidiaries	26,841	-	-	26,841
Buyback of dissenting shareholders' shares in accordance with the Business Mergers and Acquisitions Act	<u>-</u>	<u>462</u>	<u>-</u>	<u>462</u>
	<u>26,841</u>	<u>-</u>	<u>-</u>	<u>27,303</u>

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

Name of Subsidiary	Number of Shares Held (In Thousands)	Carrying Amount	Market Price
<u>December 31, 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>
<u>December 31, 2019</u>			
Lite-On Capital Corporation	15,116	\$ 718,857	\$ 745,968
LTC INTERNATIONAL LTD.	7,004	297,469	345,414
YET FOUNDATE LIMITED	2,271	126,881	111,903
LITE-ON ELECTRONICS COMPANY LIMITED	2,450	<u>105,515</u>	<u>120,739</u>
		<u>\$ 1,248,722</u>	<u>\$ 1,324,024</u>

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

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

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 98,028,732	\$ 119,384,669
Royalty income	749,666	745,143
Revenue from management services	678,179	670,501
Rental income from property	<u>97,047</u>	<u>71,117</u>
	<u>\$ 99,553,624</u>	<u>\$ 120,871,430</u>

23. ADDITIONAL INFORMATION ON EXPENSES

	For the Year Ended December 31	
	2020	2019
a. Finance costs		
Interest on borrowings	\$ 195,777	\$ 459,284
Interest on lease liabilities	<u>2,204</u>	<u>2,722</u>
	<u>\$ 197,981</u>	<u>\$ 462,006</u>
b. Depreciation and amortization		
Property, plant and equipment	\$ 568,306	\$ 644,283
Intangible assets	176,525	204,529
Right-of-use assets	<u>30,568</u>	<u>52,258</u>
	<u>\$ 775,399</u>	<u>\$ 901,070</u>
An analysis of depreciation by function		
Recognized in operating costs	\$ 128,512	\$ 220,767
Recognized in operating expenses	<u>470,362</u>	<u>475,774</u>
	<u>\$ 598,874</u>	<u>\$ 696,541</u>
An analysis of amortization by function		
Recognized in operating costs	\$ 3,183	\$ 5,348
Recognized in operating expenses	<u>173,342</u>	<u>199,181</u>
	<u>\$ 176,525</u>	<u>\$ 204,529</u>
c. Employee benefit expenses		
Post-employment benefits		
Defined contribution plans	\$ 184,453	\$ 211,916
Defined benefit plans (Note 20)	<u>2,177</u>	<u>3,525</u>
	186,630	215,441
Termination benefits	87,382	37,008
Other employee benefits	<u>6,029,408</u>	<u>6,661,805</u>
	<u>\$ 6,303,420</u>	<u>\$ 6,914,254</u>
Employee benefit expenses summarized by function		
Recognized in operating costs	\$ 645,467	\$ 803,205
Recognized in operating expenses	<u>5,657,953</u>	<u>6,111,049</u>
	<u>\$ 6,303,420</u>	<u>\$ 6,914,254</u>

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, employees' compensation, and remuneration of directors. The appropriations of compensation of employees and remuneration of directors for 2020 and 2019, which were approved by the Company's board of directors on February 25, 2021 and February 26, 2020, respectively, are as follows:

	For the Year Ended December 31			
	2020		2019	
	Cash	Share	Cash	Share
Employees' compensation	\$ 1,363,183	\$ -	\$ 1,326,548	\$ -
Remuneration of directors	139,223	-	79,687	-

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, 2019 and 2018.

Information on the employees' compensation 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:

	For the Year Ended December 31	
	2020	2019
Current income tax expense		
In respect of the current year	\$ 1,134,693	\$ 951,419
Adjustments for prior year	-	(153)
	<u>1,134,693</u>	<u>951,266</u>
Deferred tax		
The recognition and reversal of temporary differences	<u>222,325</u>	<u>233,272</u>
Income tax expense recognized in profit or loss	<u>\$ 1,357,018</u>	<u>\$ 1,184,538</u>

A reconciliation of income before income tax and income tax expense (benefit) recognized in profit or loss is as follows:

	For the Year Ended December 31	
	2020	2019
Income before income tax	\$ 11,373,056	\$ 10,559,437
Income tax expense calculated at the statutory rate	\$ 2,274,611	\$ 2,111,887
Nondeductible items in determining taxable income	(1,139,918)	(1,160,468)
The recognition and reversal of temporary differences	222,325	233,272
Adjustments for prior year	-	(153)
Income tax expense recognized in profit or loss	\$ 1,357,018	\$ 1,184,538

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

b. Income tax recognized in other comprehensive income benefit

	For the Year Ended December 31	
	2020	2019
<u>Deferred tax</u>		
In respect of the current year		
Translation of foreign operations	\$ (343,572)	\$ (419,542)
Remeasurement on defined benefit plans	(2,229)	(2,367)
	<u>\$ (345,801)</u>	<u>\$ (421,909)</u>

c. Deferred tax assets and liabilities

The analysis of deferred tax assets was as follows:

	Opening Balance	Recognized in Profit (Loss)	Recognized in Other Comprehensive Income (Loss)	Spin-off	Closing Balance
<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	-	122,114	-	-	122,114
	<u>\$ 3,912,461</u>	<u>\$ (302,282)</u>	<u>\$ 345,801</u>	<u>\$ -</u>	<u>\$ 3,955,980</u>

(Continued)

	Opening Balance	Recognized in Profit (Loss)	Recognized in Other Comprehensive Income (Loss)	Spin-off	Closing Balance
<u>For the year ended December 31, 2019</u>					
Temporary differences					
Investment accounted for using the equity method	\$ 1,970,380	\$ (4,091)	\$ 419,542	\$ -	\$ 2,385,831
Impairment loss on assets	1,104,424	34,798	-	-	1,139,222
Accrued warranty expense	170,208	2,500	-	-	172,708
Unrealized loss on inventories	142,184	(17,750)	-	(42,068)	82,366
Unrealized loss and expense	135,065	(77,861)	-	-	57,204
Net defined benefit liability	72,763	-	2,367	-	75,130
Others	571	(571)	-	-	-
	<u>\$ 3,595,595</u>	<u>\$ (62,975)</u>	<u>\$ 421,909</u>	<u>\$ (42,068)</u>	<u>\$ 3,912,461</u>
					(Concluded)

The analysis of deferred tax liabilities was as follows:

	Opening Balance	Recognized in Loss (Profit)	Recognized in Other Comprehensive Loss (Income)	Closing Balance
<u>For the year ended December 31, 2020</u>				
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	24,403	(24,403)	-	-
	<u>\$ 1,569,467</u>	<u>\$ (79,957)</u>	<u>\$ -</u>	<u>\$ 1,489,510</u>
<u>For the year ended December 31, 2019</u>				
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	95,956	156,702	-	252,658
Unrealized net gains on financial assets	-	24,403	-	24,403
Unrealized sales profit	33,467	(10,808)	-	22,659
	<u>\$ 1,399,170</u>	<u>\$ 170,297</u>	<u>\$ -</u>	<u>\$ 1,569,467</u>

d. Income tax assessments

The Company's tax returns for all years through 2018 have been assessed by the tax authorities.

25. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2020	2019
Basic earnings per share	\$ 4.31	\$ 4.03
Diluted earnings per share	\$ 4.25	\$ 3.98

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

Net Profit for the Year

	For the Year Ended December 31	
	2020	2019
Earnings used in the computation of basic earnings per share	\$ 10,016,038	\$ 9,374,899
Effect of potentially dilutive ordinary shares:		
Employees' compensation	-	-
Earnings used in the computation of diluted earnings per share	\$ 10,016,038	\$ 9,374,899

Weighted Average Number of Ordinary Shares Outstanding

Unit: In Thousand Shares

	For the Year Ended December 31	
	2020	2019
Weighted average number of ordinary shares outstanding in computation of basic earnings per share	2,323,564	2,323,968
Effect of potentially dilutive ordinary shares:		
Employees' compensation	32,462	30,856
Weighted average number of ordinary shares outstanding in computation of diluted earnings per share	2,356,026	2,354,824

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, if the effect is dilutive. The dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

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 2020 Consolidated Financial Report for more details about the acquisition.

27. 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.

28. 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 contract assets, notes receivable, 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 received, 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, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	\$ -	\$ 738,188	\$ -	\$ 738,188
Mutual funds	-	50,589	-	50,589
Securities listed in ROC - equity securities	<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>
Financial assets at FVTOCI				
Investments in equity instruments				
Securities listed in ROC - equity securities	\$ 145,982	\$ -	\$ -	\$ 145,982
Unlisted securities in ROC - equity securities	-	-	277,364	277,364
Unlisted securities in other countries - equity securities	<u>-</u>	<u>-</u>	<u>45,190</u>	<u>45,190</u>
	<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>

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	\$ -	\$ 127,764	\$ -	\$ 127,764
Mutual funds	-	44,840	-	44,840
Securities listed in ROC - equity securities	<u>14,524</u>	<u>-</u>	<u>-</u>	<u>14,524</u>
	<u>\$ 14,524</u>	<u>\$ 172,604</u>	<u>\$ -</u>	<u>\$ 187,128</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Securities listed in ROC - equity securities	\$ 223,579	\$ -	\$ -	\$ 223,579
Unlisted securities in ROC - equity securities	-	-	45,190	45,190
Unlisted securities in other countries - equity securities	<u>-</u>	<u>-</u>	<u>9,856</u>	<u>9,856</u>
	<u>\$ 223,579</u>	<u>\$ -</u>	<u>\$ 55,046</u>	<u>\$ 278,625</u>

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

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

	Investments on Equity Instruments Unlisted Quotes
<u>For the year ended December 31, 2020</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>
<u>For the year ended December 31, 2019</u>	
Balance at January 1, 2019	\$ 42,699
Additions	11,500
Reclassification	<u>847</u>
Balance at December 31, 2019	<u>\$ 55,046</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 year and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Derivative instruments - currency swaps	Estimation of fair value of a currency swap contract is based on its principal and interest rate on mutual agreement and the suitable discount rate that reflects the credit risk of various counterparties at the end of the reporting period.
Mutual funds	Using the observable similar market average price or the price of the same kind of tools provided by the mutual fund management company.

- 4) Valuation techniques and inputs applied for Level 3 fair value measurement

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

c. Categories of financial instruments

	December 31	
	2020	2019
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 807,364	\$ 187,128
Financial assets at amortized costs (1)	37,651,266	37,300,399
Investment in equity instruments at FVTOCI	468,536	278,625
<u>Financial liabilities</u>		
FVTPL		
Held for trading	1,348,761	-
Amortized cost		
Short-term borrowings	16,786,635	20,134,925
Payables (2)	43,922,195	46,175,819

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

- 2) The balances included financial liabilities measured at amortized cost, which comprise contract liabilities, 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 forward exchange contracts and 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 fluctuation of the U.S. dollar.

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

USD Impact
For the Year Ended December 31

	2020	2019

Profit or loss	\$ (598,648)	\$ (1,049,222)

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

	2020	2019

Fair value interest rate risk		
Financial assets (i)	\$ 90,756	\$ 122,389
Financial liabilities (ii)	16,786,635	20,134,925
Cash flow interest rate risk		
Financial assets (iii)	6,287,610	5,387,755

- 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 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, 2020 and 2019 would have increased by \$15,719 thousand and \$13,469 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, 2020 and 2019 would have increased by \$1,859 thousand and \$1,452 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, 2020 and 2019 would have increased by \$14,598 thousand and \$22,358 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 customer's 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.

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

	Notes Receivable	Trade Receivables	Contract Asset	Total
January 1, 2020	\$ -	\$ 51,489	\$ -	\$ 51,489
Expected credit loss	-	21,178	-	21,178
Amounts written off	-	(4,958)	-	(4,958)
December 31, 2020	<u>\$ -</u>	<u>\$ 67,709</u>	<u>\$ -</u>	<u>\$ 67,709</u>
January 1, 2019	\$ -	\$ 66,339	\$ -	\$ 66,339
Expected credit loss	-	10,634	-	10,634
Amounts written off	-	(21,464)	-	(21,464)
Spin-off	-	(4,020)	-	(4,020)
December 31, 2019	<u>\$ -</u>	<u>\$ 51,489</u>	<u>\$ -</u>	<u>\$ 51,489</u>

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, 2020

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Year	1-3 Years	3 Years to 5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing		\$ 43,902,377	\$ 19,818	\$ -	\$ -
Lease liabilities	1.79-4.51	26,243	33,029	25,775	101,857
Fixed interest rate liabilities	0.73-2.45	16,786,635	-	-	-
		<u>\$ 60,715,255</u>	<u>\$ 52,847</u>	<u>\$ 25,775</u>	<u>\$ 101,857</u>

December 31, 2019

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Year	1-3 Years	3 Years to 5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing		\$ 46,159,227	\$ 16,592	\$ -	\$ -
Lease liabilities	1.79-4.51	28,852	39,690	2,447	23,248
Fixed interest rate liabilities	0.73-2.45	20,134,925	-	-	-
		<u>\$ 66,323,003</u>	<u>\$ 56,282</u>	<u>\$ 2,447</u>	<u>\$ 23,248</u>

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

December 31, 2020

	On Demand or Less than 1 Year	1-3 Years	3 Years to 5 Years	5+ Years
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>

December 31, 2019

	On Demand or Less than 1 Year	1-3 Years	3 Years to 5 Years	5+ Years
Currency swaps				
Inflows	\$ 14,022,525	\$ -	\$ -	\$ -
Outflows	(14,052,430)	-	-	-
	<u>\$ (29,905)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

29. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are summarized below:

a. Related parties and relationships

Related Party	Relationship with the Company
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
PLDS Germany GmbH	Sub-subsidiary
PLDS Netherlands B.V.	Sub-subsidiary
Silitech Technology Corporation	Subsidiary (became an associate since December 30, 2020)
LITE-ON MOBILE PTE. LTD.	Subsidiary
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
SOLID STATE STORAGE TECHNOLOGY USA CORPORATION (formerly: Lite-On Sales & Distribution Inc.)	Sub-subsidiary (sold in July 2020)
I-SOLUTIONS LIMITED	Third-tier subsidiary (dissolved since October 2020)
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
KBW-LITEON Jordan Private Shareholding Limited	Subsidiary

(Continued)

Related Party	Relationship with the Company
SKYLA CORPORATION	Subsidiary
Lite-On (Guangzhou) Automotive Electronics Limited	Third-tier subsidiary
LITE-ON AUTOMOTIVE (WUXI) CO., LTD	Third-tier subsidiary
LITE-ON ELECTRONICS (TIANJIN) CO., LTD.	Sub-subsidiary
LITE-ON COMPUTER (CHANGZHOU) CO., LTD.	Four-tier subsidiary
LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	Four-tier subsidiary
LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD. (formerly: LITEON OPTO 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 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 December 2020)
Lite-Space Technology Company Limited	Associate
Silport Travel Corp.	Related party in substance
Diodes Incorporated	Related party in substance (non-related 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 November 2020)
DYNA INVESTMENT CO., LTD.	Subsidiary (became a subsidiary since November 2020)
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	
	2020	2019
Subsidiaries		
Philips & Lite-On Digital Solutions Corporation	\$ 7,450,123	\$ 10,565,362
LITE-ON SINGAPORE PTE. LTD.	3,484,494	3,192,713
LITE-ON TRADING USA, INC.	2,479,715	4,644,202
Others	<u>2,267,236</u>	<u>2,501,077</u>
	<u>15,681,568</u>	<u>20,903,354</u>

(Continued)

Related Party Category	For the Year Ended December 31	
	2020	2019
Associates		
Others	\$ 10,161	\$ 11,525
Related party in substance		
Others	707	2,833
	<u>\$ 15,692,436</u>	<u>\$ 20,917,712</u>
		(Concluded)

c. Purchases of goods

Related Party Category	For the Year Ended December 31	
	2020	2019
Subsidiaries		
Lite-On Overseas Trading Co., Ltd.	\$ 58,504,199	\$ 72,983,316
LITE-ON SINGAPORE PTE. LTD.	20,401,675	20,568,320
Others	<u>2,775,889</u>	<u>2,237,838</u>
	<u>81,681,763</u>	<u>95,789,474</u>
Related party in substance		
Others	-	3,007
	<u>\$ 81,681,763</u>	<u>\$ 95,792,481</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	
	2020	2019
<u>Trade receivables</u>		
Subsidiaries		
Lite-On Overseas Trading Co., Ltd.	\$ 2,847,586	\$ 2,893,649
Philips & Lite-On Digital Solutions Corporation	2,774,530	2,842,027
LITE-ON SINGAPORE PTE. LTD.	1,140,252	1,027,795
LITE-ON TRADING USA, INC.	809,583	1,732,416
Others	<u>626,241</u>	<u>616,738</u>
	<u>8,198,192</u>	<u>9,112,625</u>
Associates		
Others	-	133
	<u>\$ 8,198,192</u>	<u>\$ 9,112,758</u>

Related Party Category	December 31	
	2020	2019
<u>Other receivables</u>		
Subsidiaries		
LITE-ON SINGAPORE PTE. LTD.	\$ 95,735	\$ 105,116
Lite-On Japan Ltd.	22,701	1,687
Lite-On Overseas Trading Co., Ltd.	21,885	36,597
Others	<u>31,327</u>	<u>61,529</u>
	<u>171,648</u>	<u>204,929</u>
Associates		
Others	<u>142</u>	<u>881</u>
	<u>\$ 171,790</u>	<u>\$ 205,810</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, 2020 and 2019.

e. Payables to related parties

Related Party Category	December 31	
	2020	2019
<u>Trade payables</u>		
Subsidiaries		
Lite-On Overseas Trading Co., Ltd.	\$ 20,027,171	\$ 23,570,248
LITE-ON SINGAPORE PTE. LTD.	7,152,981	7,212,653
Others	<u>602,457</u>	<u>562,762</u>
	<u>27,782,609</u>	<u>31,345,663</u>
Related party in substance		
Others	<u>-</u>	<u>78,122</u>
Associates		
Others	<u>8,971</u>	<u>1,260</u>
	<u>\$ 27,791,580</u>	<u>\$ 31,425,045</u>
<u>Other payables</u>		
Subsidiaries		
LITE-ON, INC.	\$ 28,621	\$ 30,970
LITE-ON SINGAPORE PTE. LTD.	20,532	22,705
LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD.	20,402	-
Lite-On Integrated Service Inc.	13,077	13,180
SOLID STATE STORAGE TECHNOLOGY CORPORATION	-	168,023
Others	<u>22,331</u>	<u>44,933</u>
	<u>104,963</u>	<u>279,811</u>

(Continued)

Related Party Category	December 31	
	2020	2019
Related party in substance		
Others	\$ 108	\$ 6,111
Associates		
Others	814	572
	<u>\$ 105,885</u>	<u>\$ 286,494</u>
		(Concluded)

The outstanding trade payables to related parties are unsecured.

f. Lease arrangements

Related Party Category	December 31	
	2020	2019
<u>Interest expense</u>		
Associate		
Lite-On Semiconductor Corp.	\$ 361	\$ 962
<u>Lease expense</u>		
Associates		
LITE-ON INC.	\$ 228	\$ -
DYNA INVESTMENT CO., LTD	228	-
	<u>\$ 456</u>	<u>\$ -</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 For the Year Ended December 31	
	2020	2019
Subsidiaries	\$ 6,505	\$ 5,785
Related party in substance	327	-
	<u>\$ 6,832</u>	<u>\$ 5,785</u>

h. Disposal of property, plant and equipment

Related Party Category	For the Year Ended December 31			
	2020		2019	
	Proceeds of Disposal	Gain on Disposal	Proceeds of Disposal	Gain on Disposal
Subsidiaries	<u>\$ 3,897</u>	<u>\$ 3,897</u>	<u>\$ 10,980</u>	<u>\$ 3,444</u>

i. Operating expenses

Related Party Category	For the Year Ended December 31	
	2020	2019
Subsidiaries		
LITE-ON, INC.	\$ 93,762	\$ 96,968
Lite-On Integrated Service Inc.	71,918	76,993
LITE-ON SINGAPORE PTE. LTD.	27,178	42,673
Others	<u>34,871</u>	<u>66,264</u>
	<u>227,729</u>	<u>282,898</u>
Associates		
Others	<u>29</u>	<u>35</u>
Related party in substance		
Silport Travel Corp.	7,780	66,645
Others	<u>10,504</u>	<u>8,934</u>
	<u>18,284</u>	<u>75,579</u>
	<u>\$ 246,042</u>	<u>\$ 358,512</u>

The Company recognized donation expenses of \$10,000 thousand and \$8,375 thousand for the years ended December 31, 2020 and 2019, respectively, 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	
	2020	2019
Subsidiaries		
Skyla Corporation	\$ 14,885	\$ 15,291
Lite-On (Guangzhou) Automotive Electronics Limited	9,278	9,307
SOLID STATE STORAGE TECHNOLOGY CORPORATION	8,707	311
LITE-ON TRADING USA, INC.	7,169	10,312
LEOTEK ELECTRONICS USA LLC	4,514	6,590
Others	<u>14,588</u>	<u>18,163</u>
	<u>59,141</u>	<u>59,974</u>
Associates		
Others	<u>3,772</u>	<u>5,190</u>
Related party in substance		
Others	<u>478</u>	<u>37</u>
	<u>\$ 63,391</u>	<u>\$ 65,201</u>

k. 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
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>

For the year ended December 31, 2019

Related Party Category/Name	Line Item	Number of Shares	Underlying Assets	Purchase Price
Subsidiaries				
Silitech Technology Corporation	Investments accounted for using the equity method	980,300	Equity interests of Lite-On Japan Ltd., a subsidiary	\$ 67,311
Associate				
Lite-On Semiconductor Corp.	Investments accounted for using the equity method	980,300	Equity interests of Lite-On Japan Ltd., a subsidiary	<u>66,864</u>
				<u>\$ 134,175</u>

1. Compensation of key management personnel

	For the Year Ended December 31	
	2020	2019
Short-term employee benefits	\$ 493,885	\$ 526,129
Post-employment benefits	<u>47,685</u>	<u>37,567</u>
	<u>\$ 541,570</u>	<u>\$ 563,696</u>

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

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

	December 31	
	2020	2019
Pledged time deposits (classified as financial assets at amortized costs)	<u>\$ 318,960</u>	<u>\$ 351,412</u>

Pledged assets included the guarantee deposits that had been provided for government projects and general construction bids.

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Bench Walk Lighting, LLC sued the Company and its subsidiary - LITE-ON TECHNOLOGY USA, INC. - for patent infringement during the fourth quarter of 2019. The petitioner claimed that certain products supplied by the subsidiary infringed the original patents and demanded royalty payments. Both parties have reached the settlement, and the plaintiff withdrew the lawsuit. There was no material impact on the operation and financial performance of the Company.

32. 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, 2020

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying 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>
<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)	<u>6,433</u>
			<u>\$ 46,770,619</u>

December 31, 2019

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 1,042,461	29.9300 (USD:NTD)	\$ 31,200,871
CNY	47,229	4.3050 (CNY:NTD)	203,319
EUR	1,171	33.5425 (EUR:NTD)	39,267
GBP	543	39.2576 (GBP:NTD)	21,325
CZK	15,520	1.3205 (CZK:NTD)	<u>20,471</u>
			<u>\$ 31,485,253</u>
Non-monetary items			
Investments in associates and joint ventures accounted for using the equity method			
USD	1,652,792	29.9300 (USD:NTD)	\$ 49,468,078
HKD	4,526,071	3.8443 (HKD:NTD)	17,399,575
THB	2,093,934	0.9947 (THB:NTD)	2,082,836
JOD	43,520	42.2740 (JOD:NTD)	<u>1,839,783</u>
			<u>\$ 70,790,272</u>
<u>Financial liabilities</u>			
Monetary items			
USD	1,743,579	29.9300 (USD:NTD)	\$ 52,185,320
CNY	14,667	4.3050 (CNY:NTD)	63,143
EUR	1,588	33.5425 (EUR:NTD)	53,250
CZK	9,547	1.3205 (CZK:NTD)	12,606
HKD	3,116	3.8443 (HKD:NTD)	<u>11,980</u>
			<u>\$ 52,326,299</u>

For the years ended December 31, 2020 and 2019, the net foreign exchange gains were \$1,281,464 thousand and \$361,889 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.

33. 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: None.
- 6) Disposal of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- 7) Total purchases from or sales to related parties of at amounting to at least NT\$100 million or 20% of the paid-in capital: See Table 5 below.
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: See Table 6 below.
- 9) Trading in derivative instruments: See Notes 7 and 28 to the financial statements.

b. Information on investees: See Table 7 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 8 below.
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: See Table 5 and 6 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.

TABLE 1

LITE-ON TECHNOLOGY CORPORATION AND INVESTEEES

FINANCING PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020
(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	\$ 1,208,000	\$ 757,215	\$ 757,215	0.83938%-2.49413%	b	\$ -	Operating capital	\$ -	None	\$ -	\$ 15,392,209	\$ 15,392,209	
2	LITE-ON AUTOMOTIVE (WUXI) CO., LTD.	LITE-ON GREEN TECHNOLOGIES (NANJING) CORPORATION	Receivables from related parties	Yes	13,065	-	-	3.045%	b	-	Operating capital	-	None	-	519,601	519,601	
3	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	CHANGZHOU LEOTEK NEW ENERGY TRADE LIMITED	Receivables from related parties	Yes	210,827	98,960	98,960	2.65%-3%	b	-	Operating capital	-	None	-	4,648,752	4,648,752	
4	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	LITE-ON GREEN TECHNOLOGIES (NANJING) CORPORATION	Receivables from related parties	Yes	12,985	12,908	12,908	2.65%	b	-	Operating capital	-	None	-	2,959,435	2,959,435	
4	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	LITE-ON INTELLIGENT TECHNOLOGY (YENCHENG) CORP.	Receivables from related parties	Yes	83,870	43,026	43,026	2.65%-3.045%	b	-	Operating capital	-	None	-	2,959,435	2,959,435	
5	GUANGZHOU LITE-ON MOBILE ENGINEERING PLASTICS CO., LTD.	BEIJING LITE-ON MOBILE ELECTRONIC AND TELECOMMUNICATION COMPONENTS CO., LTD.	Receivables from related parties	Yes	72,367	34,421	34,421	2.65%-3.045%	b	-	Operating capital	-	None	-	1,845,791	1,845,791	

Note 1: Reasons for financing are as follows:

- Business relationship.
- 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 INVESTEEES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020
(Amounts in Thousands of New Taiwan Dollars)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 2)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity Per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable (Note 2)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship (Note 1)											
1	Lite-On Capital Corporation	Lite-On Green Energy B.V.	c	\$ 1,836,270	\$ 328,544	\$ 323,970	\$ 323,970	-	0.44	\$ 1,836,270	No	No	No	

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

- a. Business relationship.
 - b. A subsidiary in which the Parent Company holds directly and indirectly over 50% of an equity interest.
 - c. An investee in which the Parent Company and its subsidiaries hold directly and indirectly over 50% of an equity interest.
- Note 2: a. The 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, 2020

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

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2020			Note
				Shares/Units (In Thousands)	Carrying Value	Percentage of Ownership (%)	
Lite-On Technology Corporation	Ordinary shares						
	EPISTAR Corporation (Note 2)	-	Financial asset at FVTPL	449	\$ 18,587	0.04	
	Wistron Corporation	-	Financial asset at FVTOCI	1,487	46,099	0.05	
	Logah Technology Corp.	-	Financial asset at FVTOCI	7,905	99,210	8.50	
	Com2B Corp.	-	Financial asset at FVTOCI	5,000	9,009	11.11	
	Avamax Corp.	-	Financial asset at FVTPL	559	-	6.99	Note 1
	Aetas Technology, Inc.	-	Financial asset at FVTPL	4,026	-	8.07	Note 1
	Auria Solar Co., Ltd.	-	Financial asset at FVTPL	41,400	-	19.71	Note 1
	Z-Com, Inc.	-	Financial asset at FVTOCI	63	673	0.09	
	Fong Han Electronics Co., Ltd.	-	Financial asset at FVTPL	1,167	-	6.67	Note 1
	Xepex Electronics Co., Ltd.	-	Financial asset at FVTPL	-	-	-	Note 1
	North America Micro-Electronic & Software, Incorporated	-	Financial asset at FVTOCI	5	-	2.67	Note 1
	ACTION MEDIA TECHNOLOGIES, INC.	-	Financial asset at FVTPL	38	-	-	Note 1
	Oplink Communications, Inc.	-	Financial asset at FVTOCI	1	793	0.01	
	Taiwan Changxing Technology Co., Ltd.	-	Financial asset at FVTOCI	462	4,620	15.40	
	InSynerger Technology Co., Ltd	Member of the board of directors	Financial asset at FVTOCI	1,710	29,070	19.29	
	TAIWAN METAL PRECISION LTD.	-	Financial asset at FVTOCI	1,150	11,500	10.00	
	PlayNitride Inc.	-	Financial asset at FVTOCI	177	35,340	0.39	
	Preference shares						
	Arkologic Holdings Limited	-	Financial asset at FVTPL	11,111	-	7.66	Note 1
Lite-On Capital Corporation	PL-CORAL, INC.	-	Financial asset at FVTPL	1,139	-	10.65	Note 1
	PlayNitride Inc.	-	Financial asset at FVTOCI	1,165	232,222	2.58	
	Fund						
	Arm IoT Fund, L.P.	-	Financial asset at FVTPL	-	50,589	10.33	
	Convertible bond						
	Xepex Electronics Co., Ltd	-	Financial assets at FVTPL	150	-	-	Note 1
	Ordinary shares						
	Lite-On Technology Corporation	The Parent Company	Financial assets at FVTOCI	15,116	752,770	0.64	
	Lead Data, Inc.	-	Financial assets at FVTOCI	865	2,629	0.59	
	Compound Solar Technology Co., Ltd.	-	Financial assets at FVTPL	2,000	-	2.86	Note 1
	Z-Com, Inc.	-	Financial assets at FVTOCI	2,412	25,683	3.33	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Shares/Units (In Thousands)	Carrying Value	Percentage of Ownership (%)	Fair Value	
Lite-on Green Energy (HK) Limited	Ordinary shares 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 Lite-On Technology Corporation	The Parent Company	Financial assets at FVTOCI	2,450	122,028	0.10	122,028	
YET FOUNDATE LIMITED	Ordinary shares Lite-On Technology Corporation Northern Lights Semiconductor	The Parent Company	Financial assets at FVTOCI Financial assets at FVTPL	2,271 3,000	113,098 -	0.10 5.91	113,098 -	Note 1
LET (HK) LIMITED	Fund Innovation Works Development Fund, L.P.	-	Financial assets at FVTPL	-	HK\$ 7,765	0.55	HK\$ 7,765	
LITE-ON TECHNOLOGY USA, INC.	Fund SMART WORLD INNOVATION FUND GP, LLC	-	Financial assets at FVTPL	-	US\$ 1,500	17.86	US\$ 1,500	
LITE-ON SINGAPORE PTE. LTD.	Ordinary shares Lux Visions Imotech Limited	-	Financial assets at FVTOCI	12,000	US\$ 40,000	7.55	US\$ 40,000	
LTC GROUP LTD.	Ordinary shares VIZIO, Inc.	-	Financial assets at FVTPL	437	-	2.90	-	Note 1
LTC INTERNATIONAL LTD.	Ordinary shares Lite-On Technology Corporation	The Parent Company	Financial assets at FVTOCI	7,004	348,810	0.30	348,810	
LITE-ON CHINA HOLDING CO. LTD.	Ordinary shares COMMIT Incorporated	-	Financial assets at FVTPL	4,962	-	1.87	-	Note 1
LITE-ON INC.	Ordinary shares VISION DISPLAY SYSTEM CO., LTD.	-	Financial assets at FVTPL	107	-	0.89	-	Note 1
	Preference shares InterEMS.com, Inc.	-	Financial assets at FVTPL	40	-	0.30	-	Note 1
	@NETWORK, Inc.	-	Financial assets at FVTPL	50	-	-	-	Note 1
	STEMCYTE, INC.	-	Financial assets at FVTPL	24	-	0.23	-	Note 1
	LYNXWORKS, INCORPORATED	-	Financial assets at FVTPL	40	-	0.52	-	Note 1
	COMBIO NETWORKS, INC.	-	Financial assets at FVTPL	300	-	0.50	-	Note 1
	Nobex Corporation	-	Financial assets at FVTPL	150	-	0.33	-	Note 1
	Advanced Reticle Technology, Inc.	-	Financial assets at FVTPL	-	-	-	-	Note 1
	Fund PacRim Venture Partners	-	Financial assets at FVTPL	-	-	-	-	Note 1

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Shares/Units (In Thousands)	Carrying Value	Percentage of Ownership (%)	Fair Value	
DYNA INVESTMENT CO., LTD	Ordinary shares Innolabs Corporation VISION DISPLAY SYSTEM CO., LTD.	-	Financial assets at FVTPL	320	\$	0.89	\$	Note 1
		-	Financial assets at FVTPL	214	-	1.79	-	Note 1
	Preference shares Newera Communications, Inc.	-	Financial assets at FVTPL	1,538	-	33.92	-	Note 1
	Single Chip Systems Corporation	-	Financial assets at FVTPL	294	-	0.56	-	Note 1
	Hotvoice Communications Technologies	-	Financial assets at FVTPL	125	-	30.49	-	Note 1
	InterEMS.com, Inc.	-	Financial assets at FVTPL	60	-	0.45	-	Note 1
	@NETWORK, Inc.	-	Financial assets at FVTPL	150	-	-	-	Note 1
	Stemcyte, Inc.	-	Financial assets at FVTPL	71	-	0.68	-	Note 1
	COMBRIO NETWORKS, INC.	-	Financial assets at FVTPL	300	-	0.50	-	Note 1
	Lynuxworks, Incorporated	-	Financial assets at FVTPL	40	-	0.52	-	Note 1
	Nobex Corporation	-	Financial assets at FVTPL	150	-	0.33	-	Note 1
	Advanced Reticle Technology, Inc.	-	Financial assets at FVTPL	1,200	-	-	-	Note 1
	Fund PacRim Venture Partners	-	Financial assets at FVTPL	-	-	3.00	-	Note 1

Note 1: The carrying values of financial instruments were all assessed for impairment.

Note 2: The board of directors of EPISTAR Corporation resolved to conduct the share swap with ENNOSTAR Inc. The share swap basis date is in January 2021.

(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, 2020
(Amounts in Thousands of New Taiwan Dollars or in Thousands of Foreign Currencies)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counterparty	Nature of Relationship	Beginning Balance		Acquisition		Disposal		Ending Balance	
					Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount
Lite-On Technology Corporation	The shares of LITE-ON VIETNAM CO., LTD	Investments accounted for using the equity method (Note 4)	LITE-ON VIETNAM CO., LTD	Subsidiary	-	\$ 663,988	-	\$ 1,005,001 (Note 1)	-	\$ 115,828 (Note 1)	-	\$ 1,553,161
	The shares of LITE-ON SEMICONDUCTOR CORPORATION	Non-current assets held for sale	Diodes Incorporated	Associate	57,204	1,364,881	-	-	2423,867 (Note 2)	1,693,689	730,178 (Note 2)	-
	The shares of SOLID STATE STORAGE TECHNOLOGY CORPORATION	Disposal group held for sale	KIOXIA Holdings Corporation	Subsidiary	448,245	4,440,540	-	-	(Note 3)	4,440,540	(Note 3)	-
SOLID STATE STORAGE TECHNOLOGY CORPORATION	The shares of SOLID STATE STORAGE TECHNOLOGY (Guangzhou) CORPORATION	Disposal group held for sale	KIOXIA Holdings Corporation	Subsidiary	-	-	-	24,021	(Note 3)	24,021	(Note 3)	-
	The shares of Solid State Storage Technology PTE.LTD	Disposal group held for sale	KIOXIA Holdings Corporation	Subsidiary	-	-	200	6,027	(Note 3)	6,027	(Note 3)	-
	The shares of SOLID STATE STORAGE TECHNOLOGY USA CORPORATION	Disposal group held for sale	KIOXIA Holdings Corporation	Subsidiary	1	US\$ 4,469	-	-	(Note 3)	US\$ 4,469	(Note 3)	-
Lite-On Technology USA, Inc.	The shares of CNEX Labs Inc.	Disposal group held for sale	KIOXIA Holdings Corporation	-	245	US\$ 1,000	-	-	(Note 3)	US\$ 1,000	(Note 3)	-
	The shares of LITE-ON SEMICONDUCTOR CORPORATION	Non-current assets held for sale	Diodes Incorporated	Associate	6,486	183,287	-	-	(Note 2)	274,833	59,238 (Note 2)	-

Note 1: The acquisition amount includes the acquisition of \$940,230 thousand and share of profit on investments accounted for the using the equity method of \$64,771 thousand; the disposal amount refers to the effects on changes in equities.

Note 2: The disposal subject conducted the shares conversion with Diodes Incorporated, and the consideration for disposal is \$2,698,700 thousand based on \$42.5 per share. After deducting the stock transaction tax and relevant remittance fee, the related gain on disposal amounted to \$789,416 thousand. Refer to Note 14.

Note 3: The consideration of the shares disposed of for the Group is US\$190,175 thousand, which is based on the agreed price listed on the share purchase agreement. The related gain on the disposal of the equity shares is \$304,830 thousand after deducting the relevant costs, taxes and the book value of the investments accounted for using the equity method on the date of disposal.

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

TABLE 5

LITE-ON TECHNOLOGY CORPORATION AND INVESTEEES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NTS100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2020
(Amounts in Thousands of New Taiwan Dollars or in Thousands of Foreign Currencies)

Company Name	Related Party	Nature of Relationship	Purchase/Sale	Transaction Details			Abnormal Transaction		Notes/Trade (Payable) or Receivable		Note
				Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Lite-On Technology Corporation	Philips & Lite-On Digital Solutions Corporation	Subsidiary	Sale	\$ (7,450,123)	(7.48)	About 90 days	Cost-plus pricing	No significant difference	\$ 2,774,530	9.37	
	SOLID STATE STORAGE TECHNOLOGY CORPORATION	Subsidiary	Sale	(404,959)	(0.41)	About 90 days	Cost-plus pricing	No significant difference	-	-	
	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Fourth-tier subsidiary	Sale	(1,048,726)	(1.05)	About 90 days	Cost-plus pricing	No significant difference	392,767	1.33	
	LITE-ON SINGAPORE PTE. LTD.	Subsidiary	Sale	(3,484,494)	(3.50)	About 90 days	Cost-plus pricing	No significant difference	1,140,252	3.85	
	Lite-On Japan Ltd.	Subsidiary	Sale	(734,253)	(0.74)	About 90 days	Cost-plus pricing	No significant difference	197,878	0.67	
	LITE-ON TRADING USA, INC.	Subsidiary	Purchase	(2,479,715)	(2.49)	About 90 days	Cost-plus pricing	No significant difference	809,583	2.73	
	SOLID STATE STORAGE TECHNOLOGY CORPORATION	Subsidiary	Purchase	1,266,933	1.46	About 90 days	Cost-plus pricing	No significant difference	-	-	
	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Fourth-tier subsidiary	Purchase	1,246,841	1.44	About 90 days	Cost-plus pricing	No significant difference	(348,685)	(1.12)	
	LITE-ON VIETNAM CO., LTD.	Subsidiary	Purchase	257,432	0.30	About 90 days	Cost-plus pricing	No significant difference	(252,285)	(0.81)	
	LITE-ON SINGAPORE PTE. LTD.	Subsidiary	Purchase	20,401,675	23.51	About 90 days	Cost-plus pricing	No significant difference	(7,152,981)	(22.88)	
Philips & Lite-On Digital Solutions Corporation	Lite-On Overseas Trading Co., Ltd.	Subsidiary	Purchase	58,504,199	67.43	About 90 days	Cost-plus pricing	No significant difference	(20,027,171)	(64.05)	
	Philips & Lite-On Digital Solutions USA, Inc.	Subsidiary	Sale	(3,651,441)	(46.76)	About 90 days	Cost-plus pricing	No significant difference	887,099	54.67	
	SOLID STATE STORAGE TECHNOLOGY CORPORATION	Affiliate	Sale	(179,856)	(3.14)	About 90 days	Cost-plus pricing	No significant difference	-	-	
	LITE-ON ELECTRONICS (TIANJIN) CO., LTD.	Affiliate	Sale	(1,596,623)	(100.00)	About 90 days	Cost-plus pricing	No significant difference	131,649	100.00	
	LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	Affiliate	Sale	(102,727)	(0.77)	About 90 days	Cost-plus pricing	No significant difference	47,655	27.13	
	LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	Affiliate	Sale	(213,163)	(1.59)	About 90 days	Cost-plus pricing	No significant difference	93,360	53.15	
	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(13,007,360)	(96.91)	About 90 days	Cost-plus pricing	No significant difference	1,420	0.81	
	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	Affiliate	Sale	(4,943,819)	(100.00)	About 90 days	Cost-plus pricing	No significant difference	1,148,814	100.00	
	LITEON LI SHIN TECHNOLOGY (GANZHOU) LTD.	Affiliate	Sale	(518,634)	(100.00)	About 90 days	Cost-plus pricing	No significant difference	126,861	100.00	
	LITE-ON AUTOMOTIVE ELECTRONICS (CHANGZHOU) CO., LTD.	Affiliate	Sale	(223,933)	(57.65)	About 90 days	Cost-plus pricing	No significant difference	118,256	67.99	
LITE-ON TECHNOLOGY (CHANGZHOU) CORPORATION	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(157,534)	(40.56)	About 90 days	Cost-plus pricing	No significant difference	53,559	30.79	
	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(14,452,946)	(59.82)	About 90 days	Cost-plus pricing	No significant difference	2,641,246	47.06	
	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(8,419,462)	(34.85)	About 90 days	Cost-plus pricing	No significant difference	2,351,440	41.89	
	LITE-ON Overseas Trading Co., Ltd.	Affiliate	Sale	(535,711)	(100.00)	About 90 days	Cost-plus pricing	No significant difference	122,165	100.00	
	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	Affiliate	Sale	(210,577)	(3.61)	About 90 days	Cost-plus pricing	No significant difference	51,867	3.18	
	LITE-ON TECHNOLOGY (CHANGZHOU) CORPORATION	Affiliate	Sale	(174,952)	(3.00)	About 90 days	Cost-plus pricing	No significant difference	53,243	3.26	
	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(14,418,509)	(99.89)	About 90 days	Cost-plus pricing	No significant difference	2,139,912	99.96	
	LITE-ON TECHNOLOGY (CHANGZHOU) CORPORATION	Affiliate	Sale	(324,863)	(2.89)	About 90 days	Cost-plus pricing	No significant difference	210,144	6.83	
	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(10,348,633)	(92.00)	About 90 days	Cost-plus pricing	No significant difference	2,700,772	87.74	
	LITE-ON POWER TECHNOLOGY (DONGGUAN) CO., LTD.	Affiliate	Sale	(1,496,858)	(98.25)	About 90 days	Cost-plus pricing	No significant difference	133,592	98.88	

(Continued)

Company Name	Related Party	Nature of Relationship	Transaction Details			Abnormal Transaction		Notes/Trade (Payable) or Receivable		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total
LITE-ON ELECTRONICS H.K. LIMITED	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	\$ (247,340)	(7.45)	About 90 days	Cost-plus pricing	No significant difference	\$ 95,748	17.84
HUIZHOU LI SHIN ELECTRONIC CO., LTD.	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(1,922,289)	(90.81)	About 90 days	Cost-plus pricing	No significant difference	264,153	85.55
LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Affiliate	Sale	(1,792,743)	(8.98)	About 90 days	Cost-plus pricing	No significant difference	849,957	13.66
	WUXI CHINA BRIDGE EXPRESS TRADING CO., LTD.	Affiliate	Sale	(646,534)	(3.24)	About 90 days	Cost-plus pricing	No significant difference	286,517	4.60
	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(17,461,717)	(87.42)	About 90 days	Cost-plus pricing	No significant difference	5,045,795	81.09
LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD. (formerly: LITEON OPTO TECHNOLOGY (GUANGZHOU) LTD.)	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(720,650)	(100.00)	About 90 days	Cost-plus pricing	No significant difference	261,969	100.00
Lite-On Auto Electric Technology (Guangzhou) Ltd.	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Affiliate	Sale	(278,988)	(99.60)	About 90 days	Cost-plus pricing	No significant difference	73,396	99.63
LITEON-IT OPTO TECH (BH) CO., LTD.	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(5,753,277)	(100.00)	About 90 days	Cost-plus pricing	No significant difference	1,656,820	100.00
Lite-On Electronics (Thailand) Co., Ltd.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(3,733,111)	(96.49)	About 90 days	Cost-plus pricing	No significant difference	591,421	91.53
	Lite-On Japan Ltd.	Affiliate	Sale	(135,760)	(3.51)	About 90 days	Cost-plus pricing	No significant difference	54,700	8.47
LITE-ON VIETNAM CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(438,128)	(62.99)	About 90 days	Cost-plus pricing	No significant difference	111,035	30.56
LITE-ON SINGAPORE PTE. LTD.	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Subsidiary	Sale	(993,503)	(1.55)	About 90 days	Cost-plus pricing	No significant difference	431,365	2.30
	WUXI CHINA BRIDGE EXPRESS TRADING CO., LTD.	Affiliate	Sale	(1,320,068)	(2.06)	About 90 days	Cost-plus pricing	No significant difference	476,087	2.54
	LITE-ON ELECTRONICS H.K. LIMITED	Affiliate	Sale	(3,052,231)	(4.76)	About 90 days	Cost-plus pricing	No significant difference	962,560	5.14
	Lite-On Japan Ltd.	Affiliate	Sale	(1,057,310)	(1.65)	About 90 days	Cost-plus pricing	No significant difference	223,629	1.19
	LITE-ON, INC.	Affiliate	Sale	(555,249)	(0.87)	About 90 days	Cost-plus pricing	No significant difference	208,781	1.12
	LEOTEK TRADING USA, INC.	Affiliate	Sale	(6,970,083)	(10.88)	About 90 days	Cost-plus pricing	No significant difference	2,260,180	12.07
	LEOTEK ELECTRONICS USA LLC	Affiliate	Sale	(843,279)	(1.32)	About 90 days	Cost-plus pricing	No significant difference	247,243	1.32
	Lite-On Overseas Trading Co., Ltd.	Affiliate	Sale	(181,895)	(0.28)	About 90 days	Cost-plus pricing	No significant difference	83,528	0.45
	LITE-ON MOBILE INDUSTRIA E COMERCIO DE PLASTICOS LTDA.	Affiliate	Sale	(430,958)	(0.67)	About 90 days	Cost-plus pricing	No significant difference	95,606	0.50
LITE-ON AUTOMOTIVE ELECTRONICS MEXICO, S.A. DE C.V.	LITE-ON SINGAPORE PTE. LTD.	Parent	Sale	(335,545)	(100.00)	About 90 days	Cost-plus pricing	No significant difference	-	-
Lite-On Overseas Trading Co., Ltd.	LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	Affiliate	Sale	(10,755,220)	(7.90)	About 90 days	Cost-plus pricing	No significant difference	1,447,207	3.64
	LITE-ON TECHNOLOGY (CHANGZHOU) CORPORATION	Affiliate	Sale	(11,864,867)	(8.72)	About 90 days	Cost-plus pricing	No significant difference	4,259,469	10.72
	LITE-ON TECHNOLOGY (XANNING) CO., LTD.	Affiliate	Sale	(145,907)	(0.11)	About 90 days	Cost-plus pricing	No significant difference	20,819	0.05
	LITE-ON ELECTRONICS (DONGGUAN) LIMITED	Affiliate	Sale	(11,770,905)	(8.65)	About 90 days	Cost-plus pricing	No significant difference	1,443,964	3.64
	SILITEK ELEC. (DONGGUAN) CO., LTD.	Affiliate	Sale	(7,880,120)	(5.79)	About 90 days	Cost-plus pricing	No significant difference	1,410,412	3.55
	HUIZHOU LI SHIN ELECTRONIC CO., LTD.	Affiliate	Sale	(637,610)	(0.47)	About 90 days	Cost-plus pricing	No significant difference	93,461	0.24
	LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	Affiliate	Sale	(13,561,555)	(9.97)	About 90 days	Cost-plus pricing	No significant difference	4,494,141	11.32
	LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD. (formerly: LITEON OPTO TECHNOLOGY (GUANGZHOU) LTD.)	Affiliate	Sale	(466,914)	(0.34)	About 90 days	Cost-plus pricing	No significant difference	160,901	0.41
	LITEON-IT OPTO TECH (BH) CO., LTD.	Affiliate	Sale	(5,380,989)	(3.95)	About 90 days	Cost-plus pricing	No significant difference	1,709,865	4.31
	LITE-ON VIETNAM CO., LTD.	Affiliate	Sale	(242,185)	(0.18)	About 90 days	Cost-plus pricing	No significant difference	251,064	0.63
	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Purchase	(14,666,837)	(10.78)	About 90 days	Cost-plus pricing	No significant difference	4,332,009	10.91
	Lite-On Semiconductor Corp.	Associates	Purchase	532,261	0.39	About 90 days	Cost-plus pricing	No significant difference	(166,867)	(0.85)
	Diodes Incorporated	Related party in substance	Purchase	109,678	0.08	About 90 days	Cost-plus pricing	No significant difference	-	-
	Lite-Space Technology Company Limited	Associates	Purchase	1,391,364	1.02	About 90 days	Cost-plus pricing	No significant difference	(90,042)	(0.46)
Lite-On (Guangzhou) Automotive Electronics Limited	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Affiliate	Sale	(1,737,481)	(47.37)	About 90 days	Cost-plus pricing	No significant difference	877,423	54.23
	LITE-ON SINGAPORE PTE. LTD.	Affiliate	Sale	(1,465,349)	(39.95)	About 90 days	Cost-plus pricing	No significant difference	375,555	23.21

(Continued)

Company Name	Related Party	Nature of Relationship	Transaction Details			Abnormal Transaction			Notes/Trade (Payable) or Receivable		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Lite-On Japan Ltd.	Lite-On Semiconductor Corp.	Affiliate	Purchase	\$ 302,395	12.90	About 90 days	Cost-plus pricing	No significant difference	\$ (3,599)	(0.54)	
Silitech Technology Corp. Ltd.	Silitech Technology Corporation	Parent	Sale	US\$ (5,016)	(100.00)	About 90 days	No significant difference	90-120 days	US\$ 493	100.00	
				JPY (5,269)					JPY 1,287	-	
Xurong Electronic (Shenzhen) Ltd.	Silitech Technology Corp. Ltd.	Parent	Sale	EUR (182)	(50.00)	About 90 days	No significant difference	90-120 days	US\$ 493	24.00	
				JPY (5,269)					JPY 1,287	-	
				EUR (182)							

(Concluded)

TABLE 6

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, 2020
(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	\$ -	\$ 2,774,530	\$ 2,428	2.65	\$ -	-	\$ 878,626	\$ -
	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Fourth-tier subsidiary	-	392,767	875	2.65	-	-	-	-
	LITE-ON SINGAPORE PTE. LTD.	Subsidiary	-	1,140,252	95,735	3.21	-	-	345,792	-
	Lite-On Japan Ltd.	Subsidiary	-	197,878	22,701	4.15	-	-	14,236	-
	LITE-ON TRADING USA, INC.	Subsidiary	-	809,583	2,207	1.95	-	-	166,940	-
Philips & Lite-On Digital Solutions Corporation	Lite-On Overseas Trading Co., Ltd.	Subsidiary	-	2,847,586	21,885	-	-	-	1,443,057	-
	Philips & Lite-On Digital Solutions USA, Inc.	Subsidiary	-	887,099	1,889	5.87	-	-	246,120	-
	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	131,649	-	12.32	-	-	131,648	-
	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	1,148,814	9,488	4.35	-	-	476,920	-
	Lite-On Overseas Trading Co., Ltd.	Affiliate	-	126,861	-	3.73	-	-	126,860	-
LITE-ON AUTOMOTIVE ELECTRONICS (CHANGZHOU) CO., LTD.	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Affiliate	-	118,256	-	1.97	-	-	25,691	-
LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Lite-On Technology Corporation	Parent	-	348,685	-	3.13	-	-	106,310	-
	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	2,641,246	-	4.95	-	-	18,749	-
	Lite-On Overseas Trading Co., Ltd.	Affiliate	-	2,551,440	-	4.09	-	-	-	-
LITE-ON TECHNOLOGY (XIANNING) CO., LTD.	Lite-On Overseas Trading Co., Ltd.	Affiliate	-	122,165	-	4.04	-	-	-	-
LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	Lite-On Overseas Trading Co., Ltd.	Affiliate	-	2,139,912	-	8.06	-	-	7,753	-
SILITEK ELEC. (DONGGUAN) CO., LTD.	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Affiliate	-	210,144	-	3.09	-	-	-	-
	Lite-On Overseas Trading Co., Ltd.	Affiliate	-	2,700,772	5,677	3.83	-	-	1,027,452	-
	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	133,592	-	22.41	-	-	133,591	-
LITE-ON POWER TECHNOLOGY (DONGGUAN) CO., LTD.	Lite-On Overseas Trading Co., Ltd.	Affiliate	-	264,153	-	6.24	-	-	260,520	-
HUIZHOU LI SHIN ELECTRONIC CO., LTD.	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Affiliate	-	849,957	-	2.60	-	-	185,668	-
LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	WUXI CHINA BRIDGE EXPRESS TRADING CO., LTD.	Affiliate	-	286,517	-	1.93	-	-	83,350	-
	Lite-On Overseas Trading Co., Ltd.	Affiliate	-	5,045,795	-	3.21	-	-	1,595,375	-
	Lite-On Overseas Trading Co., Ltd.	Affiliate	-	261,969	-	2.35	-	-	75,301	-
LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD. (formerly: LITEON OPTO TECHNOLOGY (GUANGZHOU) LTD.)	Lite-On Overseas Trading Co., Ltd.	Affiliate	-	1,656,820	-	3.77	-	-	688,435	-
LITEON-IT OPTO TECH (BH) CO., LTD.	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	591,421	18,853	6.78	-	-	162,623	-
Lite-On Electronics (Thailand) Co., Ltd.	Lite-On Technology Corporation	Parent	-	252,285	-	2.04	-	-	-	-
LITE-ON VIETNAM CO., LTD	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	111,035	-	6.11	-	-	29	-

(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	Parent	\$ -	\$ 7,152,981	\$ 19,910	2.84	-	-	\$ 1,849,110	-
	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Subsidiary	-	431,365	-	1.76	-	-	-	-
	WUXI CHINA BRIDGE EXPRESS TRADING CO., LTD.	Affiliate	-	476,087	-	2.78	-	-	-	-
	LITE-ON ELECTRONICS H.K. LIMITED	Affiliate	-	962,560	6,164	2.68	-	-	-	-
	Lite-On Japan Ltd.	Affiliate	-	223,629	271	3.37	-	-	4,937	-
	LITE-ON, INC.	Affiliate	-	208,781	541	3.44	-	-	33,762	-
	LITE-ON TRADING USA, INC.	Affiliate	-	2,260,180	22,150	2.82	-	-	354,734	-
	LEOTEK ELECTRONICS USA LLC	Affiliate	-	247,243	-	5.11	-	-	19,432	-
	LITE-ON MOBILE PTE. LTD.	Affiliate	-	-	758,080	-	-	-	-	-
	G&W TECHNOLOGY LIMITED	Subsidiary	-	-	124,706	-	-	-	-	-
Lite-On Overseas Trading Co., Ltd.	Lite-On Technology Corporation	Parent	-	20,027,171	-	2.68	213,078	-	6,166,701	-
	LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	Affiliate	-	1,447,207	2,692	6.60	-	-	8,037	-
	LITE-ON TECHNOLOGY (CHANGZHOU) CO., LTD.	Affiliate	-	4,259,469	-	2.83	-	-	2,855	-
	LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	Affiliate	-	1,443,964	-	9.50	-	-	1,161,847	-
	SILITEK ELEC. (DONGGUAN) CO., LTD.	Affiliate	-	1,410,412	-	6.99	-	-	1,405,377	-
	LITE-ON ELECTRONICS (GUANGZHOU) LIMITED	Affiliate	-	4,494,141	-	2.66	-	-	1,358,913	-
	LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD. (formerly: LITEON OPTO TECHNOLOGY (GUANGZHOU) LTD.)	Affiliate	-	160,901	21	2.18	-	-	37,722	-
	LITEON-IT OPTO TECH (BHD) CO., LTD.	Affiliate	-	1,709,865	183	3.14	-	-	694	-
	LITE-ON VIETNAM CO., LTD.	Affiliate	-	251,064	3,448	1.93	-	-	13,280	-
	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	4,332,009	-	3.45	-	-	844,726	-
Lite-On (Guangzhou) Automotive Electronics Limited	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Affiliate	-	877,423	3,931	2.05	-	-	242,604	-
	LITE-ON SINGAPORE PTE. LTD.	Affiliate	-	375,555	2,711	5.18	-	-	198,979	-

(Concluded)

TABLE 7

LITE-ON TECHNOLOGY CORPORATION AND INVESTEEES

NAMES, LOCATIONS, AND RELATED INFORMATION ON INVESTEEES

FOR THE YEAR ENDED DECEMBER 31, 2020

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Note
				December 31, 2020	December 31, 2019	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
Lite-On Technology Corporation	Slitech Technology Corporation	New Taipei City, Taiwan	Manufacture and sale of modules and plastic/rubber products	\$ 60,504	\$ 108,600	11,322	18.87	\$ 377,589	\$ (366,258)	\$ (133,370)	Associate (Note 1)
	Lite-On Integrated Service Inc.	Taipei City, Taiwan	Information outsourcing and system integration	25,886	25,886	3,400	100.00	53,213	9,168	9,168	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	21,969	29.62	370,838	(39,135)	(13,672)	Associate (Note 2)
	Lite-On Capital Corporation	Taipei City, Taiwan	Investment activities	3,707,984	4,096,367	170,707	100.00	1,094,239	74,010	107,099	Subsidiary
	LITE-ON ELECTRONICS H.K. LIMITED	Hong Kong	Sale of LED optical products	7,339,481	7,339,481	17,865	100.00	18,455,896	306,019	1,181,269	Subsidiary
	Lie-On Electronics (Thailand) Co., Ltd.	Thailand	Manufacture and sale of LED optical products	632,128	632,128	6,050	100.00	2,059,766	THB 106,730	99,504	Subsidiary
	Lie-On Japan Ltd.	Japan	Sale of LED optical products and power supplies	679,856	679,856	12,451	100.00	822,303	JPY 319,021	88,021	Subsidiary
	Lie-On International Holding Co., Ltd.	British Virgin Islands	Investment activities	US\$ 363,725	US\$ 363,725	363,725	100.00	20,212,804	US\$ 21,122	570,273	Subsidiary
	LTC GROUP LTD.	British Virgin Islands	Investment activities	\$ 1,098,752	\$ 1,098,752	32,916	100.00	175,165	US\$ 860	7,803	Subsidiary
	LITE-ON TECHNOLOGY USA, INC.	USA	Investment activities	US\$ 55,172	US\$ 55,172	470	100.00	2,181,028	US\$ (7,337)	(212,936)	Subsidiary
	LITE-ON ELECTRONICS (EUROPE) LIMITED	United Kingdom	Manufacture and sale of power supplies	\$ 44,559	\$ 44,559	300	100.00	67,887	GBP 111	4,247	Subsidiary
	Lite-On Technology (Europe) B.V.	Netherlands	Market research and after-sales services	2,322,039	2,543,184	331	54.00	209,234	EUR (64)	(1,130)	Subsidiary
	Lie-On Overseas Trading Co., Ltd.	British Virgin Islands	Investment activities	168,947	168,947	5,143	100.00	1,074,513	US\$ 30,203	873,533	Subsidiary
	LITE-ON SINGAPORE PTE. LTD.	Singapore	Manufacture and supply of computer peripheral products	US\$ 63,788	US\$ 63,788	51,777	100.00	15,866,145	US\$ 124,486	3,750,970	Subsidiary
	Lie-On Semiconductor Corp.	New Taipei City, Taiwan	Manufacture of image sensors and rectifiers	\$ -	\$ 773,618	-	-	-	\$ 2,380,544	453,382	Associate (Note 3)
	LITE-ON VIETNAM CO., LTD.	Vietnam	Electronic contract manufacturing	US\$ 52,000	US\$ 21,000	-	100.00	1,553,161	US\$ 2,196	64,771	Subsidiary
	EAGLE ROCK INVESTMENT LTD.	British Virgin Islands	Import and export and investment activities	\$ 341	\$ 341	10	100.00	1,355,973	US\$ (822)	(21,822)	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	341,863	100.00	3,036,630	US\$ (22,433)	(630,996)	Subsidiary
LET (HK) LIMITED	HIGH YIELD GROUP CO., LTD.	Hong Kong	Sale of optical disc drives	\$ 251,322	\$ 251,322	62,060	100.00	50,260	HK\$ 187	714	Subsidiary
	Lie-On Information Technology B.V.	British Virgin Islands	Holding company	2,271,806	2,271,806	68,138	100.00	5,806,406	US\$ 268	105,989	Subsidiary
	Philips & Lite-On Digital Solutions Corporation	Netherlands	Market research and customer service	1,163,591	1,163,591	11,018	100.00	16,337	EUR (20)	(999)	Subsidiary
	Lite-Space Technology Company Limited	Taipei City, Taiwan	Sale of optical disc drives	267,113	267,113	17,150	49.00	276,338	\$ 61,815	39,054	Subsidiary
	LITE-ON AUTOMOTIVE ELECTRONICS MEXICO, S.A. DE C.V.	Hong Kong	Sale of computer components	165,498	165,498	5,600	46.67	100,301	US\$ 75	1,581	Associate
		Mexico	Production, manufacture, sale, import and export of photovoltaic devices, key electronic components, telecommunications equipment, information technology equipment, semiconductor applications, general lighting, automotive electronics, renewable energy products and systems and maintenance of automotive industry	US\$ 8,910	US\$ 8,910	295	99.00	212,149	MXN 6,428	13,801	Subsidiary
	Lie-On Automotive International (Cayman) Co., Ltd.	Cayman	Investment activities	US\$ 100,626	US\$ 100,626	11,967	100.00	2,277,805	US\$ 307	52,667	Subsidiary
	KBW-LEOTEK Jordan Private Shareholding Ltd.	Jordan	Investment activities	US\$ 69	US\$ 69	49	49.00	228	JOD 12	241	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	36,057	99.86	1,749,747	JOD 645	27,748	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Note
				December 31, 2020	December 31, 2019	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
Lite-On Technology Corporation	LITE-ON POWER ELECTRONIC INDIA PRIVATE LIMITED	India	Manufacture and sale of phone chargers and power supplies	INR 1,023,741	INR 1,023,741	102,374	99.00	\$ 217,430	INR (74,379)	\$ (3,1867)	Subsidiary
	SKYLA CORPORATION	Taiwan	Manufacture and sale of medical equipment	\$ 200,000	\$ 200,000	20,000	63.73	207,800	\$ 11,702	5,587	Subsidiary
	SOLID STATE STORAGE TECHNOLOGY CORPORATION	Taipei City, Taiwan	Manufacture and duplication of electronic components and data storage medium	-	4,462,454	-	-	-	(180,175)	(103,266)	Subsidiary (Note 4)
	LITE-ON INC.	Taipei City, Taiwan	Investment activities	150,879	-	412	83.28	151,997	26,498	1,118	Subsidiary
	DYNA INVESTMENT CO., LTD	Taipei City, Taiwan	Investment activities	170,582	-	407	87.55	171,393	70,843	811	Subsidiary
Lite-On Capital Corporation	Silitech Technology Corporation	New Taipei City, Taiwan	Manufacture and sale of modules and plastic products	107,901	107,901	386	0.64	12,858	(366,258)	-	Associate (Note 1)
	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	100.00	233,089	(3,230)	-	Subsidiary
	Lite-On Green Energy (HK) Limited	Hong Kong	Investment activities	US\$ 3,100	US\$ 3,100	3,100	100.00	5,785	US\$ (2)	-	Subsidiary
	Lite-On Technology (Europe) B.V.	Netherlands	Market research and after-sales services	\$ 1,938,096	\$ 2,126,479	282	46.00	176,385	EUR (64)	-	Subsidiary
	Lite-On Semiconductor Corp.	New Taipei City, Taiwan	Manufacture of image sensors and rectifiers	-	-	-	-	-	\$ 2,380,544	-	Associate (Note 3)
Lite-On Green Technologies, Inc.	LITE-ON GREEN ENERGY (SINGAPORE) PTE. LTD.	Singapore	Investment activities	227,434	227,434	3,458	100.00	102,023	EUR (26)	-	Subsidiary
	Lite-On Green Technologies B.V.	Netherlands	Solar energy engineering	EUR 11,520	EUR 11,520	6,818	100.00	45,088	EUR (41)	-	Subsidiary
	Lite-On Green Energy B.V.	Netherlands	Investment activities	EUR 2,500	EUR 2,500	9,140	100.00	EUR 613	EUR (6)	-	Subsidiary
	KompaktSolar GmbH	Berlin, Germany	Solar energy engineering	EUR 401	EUR 401	51	51.00	EUR -	EUR -	-	Associate
	SOLID STATE STORAGE TECHNOLOGY CORPORATION	Singapore	Business development and customer services	US\$ -	US\$ -	-	-	-	SGD (86)	-	Subsidiary (Note 4)
Dyna Investment Co., Ltd	DYNA INVESTMENT CO., LTD	Taipei City, Taiwan	Investment activities	\$ 79,179	\$ 79,179	58	12.40	\$ 24,270	\$ 70,843	-	Subsidiary
	LITE-ON INC.	Taipei City, Taiwan	Investment activities	105,538	105,538	83	16.70	30,478	26,498	-	Subsidiary
	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 150,295	CNY 31,862	-	Subsidiary
	LITE-ON OPTO TECHNOLOGY (CHANGZHOU) CO., LTD.	Changzhou, China	Development and manufacture of new-type electronic components and provision of technology consulting services, maintenance equipment and after-sales services	CNY 85,015	CNY 85,015	-	12.59	CNY 86,597	CNY 23,477	-	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 1,080,452	CNY 76,919	-	Subsidiary
Lite-On Technology (Jiangsu) 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 601,228	CNY 23,477	-	Subsidiary
	LITE-ON MEDICAL DEVICE (CHANGZHOU) LTD.	Changzhou, China	Manufacture and sale of medical equipment	CNY 30,640	CNY 30,640	-	100.00	CNY 24,407	CNY 78	-	Subsidiary
	LITE-ON COMPUTER (CHANGZHOU) CO., LTD.	Changzhou, China	Design, development, manufacture and sale of computer laptop keyboards and components and provision technology consulting services and after-sales services	CNY 55,924	CNY 55,924	-	100.00	CNY 57,197	CNY 4,319	-	Subsidiary
	LITE-ON AUTOMOTIVE ELECTRONICS (CHANGZHOU) CO., LTD.	Changzhou, China	Manufacture, sale and processing of electronic products	CNY 223,746	CNY 223,746	-	100.00	CNY 206,669	CNY (8,725)	-	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Note
				December 31, 2020	December 31, 2019	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
Lite-On Automotive International (Cayman) Co., Ltd.	LITE-ON AUTOMOTIVE HOLDINGS (HONG KONG) CO., LIMITED	Hong Kong	Investment activities	HK\$ 42,009	HK\$ 42,009	101,250	100.00	US\$ 81,111	HK\$ 2,328	\$	- Subsidiary
HIGHYIELD GROUP CO., LTD.	LITE-ON IT INTERNATIONAL (HK) LIMITED	Hong Kong	Sale of optical disc drives	US\$ 102,400	US\$ 102,400	102,400	100.00	US\$ 214,665	US\$ 276		- Subsidiary
Lite-On Information Technology B.V.	Lite-On Information Technology GmbH	Germany	Sale of optical disc drives	EUR -	EUR 25	-	-	EUR -	EUR (2)		- Subsidiary (Note 5)
Philips & Lite-On Digital Solutions Corporation	Philips & Lite-On Digital Solutions USA, Inc. PLDS Germany GmbH	USA Germany	Sale of optical disc drives	\$ 33	\$ 33	1	100.00	\$ 236,081	US\$ 292		- Subsidiary
			Development and sale of modules of automotive recorders	1,326,996	1,326,996	-	100.00	954,475	EUR 195		- Subsidiary
	Philips & Lite-On Digital Solutions Korea Ltd.	South Korea	Sale of optical disc drives	15,376	15,376	18	100.00	33,283	KRW 9,658		- Subsidiary
KBW-LEOTEK Jordan Private Shareholding Limited	LEOTEK, PSC	Jordan	Production, manufacture energy-saving lights	JOD 30	JOD 30	30	60.00	JOD 44	JOD 21		- Subsidiary
LITE-ON TECHNOLOGY USA, INC.	LITE-ON, INC.	USA	Sales data processing business of optoelectronic products and power supplies	US\$ 3,000	US\$ 3,000	3,000	100.00	US\$ 7,527	US\$ 1,193		- Subsidiary
	LITE-ON TRADING USA, INC.	USA	Sale of optical products	US\$ 31,500	US\$ 31,500	315	100.00	US\$ 39,785	US\$ 1,158		- Subsidiary
	LEOTEK ELECTRONICS USA LLC	USA	Sale of LED products	US\$ 5,792	US\$ 5,792	-	100.00	US\$ 14,817	US\$ 1,083		- Subsidiary
	POWER INNOVATIONS INTERNATIONAL, INC.	USA	Development, design and manufacture of power controls and energy management	US\$ 15,756	US\$ 15,756	12,916	95.25	US\$ 7,335	US\$ 1,250		- Subsidiary
	SOLID STATE STORAGE TECHNOLOGY USA CORPORATION (formerly: Lite-On Sales & Distribution Inc.)	USA	Sale of optical disc drives	US\$ -	US\$ 4,765	-	-	US\$ -	US\$ (316)		- Subsidiary (Note 4)
Lite-On International Holding Co., Ltd.	LITE-ON TECHNOLOGY SERVICE, INC.	USA	After-sales services of optical products	US\$ 1,500	US\$ 1,500	1	100.00	US\$ 1,858	US\$ 30		- Subsidiary
	LITE-ON CHINA HOLDING CO., LTD.	British Virgin Islands	Investment activities	US\$ 427,342	US\$ 427,342	427,342	100.00	US\$ 747,222	US\$ 21,127		- Subsidiary
LITE-ON SINGAPORE PTE. LTD.	LiteStar JV Holding (BVI) Co., Ltd. LITE-ON AUTOMOTIVE ELECTRONICS MEXICO, S.A. DE C.V.	British Virgin Islands Mexico	Investment activities 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\$ 27,000	US\$ 27,000	2	17.59	US\$ 24,914	\$ (148,227)		- Associate
			Manufacture and sale of phone chargers and power supplies	US\$ 90	US\$ 90	3	1.00	US\$ 76	MXN 6,428		- 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	1.00	US\$ 78	INR (74,379)		- Subsidiary
	LITE-ON INTELLIGENT TECHNOLOGY (YENCHENG) CORP.	Yancheng, China	Wholesale, import, export and installation of street lights, signal lights, scenery lights and new-type electronic components	CNY 19,427	CNY 19,427	-	100.00	CNY 24,880	CNY 144		- Subsidiary
LTC GROUP LTD.	TITANIC CAPITAL SERVICES LTD. LTC INTERNATIONAL LTD.	British Virgin Islands British Virgin Islands	Investment activities Manufacture and sale of system products	\$ 529,106	\$ 529,106	8,655	100.00	US\$ 757	US\$ 186		- Subsidiary
				485,514	485,514	15,120	100.00	US\$ 15,053	US\$ 673		- 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 64,891	EUR 76,674	3	100.00	EUR 7,762	EUR (89)		- Subsidiary
Lite-On (Finland) Oy	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	100.00	EUR 7,473	EUR (89)		- Subsidiary
LITE-ON CHINA HOLDING CO., LTD.	LITE-ON ELECTRONICS COMPANY LIMITED	Hong Kong	Investment activities	US\$ 375,760	US\$ 375,760	3,083,467	100.00	US\$ 704,295	HK\$ 164,193		- Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2020		Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Note
				December 31, 2020	December 31, 2019	Shares (In Thousands)	Percentage of Ownership (%)			
LITE-ON CHINA HOLDING CO., LTD.	YET FOUNDATION LIMITED	Hong Kong	Manufacture of plastic and computer peripheral products	CNY 73,220	CNY 73,220	68,430	100.00	US\$ 19,517	CNY (3,287)	- Subsidiary
	I-SOLUTIONS LIMITED	British Virgin Islands	Sale of specialized electronic products	US\$ -	US\$ 1,500	-	-	US\$ -	US\$ 11	- Subsidiary (Note 6)
	FORDGOOD ELECTRONIC LIMITED	Hong Kong	Import and export and real estate business	US\$ 12,666	US\$ 12,666	100,150	100.00	US\$ 18,866	HK\$ 497	- Subsidiary
	G&W TECHNOLOGY (BVI) LIMITED	British Virgin Islands	Real estate management	US\$ 3,900	US\$ 3,900	3,900	50.00	US\$ 4,150	US\$ 470	- Subsidiary
G&W TECHNOLOGY (BVI) LIMITED	G&W TECHNOLOGY LIMITED	Hong Kong	Leasing business	US\$ 65	US\$ 65	500	100.00	US\$ 737	US\$ 542	- Subsidiary
	Silitech Technology Corporation	British Virgin Islands	Investment activities	US\$ 52,182	US\$ 52,182	52,182	100.00	\$ 1,738,780	US\$ (8,817)	- Subsidiary (Note 1)
Silitech (BVI) Holding Ltd.	Silitech (Bermuda) Holding Ltd.	Bermuda	Investment activities	US\$ 52,132	US\$ 52,132	52,132	100.00	US\$ 61,430	US\$ (8,818)	- Subsidiary (Note 1)
	Silitech (Bermuda) Holding Ltd.	Hong Kong	Investment activities	US\$ 24,200	US\$ 24,200	24,200	100.00	US\$ 5,776	CNY 806	- Subsidiary (Note 1)
Lite-On Japan Ltd.	Silitech Technology Corporation Sdn. Bhd.	Malaysia	Manufacture of computer peripheral products	US\$ 5,632	US\$ 5,632	21,400	100.00	US\$ 19,465	MYR 10,848	- Subsidiary (Note 1)
	Silitech Technology Corporation Limited	Hong Kong	Manufacture of plastic and computer peripheral products	US\$ 8,000	US\$ 8,000	62,400	100.00	US\$ 8,623	CNY (78,180)	- Subsidiary (Note 1)
	L&K Industries Philippines, Inc.	Philippines	Import and export of electronic components	JPY 91,681	JPY 91,681	350	35.00	JPY 9,673	JPY (59,655)	- Associate (Notes 7)
	Lite-On Japan (H.K.) Limited	Hong Kong	Import and export of electronic components	JPY 70,000	JPY 70,000	50	100.00	JPY 70,000	JPY 23,095	- Subsidiary (Note 7)
Lite-On Japan (Korea) Co., Ltd.	Lite-On Japan (Korea) Co., Ltd.	South Korea	Import and export of electronic components	JPY 22,593	JPY 22,593	20	100.00	JPY 22,593	JPY -	- Subsidiary (Note 7)
	LITE-ON JAPAN (Thailand) CO., LTD.	Thailand	Import and export of electronic components	JPY 65,939	JPY 65,939	200	100.00	JPY 65,939	JPY 55,810	- Subsidiary (Note 7)
Lite-On Mobile Oyj	LITE-ON MOBILE INDÚSTRIA E COMÉRCIO DE PLÁSTICOS LTDA	Brazil	Manufacture and sale of mobile phone modules and design of assembly lines	EUR 2,509	EUR 2,509	6,507	2.97	EUR 548	BRL 35,778	- 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	97.03	US\$ 22,032	BRL 35,778	- Subsidiary
LITE-ON MOBILE PTE. LTD.	COMÉRCIO DE PLÁSTICOS LTDA	Singapore	Investment activities	US\$ 3,863	US\$ 7,864	7	100.00	US\$ 2	US\$ 19	- Subsidiary
	Yamada-Lon Fabricacao De Atréfatos De Material Plástico Ltda.	Brazil	Manufacture and sale of mobile phone modules and design of assembly lines	US\$ 540	US\$ 540	-	25.00	US\$ -	BRL (3,897)	- Associate

Note 1: Lost control on December 30, 2020. The Group deconsolidated Silitech Technology Corporation and its subsidiaries and accounted for associates under the equity method for subsequent measurement due to significant influence. Refer to Note 14 for further information.

Note 2: Information on net income or loss of investee has not been approved by its board of directors, so it is shown as an estimated amount. Refer to financial statements published on the market observation post system for the final amount of net income or loss.

Note 3: Sold in November 30, 2020. Refer to Note 14 for further information.

Note 4: Sold in July 2020. Refer to Note 13 for further information.

Note 5: Liquidated in December 2020.

Note 6: Liquidated in October 2020.

Note 7: The investment income/losses and adjustment for changes in equities were recognized by the Group.

Note 8: Refer to Table 8 for information on investments in mainland China.

(Concluded)

TABLE 8

LITE-ON TECHNOLOGY CORPORATION AND INVESTEEES

INFORMATION ON INVESTMENT IN MAINLAND CHINA

FOR THE YEAR ENDED DECEMBER 31, 2020

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

Investor Company	Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (Note 2)	Method of Investment (Note 1)	Accumulated Outflow of Investment from January 1, 2020	Investment of Flows		Accumulated Outflow of Investment from December 31, 2020	Net Income (Losses) of the Investee Company (Note 2)	Percentage of Ownership	Share of Profits/Losses (Note 2)	Carrying Amount as of December 31, 2020 (Note 2)	Accumulated Inward Remittance of Earnings as of December 31, 2020	Note
						Outflow	Inflow							
Lite-On Technology Corporation	LITE-ON COMPUTER TECHNOLOGY (DONGGUAN) CO., LTD.	Manufacture and sale of display device	\$ 459,938	a	\$ 798,413	\$ -	\$ -	\$ 798,413	\$ (14,861)	100.00	\$ (14,861)	\$ -	-	Note 3
	LITE-ON ELECTRONICS (TIANJIN) CO., LTD.	ODM services	(US\$ 16,400)	a	(US\$ 28,469)	-	-	(US\$ 28,469)	(CNY -3,482)	100.00	(CNY -3,482)	(HK\$ 3,195,912)	-	-
	LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	Manufacture of electronic components	(US\$ 66,500)	a	(US\$ 66,498)	-	-	(US\$ 66,498)	(CNY 17,887)	100.00	(CNY 17,887)	(HK\$ 883,410)	-	-
	LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	Manufacture of electronic components	(US\$ 35,400)	a	(US\$ 992,793)	-	-	(US\$ 992,793)	(CNY 233,894)	100.00	(CNY 233,894)	(HK\$ 2,992,203)	-	-
	SILITEK ELEC. (DONGGUAN) CO., LTD.	Manufacture and sale of keyboards	(US\$ 134,616)	a	(US\$ 134,616)	-	-	(US\$ 134,616)	(CNY 34,803)	100.00	(CNY 34,803)	(HK\$ 4,637,663)	-	Note 3
	LITE-ON ELECTRONICS (DONGGUAN) CO., LTD.	Manufacture and sale of printers and scanners	(US\$ 4,800)	a	(US\$ 4,800)	-	-	(US\$ 4,800)	(CNY 103,800)	100.00	(CNY 103,800)	(HK\$ 1,281,937)	-	Note 4
	GUANGZHOU LIMITED	Investment activities, consulting services and acting as a sales agent	(US\$ 36,600)	a	(US\$ 1,026,447)	-	-	(US\$ 1,026,447)	(CNY 71,231)	100.00	(CNY 71,231)	(HK\$ 9,261,987)	-	-
	CHINA BRIDGE (CHINA) CO., LTD.	Investment activities, consulting services and acting as a sales agent	(US\$ 841,300)	a	(US\$ 36,600)	-	-	(US\$ 841,300)	(CNY 18,690)	100.00	(CNY 18,690)	(HK\$ 2,560,181)	-	-
	LITE-ON NETWORK COMMUNICATION (DONGGUAN) LIMITED	Manufacture and sale of IT products	(US\$ 32,000)	a	(US\$ 29,745)	-	-	(US\$ 29,745)	(CNY 32,329)	100.00	(CNY 32,329)	(HK\$ 4,068,881)	-	-
	LITEON COMMUNICATION (GUANGZHOU) COMPANY LIMITED	Manufacture and sale of mobile terminal equipment	(US\$ 44,416)	a	(US\$ 1,208,599)	-	-	(US\$ 1,208,599)	(CNY 306,183)	100.00	(CNY 306,183)	(HK\$ 4,472,541)	-	-
	LITEON COMMUNICATION (GUANGZHOU) COMPANY LIMITED	Manufacture and sale of mobile terminal equipment	(US\$ 688,785)	a	(US\$ 43,095)	-	-	(US\$ 688,785)	(CNY 71,741)	100.00	(CNY 71,741)	(HK\$ 1,236,294)	-	Note 4
	LITE-ON TECHNOLOGY (GUANGZHOU) LIMITED	Manufacture and sale of computer case	(US\$ 931,094)	a	(US\$ 24,560)	-	-	(US\$ 24,560)	-	100.00	-	-	-	Note 4
	COMMIT Incorporated	Manufacture and sale of application software and multimedia product design	(US\$ 33,200)	a	(US\$ 931,094)	-	-	(US\$ 931,094)	-	1.87	-	-	-	-
	LITEON ELECTRONICS AND WIRELESS (GUANGZHOU) LIMITED	Manufacture and sale of mobile terminal equipment	(US\$ 899,852)	a	(US\$ 16,827)	-	-	(US\$ 16,827)	(CNY 600)	100.00	-	-	-	Note 4
	LITE-ON (GUANGZHOU) INFORTECH CO., LTD.	Information outsourcing	(US\$ 15,810)	a	(US\$ 443,391)	-	-	(US\$ 443,391)	-	100.00	-	-	-	-
	LITE-ON (GUANGZHOU) PRECISION TOOLING LTD.	Manufacture and sale of modules	(US\$ 35,617)	a	(US\$ 15,810)	-	-	(US\$ 15,810)	-	100.00	-	-	-	-
	LITE-ON DIGITAL ELECTRONICS (DONGGUAN) CO., LTD.	Manufacture and sale of computer peripheral products	(US\$ 510,419)	a	(US\$ 65,737)	-	-	(US\$ 65,737)	(CNY 9,206)	100.00	(CNY 9,206)	(HK\$ 194,234)	-	Note 4
	LITE-ON TECHNOLOGY (XIANNING) CO., LTD.	Manufacture and sale of electronic components	(US\$ 182,293)	a	(US\$ 2,344)	-	-	(US\$ 2,344)	(CNY 2,157)	100.00	(CNY 2,157)	(HK\$ 53,690)	-	-
LITE-ON TECHNOLOGY (GZ) INVESTMENT COMPANY LIMITED (DONGGUAN) CO., LTD.	LITE-ON TECHNOLOGY (GUANGSHI) CO., LTD.	Investment activities, consulting services and acting as a sales agent	(US\$ 6,500)	a	(US\$ 3,000)	-	-	(US\$ 3,000)	(CNY -196)	100.00	(CNY -196)	(HK\$ 506,830)	-	Note 5
	LITE-ON TECHNOLOGY (GUANGSHI) CO., LTD.	Investment activities, consulting services and acting as a sales agent	(US\$ 182,293)	a	(US\$ 13,336)	-	-	(US\$ 13,336)	(CNY 778)	100.00	(CNY 778)	(HK\$ 139,821)	-	-
	LITE-ON TECHNOLOGY (GUANGSHI) CO., LTD.	Investment activities, consulting services and acting as a sales agent	(US\$ 4,655,470)	a	(US\$ 182,293)	-	-	(US\$ 182,293)	(CNY 4,374)	100.00	(CNY 4,374)	(US\$ 8,819,707)	-	-
	LITE-ON TECHNOLOGY (GUANGSHI) CO., LTD.	Investment activities	(US\$ 166,000)	a	(US\$ 6,500)	-	-	(US\$ 6,500)	(CNY 390,662)	100.00	(CNY 390,662)	(HK\$ 2,437,932)	-	-
	LITE-ON TECHNOLOGY (GUANGSHI) CO., LTD.	Development, manufacture and sale of electronic components, power supplies and provision of technology consulting services	(US\$ 2,243,600)	a	(US\$ 4,655,470)	-	-	(US\$ 4,655,470)	(CNY 3,376)	100.00	(CNY 3,376)	(HK\$ 541,711)	-	-
	LITE-ON TECHNOLOGY (GUANGSHI) 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)	(CNY 158,100)	100.00	(CNY 158,100)	(HK\$ 1,166,958)	-	-
	LITE-ON TECHNOLOGY (GUANGSHI) CO., LTD.	Development, manufacture and sale of electronic components, power supplies and provision of technology consulting services	(US\$ 447,935)	a	(US\$ 447,935)	-	-	(US\$ 447,935)	(CNY 37,044)	100.00	(CNY 37,044)	(HK\$ 322,569)	-	-

(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 January 1, 2020	Investment of Flows		Accumulated Outflow of Investment from December 31, 2020	Net Income (Losses) of the Investee Company (Note 2)	Percentage of Ownership	Share of Profits/Losses (Note 2)	Carrying Amount as of December 31, 2020 (Note 2)	Accumulated Inward Remittance of Earnings as of December 31, 2020	Note
						Outflow	Inflow							
Lite-On Technology Corporation	CHANGZHOU LITE-ON NEW ENERGY TRADE LIMITED	Wholesale, import, export and installation of street lights, signal lights, scenery lights and new-type electronic components	\$ 28,045 (US\$ 1,000)	a	\$ 28,045 (US\$ 1,000)	-	-	\$ 28,045 (US\$ 1,000)	\$ (14,135) (CNY -3,312)	100.00	\$ (14,135) (CNY -3,312)	\$ (32,730) (CNY -7,607)	\$ -	
	LITEON AUTOMOTIVE ELECTRONICS (GUANGZHOU) CO., LTD. (formerly, LITEON OPTO TECHNOLOGY (GUANGZHOU) LTD.)	Manufacture and sale of optical disc drives	1,205,935 (US\$ 43,000)	a	1,205,935 (US\$ 43,000)	-	-	1,205,935 (US\$ 43,000)	94,193 (CNY 22,070)	100.00	94,193 (CNY 22,070)	1,718,317 (US\$ 61,270)	-	
	Lite-On Auto Electric Technology (Guangzhou) Ltd.	Manufacture and sale of optical disc drives	56,090 (US\$ 2,000)	a	56,090 (US\$ 2,000)	-	-	56,090 (US\$ 2,000)	516 (CNY 121)	100.00	516 (CNY 121)	81,527 (US\$ 2,907)	-	
	LITEON-ATI OPTO TECH (BH) CO., LTD.	Manufacture and sale of optical disc drives	1,542,475 (US\$ 55,000)	a	1,542,475 (US\$ 55,000)	-	-	1,542,475 (US\$ 55,000)	104,854 (CNY 24,568)	100.00	104,854 (CNY 24,568)	4,216,454 (US\$ 150,346)	-	
	Lite-On (Guangzhou) Automotive Electronics Limited	Manufacture, sale and processing of electronic products	173,879 (US\$ 6,200)	a	164,624 (US\$ 5,870)	-	-	164,624 (US\$ 5,870)	8,229 (CNY 1,928)	100.00	8,229 (CNY 1,928)	1,753,257 (HK\$ 484,633)	-	
	LITEON AUTOMOTIVE (WUXI) CO., LTD.	Manufacture, sale and processing of electronic products	140,225 (US\$ 5,000)	a	140,225 (US\$ 5,000)	-	-	140,225 (US\$ 5,000)	977 (CNY 229)	100.00	977 (CNY 229)	519,599 (HK\$ 143,627)	-	
	HUIZHOU LI SHIN ELECTRONIC CO., LTD.	Manufacture of computer peripheral products	372,325 (US\$ 13,276)	a	180,666 (US\$ 6,442)	-	-	180,666 (US\$ 6,442)	21,275 (CNY 4,985)	100.00	21,275 (CNY 4,985)	1,337,775 (US\$ 47,701)	-	
	LITE-ON TECHNOLOGY (SHANGHAI) CO., LTD.	Manufacture and sale of energy-saving equipment	1,991,195 (US\$ 71,000)	a	1,991,195 (US\$ 71,000)	-	-	1,991,195 (US\$ 71,000)	244,918 (CNY 57,386)	100.00	244,918 (CNY 57,386)	2,499,118 (US\$ 89,111)	-	
	SUZHOU LITE-ON STORAGE CO., LTD.	Research, development, manufacture, sale of SSD and smart storage device (including high-speed with more than 100TB storage capacity) provide after-sales service and technical support; import and export as a principal or an agent, assorted products and technologies	2,804,500 (US\$ 100,000)	b	1,262,025 (US\$ 45,000)	-	-	1,262,025 (US\$ 45,000)	190,336 (CNY 44,597)	45.00	67,847 (CNY -15,981)	880,249 (US\$ 31,342)	-	
	BEIJING LITE-ON MOBILE ELECTRONIC AND TELECOMMUNICATION COMPONENTS CO., LTD.	Manufacture and sale of mobile phone modules and design of assembly lines	448,720 (US\$ 16,000)	a	1,468,548 (US\$ 52,364)	-	-	1,468,548 (US\$ 52,364)	(43,742) (CNY -10,249)	100.00	(43,742) (CNY -10,249)	430,266 (US\$ 15,342)	-	
	GUANGZHOU LITE-ON MOBILE ENGINEERING PLASTICS CO., LTD.	Manufacture and sale of mobile phone modules and design of assembly lines	548,841 (US\$ 19,570)	a	2,541,635 (US\$ 90,627)	-	-	2,541,635 (US\$ 90,627)	38,488 (CNY 9,018)	100.00	38,488 (CNY 9,018)	1,845,782 (US\$ 65,815)	-	
	LITE-ON GREEN TECHNOLOGIES (NANJING) CORPORATION	Solar energy engineering	21,034 (US\$ 750)	a	21,034 (US\$ 750)	-	-	21,034 (US\$ 750)	(1,041) (CNY -244)	100.00	(1,041) (CNY -244)	(11,806) (CNY -2,744)	-	
	Changzhou Binhu Thin Film Solar Greenhouse Co., Ltd.	Manufacture and sale of solar energy engineering	430,260 (CNY 100,000)	a	84,051 (US\$ 2,997)	-	-	84,051 (US\$ 2,997)	-	19.90	-	3,926 (US\$ 140)	-	
	Epcrystal (Changzhou) Co., Ltd.	Design, manufacture and sale of light-emitting diode and related display	4,403,065 (US\$ 157,000)	a	757,215 (US\$ 27,000)	-	-	757,215 (US\$ 27,000)	(158,019) (CNY -37,025)	19.74	(31,190) (CNY -7,308)	825,067 (CNY 191,760)	-	Note 6
	DONGGUAN LITE-ON COMPUTER CO., LTD.	Manufacture and sale of computer hosts and components, keyboards, scanners, printers and mouses	56,090 (US\$ 2,000)	a	56,091 (US\$ 2,000)	-	-	56,091 (US\$ 2,000)	2,642 (CNY 619)	100.00	2,642 (CNY 619)	102,686 (CNY 23,866)	-	
	Dongguan Huaqiang Information Technology Co., Ltd.	Manufacture and sale of laser heads and digital player machine cores	86,052 (CNY 20,000)	a	48,854 (US\$ 1,742)	-	-	48,854 (US\$ 1,742)	(2,514) (CNY -589)	46.67	(1,174) (CNY -275)	1,760 (CNY 409)	-	
Philips & Lite-On Digital Solutions Corporation	NL (SHANGHAI) CO., LTD.	Import and export of electronic components	8,414 (US\$ 300)	a	86,883 (US\$ 3,098)	-	-	86,883 (US\$ 3,098)	11,649 (JPY 42,129)	100.00	11,649 (JPY 42,129)	9,695 (JPY 35,655)	-	
	SOLID STATE STORAGE TECHNOLOGY (Guangzhou) CORPORATION	Software and information technology related services	-	a	-	22,436 (US\$ 800)	-	22,436 (US\$ 800)	(4,995) (CNY -1,172)	-	(CNY -1,172)	-	-	
	Philips & Lite-On Digital Solutions (Shanghai) Co., Ltd.	Sale of optical disc drives	28,045 (US\$ 1,000)	a	28,045 (US\$ 1,000)	-	-	28,045 (US\$ 1,000)	(12,565) (CNY -2,944)	100.00	(12,565) (CNY -2,944)	435,997 (CNY 10,411)	-	Note 7
	Xurong Electronic (Shenzhen) Ltd.	Manufacture of automotive parts, touch panels and plastic & rubber assemblies	-	a	203,354 (US\$ 7,500)	-	-	203,354 (US\$ 7,500)	(336,811) (CNY -79,411)	-	(336,811) (CNY -79,411)	-	-	Note 7
Silitech Technology Corporation	Silitech Electronic (Suzhou) Co., Ltd.	Manufacture and sale of automotive parts	-	a	981,575 (US\$ 35,000)	-	-	981,575 (US\$ 35,000)	(CNY 8)	-	(CNY 2)	-	-	Note 7

(Continued)

Investor Company	Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Lite-On Technology Corporation	\$ 28,093,454 (US\$1,033,819)	\$ 37,072,620 (US\$1,321,898)	Note 8
Philips & Lite-On Digital Solutions Corporation	28,045 (US\$ 1,000)	28,045 (US\$ 1,000)	\$ 338,374 (Note 9)

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: Liquidated in September 2020.

Note 6: Sold in July 2020. Refer to Note 13 for further information.

Note 7: Lost control on December 30, 2020. The Group deconsolidated Silitech Technology Corporation and its subsidiaries and accounted for associates under the equity method for subsequent measurement due to significant influence. Refer to Note 14 for further information.

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

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

(Concluded)





LITE-ON Technology Corporation



Chairman: Tom Soong

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