Stock Code: 3008TT

http://mops.twse.com.tw

http://www.largan.com.tw

Largan Precision Co., Ltd

2023 Annual Report

(Translation)

----Disclaimer----

This is a translation of the 2023 Annual Report of Largan Precision Co., Ltd. The translation is for reference only. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.

Printed April 29th, 2024

Largan Precision Co., Ltd.

Company Spokesperson
Adam Lin
Chairman
04-36002345
invest@largan.com.tw

Deputy Spokesperson
Josephine Huang
Manager
04-36002345
josephinehuang@largan.com.tw

Corporate Headquarters and Factories

Head office: No. 11, Jingke Road, Nantun District, Taichung City, Taiwan	Telephone: 04-36002345
Factories: No. 4, Gongyequ 16th Road, Taichung City, Taiwan	Telephone: 04-36002345
No. 12-8, Gongyequ 33rd Road, Xitun District, Taichung City, Taiwan	Telephone: 04-36002345
No. 14, Gongyequ 23rd Road, Nantun District, Taichung City, Taiwan	Telephone: 04-36002345
No. 11, Jingke Road, Nantun District, Taichung City, Taiwan	Telephone: 04-36002345
No. 13, Jingke Road, Nantun District, Taichung City, Taiwan	Telephone: 04-36002345
No. 7, Jingke 2nd Road, Nantun District, Taichung City, Taiwan	Telephone: 04-36002345
No.1, Gongyequ 5th Road, Xitun District, Taichung City, Taiwan	Telephone: 04-36002345

Stock Affairs Agent
Company: Stock-Affairs Agency Department of Taishin Securities
Address: B1, No.96, Sec.1, Jianguo N. Rd., Taipei City
Website: www.tssco.com.tw
Tel: (02) 2504-8125

Certified Public Accountant (CPA) and accounting firm for the financial statements of the most recent year:
CPA: Shyhhuar Kuo & Chun-Yuan Wu
Company: KPMG Certificated Public Accountants
Address: 68F, No.7, Sec.5, Xinyi Rd., Taipei
Website: www.kpmg.com/tw
Tel: (02) 8101-6666

Offshore secondary exchange and disclosure information: Not Applicable

Company Website: http://www.largan.com.tw

Largan Precision Co., Ltd.
Annual Report Contents

Chapter 1. Letter to Shareholders

In 2023, with the increasing penetration rate of smartphones, the growth of the market had started to plateau. The Company's 2023 business results and 2024 business plan are summarized below:

I 2023 Business Report

(I) Business results: Largan Precision's consolidated revenue for 2023 was NT$48,842,247 thousand, an increase of 2% from NT$47,675,228 thousand in 2022; net income after tax was NT$17,902,322 thousand, a decrease of 21% from NT$22,625,049 thousand in 2022; and net income per share was NT$134.13.

(II) Financial performance and profitability: Please refer to the financial statements in the attachment for the financial overview of 2023.

(III) Research and development: The Company invested a total of NT$4,191,167 thousand in research and development for the current year, which represented a 1% growth over NT$4,153,972 thousand in the previous year.

II 2024 Business Plan

(I) Business strategy: Largan Precision upholds the business philosophy of "innovation, professionalism, speed, and flexibility." All employees continuously pursue discipline and growth in the face of a changing business environment, as they commit themselves to product development and quality improvement to create ongoing profit and growth.

(II) Production and sales forecast: The Company shall remain focused on the production and sales of mobile phone camera lenses, and actively enhance production technology and output, with the aim of maintaining the Company's advantages in production cost and achieving more competitiveness in the overall production and sales cycle and system.

(III) Research and development plans: The Company shall continue to conduct research and development in mobile phone camera lenses. We will continue to expand our R&D team, product range, launch new product lines, and improve the scale and quality of products. We shall also commit ourselves to the development of new product applications and improvement of manufacturing capabilities to maintain long-term competitiveness in the industry.

Largan Precision shall continue to work hard and adopt a spirit of constant innovation and in the production of each product. We shall fully develop the Company's core expertise and continue to strengthen the Company's competitiveness in all aspects to respond to the competitive environment and overall business environment. At the same time, the Company complies with regulatory requirements and adopts policies and measures in response to changes in the legal environment. We hereby express our most sincere gratitude for the support of all customers, suppliers, shareholders, and employees.

Chairman: En-Ping Lin

Chapter 2. Company Profile

(I) Date of founding: April 17, 1987

(II) Addresses and telephone numbers of the head office, branch offices, and plants:

Head office: No. 11, Jingke Road, Nantun District, Taichung City, Taiwan Tel: 04~36002345

Branch office: None

Plants:

No. 4, Gongyequ 16th Road, Xitun District, Taichung City, Taiwan	Tel: 04~36002345
No. 12-8, Gongyequ 33rd Road, Xitun District, Taichung City, Taiwan	Tel: 04~36002345
No. 14, Gongyequ 23rd Road, Nantun District, Taichung City, Taiwan	Tel: 04~36002345
No. 11, Jingke Road, Nantun District, Taichung City, Taiwan	Tel: 04~36002345
No. 13, Jingke Road, Nantun District, Taichung City, Taiwan	Tel: 04~36002345
No. 7, Jingke 2nd Road, Nantun District, Taichung City, Taiwan	Tel: 04~36002345
No.1, Gongyequ 5th Road, Xitun District, Taichung City	Tel: 04~36002345

(III) Company History

1987	Largan Precision Co., Ltd. was founded with a capital of NT$10 million. The Company specialized in lenses, and viewfinders for scanners, cameras, projectors.
1989	Cash capital increase of NT$500 thousand; paid-up capital increased to NT$10.5 million.
1990	Completed and relocated to new factory in Taichung Industrial Park. Capitalized NT$60.9 million of earnings; paid-up capital increased to NT$71.4 million.
1991	Leading Taiwanese company to introduce ultra-precision machining for aspherical lenses and developed related manufacturing skills. Successful mass production of the plastic aspherical lens in the same year.
1992	Cash capital increase of NT$12.6 million; paid-up capital increased to NT$84 million. First in Taiwan to develop hybrid lenses for traditional cameras for mass production.
1993	Received the New Leading Product Development Program Gong (82) No. 2 grant from the Industrial Development Bureau Ministry of Economic Affairs. Started the New Leading Product Development Program for "manufacturing development program of cameras fitted with auto-focusing F35-70 mm zoom lenses".
1995	Awarded "Top Ten Companies in Industrial Automation in 1995" by the Ministry of Economic Affairs. The former President of R.O.C. visited the Company’s headquarters. Invested in Largan (Hong Kong) Limited and new materials processing factory in Dongguan in order to increase productivity, reduce cost, and expand market share.
1997	Introduced electrical discharge machining and ultra-precision CNC machining equipment from Japan to improve R&D technology and provide superior products. Capitalized NT$10 million of earnings and NT$28 million of capital reservel; paid-up capital increased to NT$122 million. First in Taiwan to develop hybrid lenses for successful applications in scanners/barcodes. Successfully developed optical components for projectors.
1998	Invested in Largan Digital Co., Ltd. to expand into the emerging industry of digital cameras. Capitalized NT$38 million of earnings; paid-up capital increased to NT$160 million. Successfully entered mass production of scanner hybrid lenses. First in Taiwan to develop 2X zoom viewfinder for mass production. Successfully developed hybrid lenses for digital cameras. Successfully developed precision optical components for SVCD and VCD.
1999	Invested in IBM hardware and Data Systems Consulting ERP system to integrate internal procedures of affiliated companies and subsidiaries and facilitate effective use of comprehensive resource systems. Successfully developed 4000 dpi scanner lens.

Successfully developed the world's first 600 dpi scanner hybrid lens.
Successfully developed autofocus module for digital camera.
Successfully developed high-precision optical components and assemblies applied in DVDs.

2000 Capitalized NT$60 million of earnings and NT$80 million in cash; paid-up capital increased to NT$300 million.
The Company became publicly listed.
First in Taiwan to develop 4X zoom viewfinder for mass production.

2001 Passed ISO 9001 quality certification.
Capitalized NT$233,434,000 of earnings and employee bonus. Issued new shares through a capital increase to merge Largan Optronic Co., Ltd. to sustain growth and scale to enhance the Company’s competitiveness. Paid-up capital increased to NT$621,621,640.

2002 Publicly listed on the Taiwan Stock Exchange (TWSE) on March 11.
Capitalized NT$233,182,590 of earnings and employee bonus; paid-up capital increased to NT$854,804,230.
The establishment of the Company’s headquarters was approved in September.
Successfully developed zoom lenses for projectors.
Successfully developed camera lenses for mobile phones.
Successfully developed 3.0 megapixels 3x zoom digital camera lens.

2003 Capitalized NT$104,021,920 of earnings and employee bonus; paid-up capital increased to NT$958,826,150.
Invested in Suzhou Largan Co., Ltd. through NET International Trading Limited to expand production capacity and reduce manufacturing cost.
Successfully developed 3X Zoom lens for digital cameras.
Successfully developed 1.3 megapixels lens for mobile phones.
Expanded floor space in plant #1.

2004 Capitalized NT$115,422,610 of earnings and employee bonus; paid-up capital increased to NT$1,074,248,760.
Successfully developed 2.0 megapixels autofocus lens for mobile phones.

2005 Capitalized NT$71,902,440 of earnings and employee bonus; paid-up capital increased to NT$1,146,151,200.
Successfully developed 3.0 megapixels autofocus lens for mobile phones.
Expanded floor space in Plant #2.

2006 Capitalized NT$67,121,210 of earnings and employee bonus; paid-up capital increased to NT$1,213,272,410.
Completed development of 5.0 megapixels autofocus lens for mobile phones.

2007 Capitalized NT$43,914,470 of earnings and employee bonus; paid-up capital increased to NT$1,257,186,880.
Entered mass production of 5.0 megapixels lens for mobile phones

2008 Capitalized NT$44,145,930 of earnings and employee bonus; paid-up capital increased to NT$1,301,332,810.
Completed development of 8.0 megapixels autofocus lens for mobile phones.

2009 Capitalized NT$521,642,998 of earnings and employee bonus; paid-up capital increased to NT$1,341,401,970.
Inaugurated new plant in the Precision Machinery Innovation Technology Park.
Became the first company to mass produce EDOF lenses for mobile phones.
Entered mass production of 8.0 megapixels lens for mobile phones
Completed development of 12.0 megapixels autofocus lens for mobile phones.

2012 Inaugurated new plant in the Precision Machinery Innovation Technology Park. (Plant #5)

2014 Obtained industrial land in phase 1 of the Taichung City Precision Machinery Innovation Technology Park.

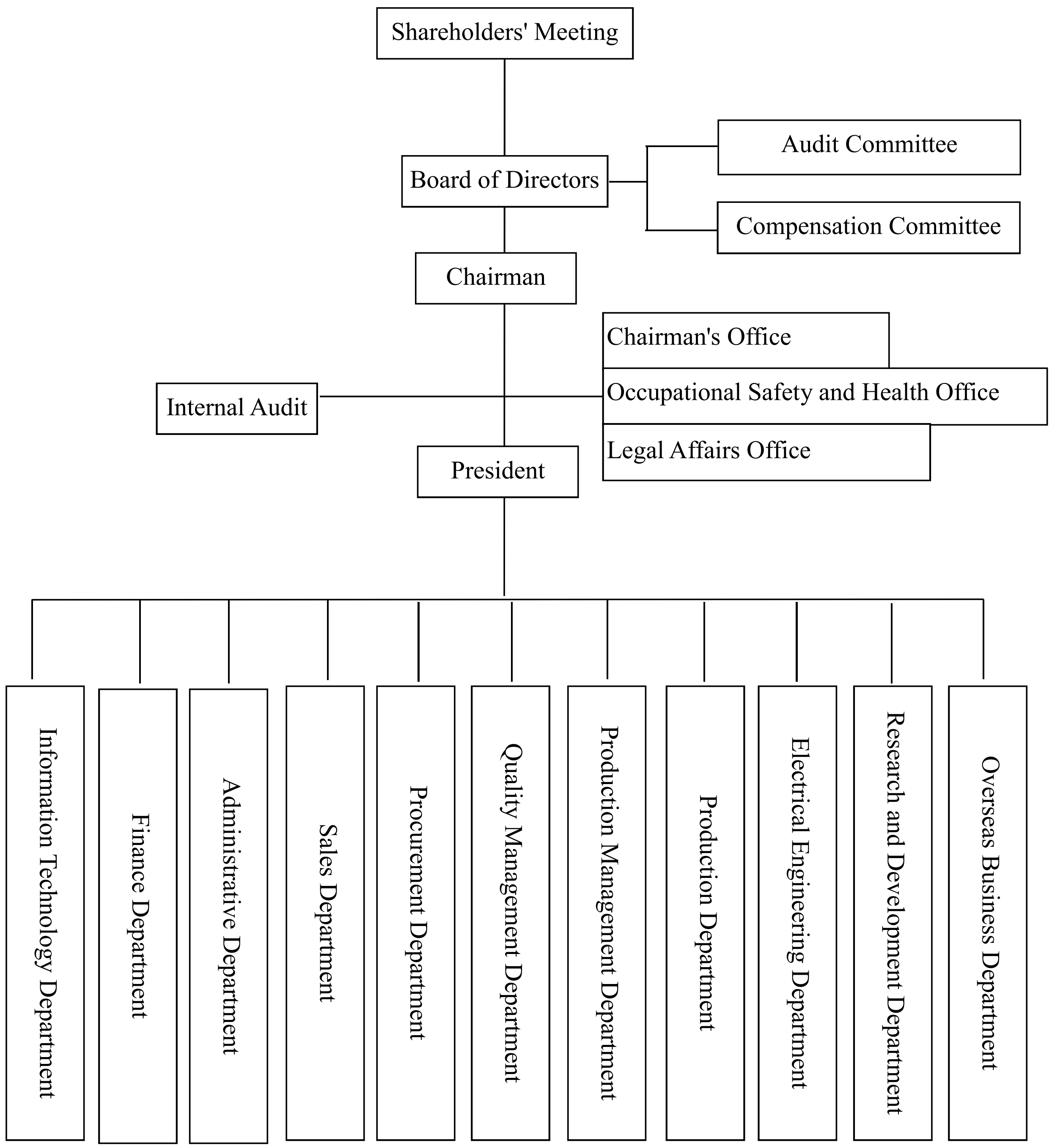
2017 Inaugurated new plant in the Precision Machinery Innovation Technology Park. (Plant

#7)
Obtained land in Taichung City, An-He Section, Xitun District
2018 Obtained land in Taichung City, Shieh-Cheng Section, Xitun District
2019 Obtained land in Taichung City, An-He Section, Xitun District
Obtained land in Taichung City, Wen-Shan Section, Nantun District
2020 Obtained ISO 45001 Occupational Health and Safety System certification
2021 Established subsidiary Largan Industrial Optics Co., Ltd.
2022 Obtained land in Taichung City, Wen-Shan Section, Nantun District
2023 The new plant in Taichung Industrial Park was completed (Plant 3)

Chapter 3. Corporate Governance Report

I. Company Organization

(I) Company Organizational Chart



(II) Responsibilities and Functions of Major Departments

Major Department	Responsibilities and Functions
Chairman's Office	Oversees the planning and execution of the Company's operations and implements continuous supervision and improvement of various internal controls.
Auditing Office	Inspects and evaluates the Company’s internal control system and provides analyses and recommendations.
Legal Affairs Office	Ensures compliance with corporate ethical standards, legal compliance (e.g., personal data protection and whistleblower protection), intellectual property, and the Company’s confidential information etc.
Occupational Safety and Health Office	Formulates, plans, and promotes safety and health management issues and instructs related departments on its implementation.
Information Technology Department	Responsible for the integration, establishment, and maintenance of the Company's IT system.
Finance Department	Responsible for finances, accounting, shareholder services, and taxation affairs.
Administrative Department	Responsible for human resources, general affairs, employee welfare, and labor relations.
Sales Department	Responsible for product marketing, market research, and customer after-sales services.
Procurement Department	Responsible for procurement of raw materials, equipment, and consumables.
Quality Management Department	Responsible for inspection of raw materials, production, and finished goods, and other quality assurance operations.
Production Management Department	Responsible for production planning, raw materials management, outsourcing, and shipment.
Production Department	Responsible for the production of various optical components.
Electrical Engineering Department	Maintenance and repairs of machinery and inspection equipment.
Research and Development Department	1. New product optical design. 2. Improvement of production technology. 3. Design and development of molding and tooling technology.
Overseas Business Department	Responsible for production, quality assurance, and services for overseas businesses.

II. Information on the Company's Directors, Supervisors, President, Vice President, Associate Managers, and the Supervisors of All the Company's Divisions and Branch Units

(I) Information on Directors

As of April 9, 2024

Title	Nationality or Place of Registration	Name	Gender/ Age	Date Elected Date	Term	Date First Elected	Shares Held When Elected		Shares Currently Held		Shares Held by Spouse and Minor Children		Shares Held in the Name of Other Persons		Education and Work Experience	Other Position Concurrently Held at the Company and Other Companies Title	Other Supervisory or Director Roles Held by a Spouse or Second-Degree Relative			Note (Note 2)
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
Chairman	Taiwan	Mao Yu Commemorate Co., Ltd.	-	2022.06.08	3 years	2019.06.12	18,910,616	14.17%	18,910,616	14.17%	-	-	-	-	-	-	-	-	-	None
	Taiwan	Representative: En-Ping Lin	Male Age 61-70	2022.06.08		2007.6.15	8,000	0.01%	8,000	0.01%	-	-	6,011,652	4.50%	Master of Business Administration, Dominican University	Director of Largan (Hong Kong) Limited, Director of Largan (Dongguan) Optronic Ltd., Director Representative of AMTAI, Director Representative of ASTRO, Director Representative of NET, Chairman of Largan Digital, Chairman of Largan Medical, Director of Alpha & Beta, Director of LHT, Director Representative and Director of Largan Health, Director of Mao Yu Commemorate Co. Ltd., Chairman of Largan Industrial Optics, Chairman of Ba Fang International, Director of Largan Education Foundation	Director	En-Chou Lin	Brothers	None
Director	Taiwan	Representative: En-Chou Lin	Male Age 61~70	2022.06.08		1987.4.4 Note 1	540	0.00%	540	0.00%	-	-	7,790,106	5.84%	Degree in Insurance and Banking, Tamkang University Vice President, Largan Digital Co., Ltd.	Director of LHT, Supervisor of Mao Yu Commemorate Co., Ltd.	Chairman	En-Ping Lin	Brothers	None
Vice Chairman	Taiwan	You-Chih Huang	Male Age 51-60	2022.06.08		2022.06.08	94,228	0.07%	48,228	0.04%	-	-	-	-	Masters in Mechanical Engineering, National Tsing Hua University	President of Largan Precision Co. Ltd. Director Representative of Photonicore Technologies Co. Ltd., Director Representative of Ba Fang International, Director Representative of Taiwan Applied Crystal, Director of Largan Education Foundation, Chairman of Largan Energy Material	-	-	-	None
Director	Taiwan	Chung-Jen Liang	Male Age 71-80	2022.06.08	3 years	2004.6.10	2,091,721	1.57%	2,091,721	1.57%	924	0.00%	11,000	0.01%	Degree in Finance, National Chengchi University	Supervisor of Largan Medical Co. Ltd., Supervisor of Largan Digital Co. Ltd.	-	-	-	None
Director	Taiwan	Ming-Yuan Hsieh	Male Age 41-50	2022.06.08	3 years	1996.10.20	3,606,585	2.70%	3,606,585	2.70%	-	-	-	-	Degree in Applied Mathematics, Feng Chia University	None	-	-	-	None
Director	Taiwan	Chun-Ming Chen	Male Age 31-40	2022.06.08	3 years	2022.06.08	119,446	0.09%	119,446	0.09%	32,000	0.02%	-	-	Ph.D. in Computer Science Ohio State University	Manager of Largan Precision Co.Ltd., Director of Largan Digital Co. Ltd., Director Representative of Largan Energy Material	-	-	-	None
Independent Director	Taiwan	Shan-Chieh Yen	Male Age 51-60	2022.06.08	3 years	2016.06.08	No shares held	0.00%	No shares held	0.00%	-	-	-	-	Taichung Industrial High School, Electrial Engineering Assistant Vice President, Largan Precison	None	-	-	-	None
Independent Director	Taiwan	Ming-Hua Peng	Male Age 61-70	2022.06.08	3 years	2016.06.08	56,604	0.04%	56,604	0.04%	-	-	-	-	Ming Chi Institute of Technology, Mechanical Engineering Assistant Vice President, Largan Precison	None	-	-	-	None
Independent Director	Taiwan	Chun-I Lu	Male Age 51-60	2022.06.08	3 years	2022.06.08	No shares held	0.00%	No shares held	0.00%	-	-	-	-	Diploma in telecommunication engineering, Kuang-Hwa Vocational Senior High School of Technology Vice President of Largan Digital Co. Ltd.	None	-	-	-	None

Note 1: En-Chou Lin did not serve as a Director from July 3, 1993 to November 11, 1997.

Note 2: Where the chairperson and president or equivalent position (highest level executive officer) is the same person, the spouse, or a first-degree relative, the reason, reasonableness, necessity, and response measures: not applicable.

(II) Major Shareholders of the Corporate Shareholder

April 9, 2023

Name of Corporate Shareholder	Major Shareholder of the Corporate Shareholder
Mao Yu Commemorate Co., Ltd.	Yi Kuan International Co., Ltd. (50%), Shih-An Co., Ltd. (50%)

Main shareholders of institutional shareholders

Name of Corporate Shareholder	Major Shareholder of the Corporate Shareholder
Yi Kuan International Co., Ltd.	Yao-Ying Lin (2.98%), Fang-Chen Kao (82.29%), Fang-Chen Kao Trust Account (14.73%)

Name of Corporate Shareholder	Major Shareholder of the Corporate Shareholder
Shih-An Co., Ltd.	Yao-Ying Lin (14.52%), En-Ping Lin (63.56%), En-Ping Lin Trust Account (21.92%)

(III) Disclosure on the Directors' Professional Qualifications and the Independent Directors' Independence:

Qualifications / Name	Professional Qualification and Work Experience	Independence Criteria	Independent Director Positions Concurrently Held at Other Companies
En-Chou Lin (Director)	1. Please refer to Page 7 of the Annual Report for the Directors' professional qualifications and experiences 2. Not under any of the categories stated in Article 30 of the Company Act.	N/A	None
En-Ping Lin (Director)		N/A	None
You-Chih Huang (Director)		N/A	None
Chung-Jen Liang (Director)		N/A	None
Ming-Yuan Hsieh (Director)		N/A	None
Chun-Ming Chen (Director)		N/A	None
Shan-Chieh Yen (Independent Director)		1. Complies with the relevant provisions of Article 14-2 of the Securities and Exchange Act promulgated by the Financial Supervisory Commission and "Regulations on the Establishment of Independent Directors of Public Offering Companies and Matters to be Followed" (Note). 2. The person (or in the name of other persons), his/her spouse and minor children do not hold shares in the Company. 3. There are no incidents in the last two years in which the Company or other affiliates were compensated for business, legal, financial, or accounting services provided by the Company.	None

Ming-Hua Peng (Independent Director)		1. Complies with the relevant provisions of Article 14-2 of the Securities and Exchange Act promulgated by the Financial Supervisory Commission and "Regulations on the Establishment of Independent Directors of Public Offering Companies and Matters to be Followed" (Note). 2. 56,604 shares are held by the person, representing a 0.04% shareholding. 3. There are no incidents in the last two years in which the Company or other affiliates were compensated for business, legal, financial, or accounting services provided by the Company.	None
Chun-I Lu (Independent Director)		1. Complies with the relevant provisions of Article 14-2 of the Securities and Exchange Act promulgated by the Financial Supervisory Commission and "Regulations on the Establishment of Independent Directors of Public Offering Companies and Matters to be Followed" (Note). 2. The person (or in the name of other persons), his/her spouse and minor children do not hold shares in the Company. 3. There are no incidents in the last two years in which the Company or other affiliates were compensated for business, legal, financial, or accounting services provided by the Company.	None

Note:

1. Not a governmental or judicial person or a representative thereof as defined in Article 27 of the Company Act.
2. The number of other public companies where the individual concurrently serves as an Independent Director does not exceed three companies.
3. Is not involved in any of the following conditions during the individual's term of office and two years prior to the date elected:
   (1) An employee of the Company or any of its affiliates.
   (2) A director or supervisor of the company or any of its affiliates.
   (3) 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 1% or more of the total number of outstanding shares of the Company or ranks as one of its top ten shareholders.
   (4) Any of the officers listed in (1), or spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons listed in (2) and (3).
   (5) A director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the Company's outstanding shares, a top five shareholder, or appointed as the Company's director or supervisor in accordance with Article 27 of the Company Act.
   (6) A director, supervisor, or employee of other companies controlled by the same person with over half of the Company's director seats or shares with voting rights.
   (7) A director, supervisor, or employee of another company or institution who is the same person or spouse of the Company's chairperson, president or equivalent position.
   (8) A director, supervisor, or executive officer of a specific company or institution with financial or business dealings with the Company, or shareholder with 5% or more shares of the Company.
   (9) A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof. This does not apply to members of the Compensation Committee.

(IV) Diversification and Independence of the Board of Directors:

1. Diversification of the Composition of the Board of Directors: The specific management objectives of the Company's diversification policy is to include diversified academic and professional work experiences (including operational judgments, finance, crisis management, management skills, industry knowledge, international perspective, leadership, and decision-making skills) when considering the composition of the members of the Board of Directors.
   The Company focuses on the multi-faceted competencies of its Board members and aims to increase the percentage of directors with at least four competencies to over 50%. This target has been achieved, as more than 78% of the Board members possess at least 4 skills or more out of the 7 skills above.
2. The implementation status of Board member diversity is provided below:
   - Ratio of Directors who are concurrent employees of the Company is 44%
   - The percentage of independent directors is 33% with one of the independent directors serving for less than 3 years
   - Age of Directors: 1 is aged 71-80; 3 are aged 61-70; 3 are aged 51-60; and 2 are below 50.

   Diversified core competences are listed below:

Name	Gender	A Concurrent Employee of the Company	Professional background				Professional knowledge and skills						
			Commerce	Technology	Finance and accounting	Industry	Ability to make sound operational judgments	Accounting & financial analysis capability	Business management	Crisis management	Industry knowledge	Understanding of international markets	Leadership ability
En-Chou Lin	Male	v	v	v	v	v	v	v	v	v	v	v	v
En-Ping Lin	Male	v	v	v	v	v	v	v	v	v	v	v	v
You-Chih Huang	Male	v	v	v	v	v	v	v	v	v	v	v	v
Chung-Jen Liang	Male		v		v	v		v			v	v	
Ming-Yuan Hsieh	Male		v		v	v		v			v	v	
Chun-Ming Chen	Male	v	v	v		v		v			v	v	v
Shan-Chieh Yen	Male		v	v	v	v		v			v	v	v
Ming-Hua Peng	Male		v	v	v	v		v			v	v	v
Chun-I Lu	Male		v	v	v	v		v			v	v	v

3. Independence of the Board of Directors: The election of all directors of the Company have complied with the Company's Articles of Incorporation, Rules for Director Elections, Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, Article 14-2 and Article 26-3 of the Securities and Exchange Act. The Board of Directors emphasizes independent operations, and all Directors and Independent Directors function independently in performing their rights and obligations. The nationality of all members of the current term of the Board of Directors is Taiwan R.O.C., and includes 3 seats of Independent Directors. None of the Independent Directors have consecutively served at the Company for more than 3 terms.

(V) Information on the President, Vice Presidents, Assistant Vice Presidents, and Supervisors of Divisions and Branch Units

April 9, 2023

Title	Nationality	Name	Gender	Appointment Date	Shares Held		Shares Held by Spouse & Minor Children		Shares Held in the Name of Other Persons		Major Education and Work Experience	Other Position Concurrently Held at the Company and Other Companies	Other Managerial Roles Held by Spouse or Second-Degree Relative			Note (Note 2)
					Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
President	Taiwan	You-Chih Huang	Male	2000.01.01	48,228	0.04%	-	-	-	-	Masters in Mechanical Engineering, National Tsing Hua University	Director Representative of Photonicore Technologies, Director Representative of Ba Fang International, Director Representative of Taiwan Applied Crystal, Director of Largan Education Foundation, Chairman of Largan Energy Material	-	-	-	None
Vice President	Taiwan	En-Ping Lin	Male	2007.06.15	8,000	0.01%	-	-	6,011,652	4.50%	Master of Business Administration, Dominican University	Director of Largan (Hong Kong) Limited, Director of Largan (Dongguan) Optronic Ltd., Chairman of Largan Digital Co., Ltd., Chairman of Largan Medical Co., Ltd., Director of Alpha and Beta, Director of LHT, Director Representative of Largan Health Technology Co., Ltd., Director Representative of Largan Health AI-Tech Co., Ltd., Director Representative of Mao Yu Commemorate Co., Ltd., Chairman of Ba Fang International, Director of Largan Education Foundation	-	-	-	None
Vice President	Taiwan	Chung-Shih Lin	Male	2005.06.01	4,000	0.00%	-	-	-	-	Degree in Industrial Engineering, Tunghai University	Director of Largan (Dongguan) Optronic Ltd., Director representative of Largan Health Technology Co., Ltd., Director of LHT, Director of Largan Education Foundation	-	-	-	None
Assistant Vice President	Taiwan	Sheng-Lien Wang	Male	2011.04.01	0	0.00%	-	-	-	-	Degree in Industrial Engineering, Feng Chia University	Chairman of Largan (Dongguan) Optronic Ltd., Director of Largan (Hong Kong) Limited, Director of LHT, Director of Charis, Representative Director of Largan Health & Beauty Corporation	-	-	-	None
Chief Financial Officer	Taiwan	Hsing-Ju Tsaur	Female	2011.05.01	289	0.00%	-	-	-	-	Master in Accounting, National Chengchi University	Accounting Head of Largan Digital Co., Ltd. and Largan Medical Co., Ltd., Director Representative of Ba Fang International, Director Representative of Taiwan Applied Crystal, Director of Largan Education Foundation, Supervisor of Largan Health & Beauty Corporation, Director Representative of Largan Energy Material	-	-	-	None

Note 1: Positions held as of the publication date of the Annual Report

Note 2: Where the chairperson and president or equivalent position (highest level executive officer) is the same person, the spouse, or a first-degree relative, the reason, reasonableness, necessity, and response measures (such as increasing the number of independent director seats and more than half of all directors not concurrently serving as employees or executive officers) must be disclosed.

(VI) Compensation of Directors, Supervisors, President, and Vice Presidents

As of December 31, 2023

Unit: NT$ thousands

Compensation for Directors and Independent Directors

Title		Name	Compensation of Directors								Total compensation (A+B+C+D) amd ratio to net profit after tax (%)		Compensation earned as an employee								Total sums of A, B, C, D, E, F, and G and ratio to net profit after tax		Compensation received from invested companies other than subsidiaries or the parent company
			Compensation (A)		Severance Pay and Pension (B)		Directors' Remuneration (C)		Business Expenses (D)				Salary, Bonus and Allowances (E)		Severance Pay and Pension (F)		Employees' Compensation (G)						
																	The Company		All Companies in the Financial Report				
			The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	Cash Amount	Stock	Cash Amount	Stock	The Company	All Companies in the Financial Report	
General Director	Chairman	Mao Yu Commemorate Co., Ltd. Representatives: En-Ping Lin	-	-	-	-	238,303	238,303	-	-	238,303 1.33%	238,3031.3 3%	18,598	18,598	-	-	124,000	-	124,000	-	380,901 2.13%	380,901 2.13%	None.
	Director	En-Chou Lin																					
	Vice Chairman	You-Chih Huang																					
	Director	Chung-Jen Liang																					
	Director	Ming-Yuan Hsieh																					
	Director	Chun-Ming Chen																					
Independent Director	Director	Shan-Chieh Yen	-	-	-	-	3,600	3,600	-	-	3,600 0.02%	3,600 0.02%	-	-	-	-	-	-	-	-	3,600 0.02%	3,600 0.02%	None.
	Director	Ming-Hua Peng																					
	Director	Chun-I Lu																					

1. Please describe the policy, system, standard, and structure of compensation to independent directors, and the correlation between duties, risk, and time input with the amount of compensation: Director compensation is determined by the Compensation Committee and Board of Directors according to each Director's degree of participation and contribution to the Company's operations as authorized by the Company’s Articles of Incorporation. According to the Articles of Incorporation, if the Company earns a profit, the Board may determine Directors’ compensation. Independent Director compensation is determined based on the risks associated with their duties and time imput.
2. Other than as disclosed in the above table, the compensation earned by Directors providing services (e.g. providing consulting services as a non-employee of the parent company/financial reporting company/reinvestment business) to the Company and all consolidated entities in the latest fiscal year: None.

Table of Compensation Ranges

Compensation Range for Each Director of the Company	Name of Director			
	Sum of the first 4 items (A+B+C+D)		Sum of the first 7 items (A+B+C+D+E+F+G)	
	The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report
Less than NT$1,000,000	En-Chou Lin, En-Ping Lin	Same as left	-	-
NT$1,000,000 (inclusive) to NT$2,000,000 (exclusive)	Shan-Chieh Yen, Ming-Hua Peng, Chun-I Lu	Same as left	Shan-Chieh Yen, Ming-Hua Peng, Chun-I Lu	Same as left
NT$2,000,000 (inclusive) to NT$3,500,000 (exclusive)	-	-	-	-
NT$3,500,000 (inclusive) to NT$5,000,000 (exclusive)	-	-	-	-
NT$5,000,000 (inclusive) to NT$10,000,000 (exclusive)	-	-	-	-
NT$10,000,000 (inclusive) to NT$15,000,000 (exclusive)	You-Chih Huang	Same as left	-	-
NT$15,000,000 (inclusive) to NT$30,000,000 (exclusive)	Ming-Yuan Hsieh, Chung-Jen Liang	Same as left	Ming-Yuan Hsieh, Chung-Jen Liang	Same as left
NT$30,000,000 (inclusive) to NT$50,000,000 (exclusive)	-	-	En-Chou Lin, En-Ping Lin, You-Chih Huang	Same as left
NT$50,000,000 (inclusive) to NT$100,000,000 (exclusive)	Chun-Ming Chen	Same as left	Chun-Ming Chen	Same as left
NT$100,000,000 and above	Mao Yu Commemorate Co., Ltd.	Same as left	Mao Yu Commemorate Co., Ltd.	Same as left
Total	9 (Including 1 Corporate Director)	9 (Including 1 Corporate Director)	9 (Including 1 Corporate Director)	9 (Including 1 Corporate Director)

As of December 31, 2023

Compensation for President and Vice Presidents

Unit: NT$ thousands

Title	Name	Salary (A)		Severance Pay and Pension (B)		Bonuses and Allowances, etc. (C)		Employees' Compensation (D)				Ratio of the total sums of A, B, C, and D to the net profit after tax (%)		Compensation received from invested companies other than subsidiaries or the parent company
		The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	The Company		All Companies in the Financial Report		The Company	All Companies in the Financial Report	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
President	You-Chih Huang	14,400	14,400	-	-	-	-	79,920	-	79,920	-	94,320 0.53%	94,320 0.53%	None.
Vice President	En-Ping Lin													
Vice President	Chung-Shih Lin													

Table of Compensation Ranges

Compensation Range for Each Supervisor of the Company	Names of Supervisor Total of (A+B+C) The Company	Names of Supervisor Total of (A+B+C) All Companies in the Financial Report
Less than NT$1,000,000	-	-
NT$1,000,000 (inclusive) to NT$2,000,000 (exclusive)	-	-
NT$2,000,000 (inclusive) to NT$3,500,000 (exclusive)	-	-
NT$3,500,000 (inclusive) to NT$5,000,000 (exclusive)	-	-
NT$5,000,000 (inclusive) to NT$10,000,000 (exclusive)	-	-
NT$10,000,000 (inclusive) to NT$15,000,000 (exclusive)	-	-
NT$15,000,000 (inclusive) to NT$30,000,000 (exclusive)	-	-
NT$30,000,000 (inclusive) to NT$50,000,000 (exclusive)	En-Ping Lin, You-Chih Huang, Chung-Shih Lin	Same as left
NT$50,000,000 (inclusive) to NT$100,000,000 (exclusive)	-	-
NT$100,000,000 and above	-	-
Total	3	3

As of December 31, 2023

Name of management to which employees' compensation are distributed, and the status of distribution

Unit: NT$ thousands

	Title	Name	Stock Amount	Cash Amount	Total	Ratio of total compensations to the net profit after tax (%)
Manager	President	You-Chih Huang	-	133,200	133,200	0.74%
	Vice President	En-Ping Lin				
	Vice President	Chung-Shih Lin				
	Assistant Vice President	Sheng-Lien Wang				
	Chief Financial Officer	Hsing-Ju Tsaur				

(VII) Comparison of compensation paid by the Company and all the consolidated entities in the last two years to the Company's Directors, Supervisors, President and Vice Presidents as a ratio to the net profit after tax. Explanation on compensation policies, standards and procedures for determining compensation, and association with business performance and future risks:

1. Analysis of compensation to the Company's Directors, Supervisors, President and Vice Presidents as a ratio of net profit after tax in the most recent year

	Ratio of total compensation to net profit after tax (%)		Percentage change
	2023	2022	
Director	2.15%	2.12%	0.03%
President and Vice Presidents	0.53%	0.43%	0.1%

Note:

1. The Company's compensation for the Company's Directors, President, and Vice Presidents are determined pursuant to the Company's Articles of Incorporation and Managerial Officer Salary Standards. They are reviewed by the Compensation Committee and authorized by the Board of Directors. There were no material changes in the Company's payment to Director. Total compensation for Directors to net profit after tax increased by 0.03%; Total compensation for the President and Vice Presidents to net profit after tax increased by 0.1%.
2. The Company's compensation for Directors and Managers is determined pursuant to Article 26 of the Company's Articles of Incorporation. If the Company sustains profit for the current year, it shall contribute 1% to 30% of the employee compensation and not more than 5% as director compensation. With regard to the procedures for determining the amount of compensation, in addition to the overall performance of the Company, the future risks and development trends of the industry, we also take into account the position held by the individual, his or her responsibilities, performance achievement rate and contribution to the Company, as well as his or her participation in the Company's operations. In addition, we shall take into consideration the core values of the Company, including the ability to implement and manage operations (e.g., ethics), leadership and communication skills, and overall management indicators, and provide reasonable compensation. Such performance evaluation and the reasonableness of salary and remuneration are reviewed by the Compensation Committee and the Board of Directors. The remuneration system is also reviewed constantly based on actual business operations and applicable laws.

III. Implementation of Corporate Governance

(I) Operations of the Board of Directors

The Company convened a total of 5 Board of Directors meetings in 2023.The attendance was as follows:

Title	Name	Attendance in Person	Attendance by Proxy	Actual Attendance Rate (%)	Note
Chairman	Mao Yu Commemorate Co., Ltd. Representative: En-Ping Lin	5	0	100%	Re-elected
Director	Mao Yu Commemorate Co., Ltd. Representative: En-Chou Lin	5	0	100%	Re-elected
Director	You-Chih Huang	5	0	100%	Newly appointed
Director	Chung-Jen Liang	4	0	80%	Newly appointed
Director	Chun-Ming Chen	5	0	100%	Newly appointed
Director	Ming-Yuan Hsieh	5	0	100%	Re-elected
Independent Director	Shan-Chieh Yen	5	0	100%	Re-elected
Independent Director	Ming-Hua Peng	5	0	100%	Re-elected
Independent Director	Chun-I Lu	4	1	80%	Newly appointed

Other matters to be recorded:

(1) Matters listed in the Article 14-3 of the Securities and Exchange Act: Article 14-3 of the Securities and Exchange Act is not be applicable because the Company has established the Audit Committee. For relevant information, please refer to the “Operations of the Audit Committee” in this Annual Report.

(2) Other resolutions of the Board of Directors on which Independent Directors have dissenting or qualified opinions, and that were documented or issued through written statements: None.

(3) Recusals of Directors due to conflicts of interests: The Directors recused themselves from discussion and voting on their salaries and compensation.

Other matters to be recorded:

(4) Evaluation cycle and duration, scope of evaluation, methodology, and evaluation contents of the self (peer) evaluation of the Board of Directors, and implementation of the evaluation of the Board of Directors:

Evaluation Interval	Evaluation Period	Scope	Methodology of Evaluation	Evaluation Contents
Annually	For the Year Ended December 31, 2023	Board of Directors, their individual members, and Functional Committees (including Compensation Committee)	Internal self assessment made by the Board of Directors, their individual members, and Functional Committees (including Audit Committee and Compensation Committee)	The performance assessment of the Board of Directors includes five major aspects: The degree of participation in the Company's operations, the decision-making quality of the Board of Directors, the composition and structure of the Board of Directors, selection and appointment of Directors and continuous education and internal control. The performance assessment of the Board members includes five major aspects: Alignment of the goals and missions of the company, awareness of the duties of a director, participation in the operation of the company, management of internal relationship and communication, the director's professionalism and continuing education and internal control. The performance assessment of the Functional Committee includes five major aspects: The degree of participation in the Company's operations, the decision-making quality of the Functional Committees, the composition and structure of the Functional Committee, selection and appointment of Committee members and

				continuous education and internal control.

(5) Measures taken to strengthen the functions of the Board and the implementation status during the current and preceding fiscal year: The Company established the 1st Audit Committee and 5th Compensation Committee on June 8, 2022 to assist the Board of Directors to determine the salaries and compensation of directors and managerial officers as well as to regularly review the performance of directors and managerial officers and the Company's compensation policies, systems, standards, and structure.

(II) Operations of the Audit Committee

A total of 5 Audit Committee meetings were held in the most recent year. The attendance was as follows:

Title	Name	Attendance in Person	Attendance by Proxy	Rate of Attendance in Person (%)	Note
Independent Director	Shan-Chieh Yen	5	0	100%	Newly appointed
Independent Director	Ming-Hua Peng	5	0	100%	Newly appointed
Independent Director	Chun-I Lu	4	1	80%	Newly appointed

Other matters to be recorded:

I. (I) Matters listed in the Article 14-5 of the Securities and Exchange Act:

The 3rd meeting of the 1st-term Audit Committee on February 20, 2023:

- Proposed 2022 business report and financial statements
- Cash dividend and earnings distribution proposal for the second half of 2022
- The 2022 dividend distribution proposal
- The Company's Statement on Internal Control
- Proposal to evaluate accountant independence and competence
- Proposal to establish the general principles of the Company's pre-approved non-confirmation service policy

The 4th meeting of the 1st-term Audit Committee on April 24, 2023

- 2023 Q1 consolidated financial statements

The 5th meeting of 1st-term Audit Committee on May 15, 2023

- The Company plans to donate US$5 million and NT$1 million to the "Largan Education Foundation."

The 6th meeting of 1st-term Audit Committee on July 24, 2023

- Business Report for the First Half of 2023 and Consolidated Financial Statements for the Second Quarter of 2023
- Distribution of Cash Dividends from the First Half of 2023 Earnings
- Distribution of Earnings for the First Half of the Year 2023
- The Company plans to invest in the cash capital increase of Ba Fang International Investment Co., Ltd.

The 7th meeting of 1st-term Audit Committee on October 23, 2023

- Consolidated Financial Statements for the Third Quarter of 2023
- Internal audit plan for 2024

Independent directors' dissenting opinions, reservations or significant recommendations: None.

Resolution of the Audit Committee and the Company’s response to the Audit Committee’s Opinion The members of the Audit Committee unanimously approved all the resolutions, and the Board of Directors approved all such resolutions recommended by the Audit Committee.

(II) Resolutions not approved by the Audit Committee and approved by two-thirds or more of all directors: None.

II. Recusals of Independent Directors due to conflicts of interests: The Independent Directors, Shan-Chieh Yen, Ming-Hua Peng and Chun-I Lu, recused themselves from discussion and voting on their salaries and compensation.

III. Independent directors' communication with internal auditor manager and accountants (shall include communication regarding the Company's financial position and business performance, methods and results, etc.):

1. The Audit Committee is composed of all independent directors. The Audit Committee meets at least quarterly, and the head of internal audit holds a discussion meeting with the independent directors at least once a year, and the communication is good.
2. The Audit Committee meets with the Company’s CPAs annually, and discuss the findings of the financial audit as well as relevant regulations.

Summary of communication between the Independent Directors and CPA:

Date	Communication	Recommendations and Results
October 23, 2023:	1. Review conclusions, scope and findings 2. Audit Plan for the year 3. Important regulatory matters	Fully informed

4. In addition to the audit reports received by the independent directors on a monthly basis, the audit manager also provides the independent directors with a report on the significant operations of the Company and its subsidiaries at each meeting of the independent directors. Communication on the implementation and effectiveness of the audited operations is adequate.

Summary of each communication between the Independent Directors and the Head of Internal Audit:

Date	Communication	Recommendations and Results
October 23, 2023	1. Audit report delivery in August and September 2023 2. Audit Plan for 2023 Q4	Fully informed
July 24, 2023	1. Audit report delivery in June and July 2023 2. Audit Plan for 2023 Q3 3. Project Audit (individual meeting)	Fully informed
April 24, 2023	1. Audit report delivery in March and April 2023 2. Audit Plan for 2023 Q2	Fully informed
February 20, 2023	1. Audit report delivery in January and February 2023 2. Audit Plan for 2023 Q1 3. Project Audit (individual meeting) 4. Description of the matters to be declared to the competent authority	Fully informed

(III) Implementation of corporate governance, deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons for the said deviations

Assessment Item	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
I. Does the Company stipulate and disclose best practice principles for corporate governance according to the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies?	v		The Company has established the "Corporate Governance Best Practice Principles"and disclosed them on the Company's website.	No deviation
II. Shareholding structure & shareholders' rights				
(I) Does the Company establish an internal procedure for handling shareholder proposals, inquiries, disputes, and litigations? Are such matters handled according to internal procedure?	v		(I) The Company has established a spokesperson and acting spokesperson system to ensure prompt disclosure of information that may affect shareholders' decision-making. The Company has also established a dedicated mailbox to process shareholders' suggestions or disputes.	No deviation
(II) Does the Company maintain a register of major shareholders with controlling power as well as a register of persons exercising ultimate control over those of major shareholders?	v		(II) The Company reports changes in the number of shares held by insiders (Directors, managers, and major shareholders holding more than 10% of the shares) monthly in accordance with applicable laws.	No deviation
(III) Does the Company establish and enforce risk control and firewall systems with its affiliated companies?	v		(III) The Company has established the Subsidiary Company Management Regulations to enforce risk control and firewall systems with affiliated companies.	No deviation
(IV) Does the Company have internal regulations in place to prevent its internal staff from trading securities based on information yet to be public on the market?	v		(IV) The Company has established the "Procedures for Handling Material Inside Information" as the basis for handling and disclosing the Company's material information. The Procedures have been disclosed on the Company's website.	No deviation
III. Composition and responsibilities of the Board of Directors				
(I) Has the Board of Directors formulated a diversification policy, specific management objectives and implemented accordingly?	v		(I) Please refer to the descriptions on Page 10 of this Annual Report.	No deviation
(II) In addition to the Compensation Committee and Audit Committee established according to law, does the Company voluntarily establish other functional committees?		v	(II) The Company has established an Audit Committee and a Compensation Committee, and other corporate governance operations are assigned to other units based on their responsibilities. Going forward, the Company shall establish other functional committees in accordance with regulations.	No other Functional Committees established currently.
(III) Does the Company establish standards and methods to evaluate the performance of the Board of Directors, conduct the evaluation annually and regularly, report the results of evaluations to the Board of Directors, and use them as a reference for individual Directors' remuneration and nomination and renewal?	v		(III) On October 28, 2019, the Board of Directors passed the "Rules for Board of Directors Performance Assessments", and established that the Company must conduct internal evaluations on the performance of the Board of Directors at least once a year, and submit the evaluation results to the Board. The aforesaid results will be used as a basis for determining the compensation and nomination of Directors. 1. Internal performance evaluations: Annual internal performance evaluations of the Board of Directors and the Compensation Committee are conducted by the Board members, the Functional Committee members and the relevant department. The scope of assessment for the Board of Directors include five aspects: The level of participation in Company operations, improvement of the quality of the Board's decision making, composition and structure of the Board, nomination and continuing education of the directors as well as internal control. The scope of self-assessment for the Board members include five aspects: Alignment of the goals and missions of the Company, awareness of the duties of a director, participation in the operation of the Company, management of internal relationship and communication,	No deviation

Assessment Item	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
(IV) Does the company regularly evaluate the independence of the CPAs?	v		the director's professionalism and continuing education, and internal control. The scope of assessment for the functional committee will also include five aspects: Participation in the operation of the company, awareness of the duties of the functional committee, improvement of quality of decisions, makeup of the functional committee and election of its members and internal control. The annual performance evaluations were completed and reported to the Board on February, 26, 2024. The results were as follows: (1) The self-evaluations for the Board of the Directors and Board members for the year ended 2023 were 100% completed, and the results were “Good”. Overall, the performance of the Board of Directors and its members are effective. (2) The evaluations for the Audit Committee and Compensation Committee were 100% completed for the year ended 2023, and the results were “Good”. Overall, the performance of the Compensation Committee is effective. 2. The Company's Compensation Committee establishes and regularly reviews Director and manager performance as well as compensation policies, systems, standards, and structures. It also submits recommendations to the Board of Directors for discussion. (IV) The Company's board of directors periodically evaluates the independence and competence of the accountants each year. Besides requiring the accountants to provide a Declaration of Total Independence and Audit Quality Indicators (AQIs), the Company evaluates the accountants according to Note 1 and 13 AQIs. The contents verified include all accountants are in compliance with independence policies and procedures, prohibiting any personnel from engaging in insider trading and disseminating inside information. The assessment results were discussed by the Audit Committee on February 26, 2024 and reported to board of directors and approved on February 26, 2024.	No deviation
IV. Does the Company have a suitable number of competent corporate governance personnel, and has it appointed a corporate governance supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their duties, assisting directors and supervisors with regulatory compliance, handling matters related to Board meetings and shareholders' meetings, and preparing proceedings for Board meetings and shareholders' meetings)?	v		The Board has approved the appointment of a dedicated corporate governance supervisor, whose qualifications meet the regulations of Paragraph 1 of Article 3-1 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies. The main duties of the corporate governance supervisor include: Providing information required by directors, assisting directors in complying with regulations, to convene Board meetings and shareholders' meetings in compliance with the law, and to assist directors in their continuing education. Key corporate governance implementations in 2022 include the following: 1. Five Board meetings were held in 2023. 2. One Annual General Meeting was held in 2023. 3. Five Audit Committee meetings were held in 2023. 4. Liability insurance filed for directors and the insurance renewal was reported to the Board of Directors. 5. Assisted the Independent Directors in completing at least 6 hours of continuing education. 6. The corporate governance supervisor completed 12 hours of training in 2023, and the information was disclosed on the Market Observation Post System. For the information on course competion, please refer to Note 2.	No deviation
V. Does the Company set up channels of communication for stakeholders, dedicate a section of the Company's website for stakeholder affairs and adequately respond to stakeholders' inquiries on significant corporate social responsibility issues?	v		The Company has established a spokesperson system and a dedicated Stakeholders Section on the Company's website to provide the Company's latest information and important corporate social responsibility issues.	No deviation

Assessment Item	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
VI. Does the Company commission a professional stock affair agency to manage shareholders' meetings and other relevant affairs?	v		The Company has appointed the Shareholder Service Department of Taishin Securities as the Company's stockaffair agency to manage affairs related to shareholders' meetings.	No deviation
VII. Information disclosure (I) Does the Company establish a website to disclose information on financial operations and corporate governance? (II) Does the Company adopt other means of information disclosure (such as establishing an English language website, delegating a professional to collect and disclose company information, implement a spokesperson system, and disclosing the process of investor conferences on the company website)? (III) Does the Company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly sales results, before the prescribed time limit?	 v v v		(I) The Company has established a website in Chinese and English and regularly updates the financial, business, and corporate governance information. (II) The Company has assigned dedicated personnel to serve as the point of contact for investors. Investors can also download financial information from previous years and audio recordings of investor conferences from the website. The Company's website also discloses company information through links to the Market Observation Post System. (III) The Company has announced 2023 consolidated and parent financial statements on February 29, 2024. The 2023 Q1, Q2, and Q3 financial statements, as well as monthly sales results, have all been announced before the prescribed time limit.	 No deviation No deviation No deviation
VIII. Does the Company disclose other information to facilitate a better understanding of its corporate governance (including but not limited to employee's rights, employee care, investor relations, supplier relations, stakeholders' rights, further studies of directors and supervisors, implementation of risk management policies and measurement standards, implementation of customer policies and purchase of liability insurance for the directors and supervisors of the Company)?	v		1. The Company has established various benefit measures and formed an Employee Welfare Committee which provides benefits, allowances, and emergency relief funds for employees. 2. The Company provides the Directors and Supervisors with necessary legal information at all times. 3. The attendance of the Directors and Supervisors at the Company's Board of Directors meetings is satisfactory and they provide opinions on business operations when required. 4. The Company takes out liability insurance for the Directors and Supervisors each year. 5. The Company has set up an Investor Relations section and regularly updates related information for investors' reference. 6. The Company has a spokesperson, website, and established multiple channels to communicate and provide the Company's latest information.	No deviation
IX. Improvements made in the most recent fiscal year in response to the results of corporate governance evaluation conducted by the Corporate Governance Center of the Taiwan Stock Exchange Corporation, and improvement measures and plans for items yet to be improved.	v		In 2023, the Company established internal regulations that prohibit insiders from using undisclosed information in the market to buy and sell securities. The content includes that directors are not allowed to trade the Company's stocks thirty days before the disclosure of annual financial statements and fifteen days before the disclosure of quarterly financial statements. Further improvements will be made if necessary, currently no material weaknesses have been noted.	Executed in accordance with related regulations of the competent authority

Note 1:

Evaluation item for the independence of CPAs	Evaluation results	Meet independence criteria
1. Direct or indirect material financial interests between the CPAs and the Company?	No	Yes
2. Financing or endorsements with the Company 's Directors?	No	Yes
3. Close business relations with the Company?	No	Yes
4. Provide non-audit services that may directly impact auditing tasks?	No	Yes
5. Serve as the Company's defense counsel or represent the Company in mediating conflicts with third parties?	No	Yes
6. Are family members or relatives of the Company's Directors, Supervisors, or other individuals in positions that could seriously impact the audit?	No	Yes
7. Employed by the Company or the Company's affiliated companies?	No	Yes

Note 2:

Date	Course Name	Hours	Organizer
October 24, 2023	Production cycle practices and key audit matters	6	The Institute of Internal Auditors-Taiwan
November 9, 2023	Key points of "Corporate Sustainability ESG" and "Integrated Application of Internal Audits and Controls in Practice"	6	The Institute of Internal Auditors-Taiwan

(IV) If the Company has set up a Compensation Committee, its composition, responsibilities and operations should be disclosed:

1. Information on the members of the Compensation Committee

December 31, 2023

Title	Name (Criteria)	Professional Qualification and Work Experience	Independence Criteria	Number of other public companies in which the member is also serving as a member of their compensation committee
Independent Director/ Convener	Shan-Chieh Yen	1. Please refer to Page 7 of the Annual Report for the Directors' Professional Qualifications and Experiences 2. Not under any of the categories stated in Article 30 of the Company Act.	1. Complies with all regulations stipulated by Article 14-6 of the Securities and Exchange Act and "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange" as decreed by the Financial Supervisory Commission (FSC) (Note). 2. Does not hold any of the Company's shares under his/her own name, or the person's spouse, minor children, or held by the person under others' names. 3. Has not received any compensation for provision of commercial, legal, financial, accounting or related services to the Company or any of its affiliate in the past 2 years.	None
Independent Director	Ming-Hua Peng	1. Please refer to Page7 of the Annual Report for the Directors' Professional Qualifications and Experiences 2. Not under any of the categories stated in Article 30 of the Company Act.	1. Complies with all regulations stipulated by Article 14-6 of the Securities and Exchange Act and "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange" as decreed by the Financial Supervisory Commission (FSC) (Note). 2. Holds 56,604 shares of the Company (shareholding ratio 0.04%) under his own name. 3. Has not received any compensation for provision of commercial, legal, financial, accounting or related services to the Company or any of its affiliate in the past 2 years.	None

Independent Director	Chun-I Lu	1. Please refer to P.7 of this annual report for professional qualifications and experience of directors. 2. Not having any of the situations set forth in Article 30 of the Company Act of the R.O.C.	1. Complies with all regulations stipulated by Article 14-6 of the Securities and Exchange Act and “Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange” as decreed by the Financial Supervisory Commission (FSC) (Note). 2. Does not hold any of the Company’s shares under his/her own name, or the person’s spouse, minor children, or held by the person under others’ names. 3. Has not received any compensation for provision of commercial, legal, financial, accounting or related services to the Company or any of its affiliate in the past 2 years.	None

Note: During the two years before being elected or during the term of office, an independent director of a public company may not have been or be any of the following:

(1) An employee of the Company or any of its affiliates.

(2) A director or supervisor of the Company or any of its affiliates.

(3) 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) A spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding 1 subparagraph, or of any of the persons in the preceding three subparagraphs

(5) A director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the Company's outstanding shares, a top five shareholder, or appointed as the Company's director or supervisor in accordance with Article 27 of the Company Act.

(6) A director, supervisor, or employee of other companies controlled by the same person with over half of the Company's director seats or shares with voting rights.

(7) A director, supervisor, or employee of another company or institution who is the same person or spouse of the Company's chairperson, president or equivalent position.

(8) A director, supervisor, or executive officer of a specific company or institution with financial or business dealings with the Company, or shareholder with 5% or more shares of the Company.

(9) A professional individual who, or an owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, company, or institution that audited or provided commercial, legal, financial, or accounting services for total compensation not exceeding NT$500,000 in the most recent two years to the Company or to any affiliate of the Company, or a spouse thereof.

This does not apply to members of the Compensation Committee.

2. Operations of the Compensation Committee

(1) The Company's Compensation Committee consists of 3 members.

(2) Term of office for the current members of the Compensation Committee: June 8, 2022 to June 7, 2025. A total of 2 meetings were convened in 2023 and the attendance of the members was as follows:

Title	Name	Attendance in Person	Attendance by Proxy	Actual Attendance Rate (%)	Note
Convener	Shan-Chieh Yen	2	0	100%	Re-elected
Member	Ming-Hua Peng	2	0	100%	Re-elected
Member	Chun-I Lu	2	0	100%	Newly appointed

Other matters to be recorded:

I. If the Board of Directors chooses not to adopt or amend the recommendations made by the Compensation Committee, the date and session of the Board of Directors' meeting, resolutions, voting results and handling of opinions of the Compensation Committee by the Company should be disclosed (if the compensation approved by the Board of Directors is better than that of the Compensation Committee, the discrepancies and related reasons should be stated): None.

II. If the members of the Compensation Committee have any dissenting or qualified opinions on the resolutions of the Compensation Committee, where such opinions are documented or issued through written statements, the date and session of the meeting of the Compensation Committee, resolutions, all the members' opinions and handling of these opinions should be stated: None.

III. Discussions and results of resolutions of the Compensation Committee and the Company's handling of opinions of the committee members:

First meeting of the Compensation Committee on February 6, 2023:

(I) Reviewed the Company's compensation distribution for employees and directors for 2022. The chair of the Compensation Committee consulted all committee members in attendance. The proposal was passed unanimously and submitted for discussion in the Board meeting where it was approved by all Directors in attendance.

(II) Reviewed the Company's salary and remuneration for directors and managerial officers and the distribution of compensation to directors in 2022.

Besides the individual members who did not participate in discussion or voting due to conflict of interests, the proposal was passed by the remaining members and submitted for discussion in the Board meeting where it was approved by all Directors in attendance.

Second meeting of the Compensation Committee on July 10, 2023:

(I) Reviewed the Company's proposal for compensation distribution for managerial officers for 2022. The chair of the Compensation Committee consulted all committee members in attendance. The proposal was passed unanimously and submitted for discussion in the Board meeting where it was approved by all Directors in attendance.

(II) Reviewed the Company's proposal for compensation distribution for employees and directors for the first half of 2023. The chair of the Compensation Committee consulted all committee members in attendance. The proposal was passed unanimously and submitted for discussion in the Board meeting where it was approved by all Directors in attendance.

(V) Implementation Status of Sustainable Development and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof:

Item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
I. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?	v		1. The ESG Sustainability Committee was established with the top executive management as the chairman, and the heads of relevant departments as members of the Corporate Governance Group, Economic Group (including Supply Chain), Environmental Group, and Social Group, while the deputy chairman, Head of Environmental Safety and Health, also serves as the Sustainable Development and Risk Management Group. 2. The committee is responsible for: Establishing ESG Sustainability Year Planning strategic direction, planning activities, tracking and reviewing implementation and direction, and making decisions on other ESG-related matters. 3. At least one yearly review meeting is held to jointly plan related issues and business, and report to the Board of Directors on the results of the year's implementation. These results are compiled in the Company's Sustainability Report, certified by a third party, and uploaded on the Company's website in September.	No deviation
(II) Does the company conduct risk assessments of environmental, social and corporate governance (ESG)	v		The Company conducts risk assessments on ESG issues related to its operations based on the principle of materiality, and identified 11 material issues after referencing the GRI Standards. Related policies and implementation measures are as follows:	No deviation

issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?			[Corporate Governance] 1. Risk Management: In response to various operational risks, management meetings are held from time to time to review and adjust the direction of operations and prevent risks in advance. 2. Operating Performance: Actively expand customers and control costs to remain profitable and achieve sustainability. 3. Product quality and delivery time: Obtain ISO 9001 quality management certification and quality assurance procedures and operating standards to gain customers' trust and build a good reputation. 4. Ethics: Formulate the "Ethical Corporate Management Best Practice Principles and Reporting and Complaint Regulations" to ensure honest and transparent business operations. 5. Supply Chain Management: Formulate supply chain management methods, establish mutual trust and stable partnership with suppliers, grow together, and build sustainable supplier relationships. [Environmental Issues] 6. Waste management: Wastewater testing is in compliance, and waste is sorted and handled legally in accordance with ISO 14001 environmental management. 7. Water resource management: According to the characteristics of the water consumed, the wastewater recycling is mainly divided into categories such as cooling water tower, process wastewater and water for people's livelihood. [Social Issues] 8. Labor relations and diversity and equality: Formulate Employee Management Regulations, including human rights protection, gender equality, and complaint channels to protect labor rights.	

			9. Legal Compliance: Identify and audit compliance every six months to ensure that each unit is in compliance with the latest regulations. 10. Safety and Health: Establish occupational safety and health work rules and establish hazard identification and safety operating standards to provide employees with a safe, healthy, and high quality workplace. 11. Salary and Welfare: Establish "Salary Payment Regulations" to provide an overall compensation strategy that is competitive in the industry to attract and retain outstanding talents.	
III. Environmental Issues (I) Has the Company set an environmental management system designed to industry characteristics?	v		1. The Company has obtained ISO 14001:2015 certification and aims to reduce pollution and improve on environmental management to lower negative impacts to the environment. 2. The Company has established an environmental management system suitable for the industry and set up a dedicated team responsible for environmental management and protection.	No deviation
(II) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	v		1. In response to environmental threats, the Company is committed to enhancing the recycling of various resources and has completed the reuse of a total of 3,389 metric tons in 2023, surpassing last year. The 2023 recovery ratio reached a record high of 98.1%. 2. The Company recycles waste from manufacturing, and requests suppliers to recycle reusable products to reduce resource waste; around 98.1% of waste that was incinerated is now recycled instead. 3. Conversion of Waste to Energy: From 2021, we actively promote the conversion of product waste from incineration to auxiliary fuel rods, and the improvement is evident, reaching 688.24 metric tons in	No deviation

			2023.	
(III) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?	v		In response to climate change, the Company has evaluated risks brought by climate change (e.g. fire, typhoons, electricity outage, etc), and continues to control risks that may negatively impact operations. Active measures are taken and policy adjustments made in response to climate risk.	No deviation
(IV) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?		v	1. Energy Saving and Carbon Reduction: Through plant greening, equipment improvement (such as inductive lighting, LED lighting, etc.), the installation of inverter devices, and the construction of solar energy devices in new plants, we expect to effectively save electricity and control carbon emissions. 2. Water Consumption Target: The annual water recycling rate is over 98%. Measures: Rainwater and condensate collection and reuse. Increase the dosage for water tower and scrubber tower water quality to increase the concentration, in order to reduce discharge. The waste water is effectively diverted and treated, and the process discharge waste water is recycled. Water Consumption: 904.9 million liters in 2021; 931.1 million liters in 2022. 1,140.1 million liters in 2023. 3. Waste Target: Under "Resource Recycling", the total weight of recycled materials reached 1,009.45 metric tons. Measures: The Company recycles waste	Greenhouse gas Emissions data collection shall be carried out in accordance with the provisions of the law.

			from manufacturing, and requests suppliers to recycle reusable products to reduce resource waste; around 96.77% of waste that was incinerated is now recycled instead. Total Weight: In 2022, 3,185 metric tons of general business waste and 32.6 metric tons of hazardous business waste are generated. In 2023, 3,389.27 metric tons of general business waste and 65.22 metric tons of hazardous business waste are generated.	
IV. Social Issues (I) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	v		The Company has established "Prevention of Non-Voluntary Labor", "Occupational Maternity Protection", "Sexual Harassment Prevention", “Prevention of Unlawful Violation in the Performance of Duties” and "Complaint Management Procedures" in accordance with the International Bill of Human Rights, the RBA and Taiwan labor regulations. The contents include working hours, wages, humanitarian treatment, non-discrimination, freedom of association, and anti-bullying regulations.	No deviation
(II) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee	v		1. Salary In addition to the salary adjustment for promotion, we also make appropriate salary adjustment in the range of 3% per year according to individual performance to maintain the overall competitiveness of the company's salary, and allocate 1% to 30% of the operating profit performance as employee compensation (long-term bonus) in accordance with the company's articles of incorporation, in the hope of attracting outstanding talents and rewarding employees for their contribution to achieve morale and promotion. Employee compensation structure, including: Salary, allowance, special	No deviation

salary/compensation?			holiday bonus, quarterly bonuses and longevity bonuses. 2. Benefits 2.1 Healthcare: In accordance with the law, we employ nurses in the plant to provide the most immediate nursing resources to our employees every month. In case of need, employees can apply for health consultation on their own, and the in-house nurse will also actively call injured or sick employees to show concern. Reinstatement evaluations are conducted in a timely manner, and labor health examinations are provided annually to ensure the health condition of employees, tracking and tiered management of various abnormal values are carried out to ensure early detection and early treatment. Provide contracted medical institutions and various health examination measures for employees and their families. 2.2 Social Childcare Measures: Nursing (collection) rooms are set up in each plant, special parking spaces are available for pregnant employees, and 22 nearby childcare facilities have signed special contracts to provide employees with multiple childcare options. 2.3 Emergency Aid: The Company has established emergency relief guidelines to allow employees to apply for an emergency relief fund to maintain basic needs in the event of a major illness, long-term care required in the family, or damage to real estate that prevents the employee from attending work and family difficulties. In 2022, the Company had provided financial aid amounting to NT$333,733 for up to two employees who could not attend work due to major injuries and experienced family difficulties.	

			In 2023, the Company had provided financial aid amounting to NT$896,450 for up to four employees who could not attend work due to major injuries and experienced family difficulties. 3. Allowances: The welfare committee provides subsidies for gatherings, trips, births, weddings, birthdays, hospitalizations, funerals...etc. 4. Other Benefits: Family days, meal subsidies, free parking, supermarket discounts, employee discounts for company products.	
(III) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	V		1. The Company is committed to providing employees with a safe, healthy and quality workplace, and at the same time maintaining the safety of contractors and visitors. In accordance with the "ISO 45001 Occupational Safety and Health Management System" and the "Occupational Safety and Health Act", we have established a code of practice for occupational safety and health to assist departments in identifying operational hazards, establishing safe operational standards, and preventing the occurrence of various potential hazards. 2. Evaluate, improve or control risks and opportunities to improve occupational safety and health performance towards the goal of "zero accidents". In 2020, we completed the ISO 45001 system conversion and obtained the third-party verification, and will continue to monitor the occupational safety and health audit and implement the occupational safety and health policy. Through the cycle of Plan, Do, Check and Action, we are constantly improving the performance of safety and health management.	No deviation

3. 28 occupational injury reports in 2023, FR=1.87, SR=32, FSI=0.24

Occupational Injury Ratio/Index	2021	2022	2023
Number of Reports	32	17	28
Disabling Frequency Rate (FR)	2.25	1.18	1.87
Disabling Injury Severity Rate (SR)	27	18	32
Frequency-Severity Indicator (FSI)	0.25	0.14	0.24
Death Rate from Occupational Injuries	0	0	0

Note: Occupational Injury Statistics Excluding Traffic Accidents

Disabling injury frequency (FR) = Total Number of Disabling Injuries/Working Hours × 1,000,000

Disabling Injury Severity Rate (SR) = Total Number of Days Lost to Disabling Injury (excluding Fatalities)/Working Hours x 1,000,000

Death Rate from Occupational Injuries = Number of Deaths from Occupational Injuries/Working Hours x 1,000,000

4. In order to enable personnel to implement internal automatic inspection of machinery, equipment and safety and hygiene items to eliminate potential operational hazards, the safety and hygiene office conducts five key audits on the daily operations of each unit, including chemicals, machinery and equipment, site environment, fire-fighting equipment and waste disposal. In 2023, a total of 63 improvement opportunities found during inspections of 17 on-site departments. After statistical analysis, the top three categories

			are as follows: fire safety 41.3%, chemicals 38.1%, and environment 11.1%. At the same time, the guidance unit will carry out each case in parallel to improve safety and health performance.	
(IV) Has the Company established effective career development training programs for employees?	v		The Company provides multiple internal and external education and training programs and appoint professional instructors to give lectures from time to time on professional skills and technology. 1. New Staff Training: The number of new staff should be assessed in 2023 was 729 (the number of Taiwanese new staff), and the actual number of people assessed was 568. 2. Professional Continuing Education: The total number of participants in employee training was 12,674, with 46,437 hours of training, for a total average of 5.98 hours of training per person per year. 3. Promotion Assessment: The number of promotions was 1,620, accounting for 32.8% of technical positions, 8.5% of administrative positions, and 58.7% of direct personnel.	No deviation
(V) 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	v		All of the Company's products comply with relevant regulations and international standards, and the Company has established protection policies and a channel for complaints to protect customers' or other stakeholders' rights, health and safety. The Company processes and provides feedback internally regarding any complaints received.	No deviation

protection and grievance policies?				
(VI) Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	v		1. The Company has established a supplier code of conduct, requiring suppliers to pass product quality certification, and to comply with "RBA Principles", "Anti-Slavery Agreement", "Prohibit Use of Conflict Minerals", "Regulations on the Safety Management of Hazardous Chemicals", and "Ethical Management Principles. 2. The Company has provided social responsibility self-assessment forms to its major raw material suppliers, all of which have been submitted to evaluate their positive and specific regulations on environmental protection, safety or hygiene, in order to assess the suppliers' practice of corporate social responsibility. For details please refer to the Company's ESG Report 2023. (The 2023 Sustainability Report is expected to be published in August)	No deviation
V. Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above?	v		The Company will publish a 2023 Sustainability Report according to GRI standards by August 2024, which will disclose non-financial information of the Company. Third party verification for the report will be acquired, and disclosed on the Company's website.	No deviation

VI. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviation from the principles in the Company’s operations: None.

VII. Other important information to facilitate better understanding of the company’s promotion of sustainable development:

(I) The Company's ESG Sustainability Committee is a cross-departmental communication platform responsible for planning and implementing and controlling various action plans, integrating and monitoring the progress and effectiveness of the implementation of the four major aspects of corporate governance, economic, social, environmental, sustainability and risk groups, ensuring the effectiveness of the organization's horizontal and vertical communication, and practicing sustainable development.

(II) The direction of ESG's operation and promotion measures in social welfare activities:

Industrial and academic collaboration: The Company donates equipment and regularly provides scholarships to improve students’ practical skills. The Company also arranges corporate lecturers to communicate with teachers and students in schools to enhance interactions and connections between the industry and academia.

Social welfare: The Company provides donations for disaster relief or necessary resources for major disasters.

Occupational training and job matching: The Company organizes related professional courses with the Taichung-Changhua-Nantou Regional Branch of the Workforce Development Agency and courses include training for unemployed laborers, youth occupational training, and on-the-job training for employees. After completion of training, the Company may employ these students through job matching mechanisms.

(III) ESG implementation results:

1. 27 campus seminars were held in 2023, with 2,108 participants.
2. 10 students were employed in vocational training and matchmaking in 2023; 9 students were employed in self-run industrial training classes.
3. 2023 donation details: (Including donations to Largan Education Foundation)

No.	Donation item	Total amount (NTD)
1	National Tsing Hua University - Department of Power Mechanical Engineering Racing Team Scholarship	144,251,400
2	National Tsing Hua University - Department of Power Mechanical Engineering DIT Robotics Scholarship	
3	National Tsing Hua University - DIY Scholarship	
4	National Tsing Hua University - Xu-Ri Scholarship Program (1/4)	
5	National Chung Hsing University Scholarship	
6	National Cheng Kung University - DIY Scholarship	
7	Urban Renewal Donation	
8	Mennonite Christian Hospital - Eastern Taiwan Nurse Cultivation Program	
9	Boyo Social Welfare Foundation - 10 laptops (material donation) and donations	

(VI) Climate change-related information

1. Implementation status of climate-related information

<table>
<tr><th>Item</th><th>Implementation status</th></tr>
<tr><td>1. Describe supervision and governance of climate-related risks and opportunities by the board of directors and management.</td><td>1.1 The ESG Sustainability Committee identifies and prioritizes risks, formulates response strategies, and regularly reports the implementation results of risk management to the board of directors and senior management for decision-making and guidance.
1.2 Based on the discussion results or resolutions of the board of directors, the ESG Sustainability Committee formulates policies and improvement goals, instructs responsible units to make adjustments to operations, and reports to the board of directors regularly or irregularly on the implementation status of climate change issues according to project requirements, so that the board of directors can understand and monitor climate change risks faced by the Company.</td></tr>
<tr><td>2. Describe how the climate risks and opportunities identified affect the Company's business, strategies, and financial position (short-term, mid-term, long term).</td><td>
<table>
<tr><td rowspan="4">Energy Saving and Carbon Reduction:</td><td>Short-term indicators (2022~2023)</td><td>Mid-term indicators (2024~2027)</td><td>Long-term indicators (after 2028)</td></tr>
<tr><td>Electricity savings: 1 million kWh/year</td><td>Electricity savings: 1.5 million kWh/year</td><td>Electricity savings: 2 million kWh/year</td></tr>
<tr><td>Reduction in GHG emissions: 500 tons CO2/year</td><td>750 tons CO2/year</td><td>1,000 tons CO2/year</td></tr>
<tr><td></td><td>Use renewable energy, the newly built plant with 1,100 kW solar photovoltaic generation facilities purchase 10% and above of renewable energy according to the contract usage</td><td>Purchase 10% and above of renewable energy according to the contract usage, and increase the amount based on renewable energy supply in the market</td></tr>
</table>
</td></tr>
</table>

Waste	Reduce the proportion of incinerated waste to 9%	Reduce the proportion of incinerated waste to 7%	Reduce the proportion of incinerated waste to 5%
	Proper handling: 100% of waste is handled by legal operators	100% of waste is handled by legal operators	100% of waste is handled by legal operators
Compliance	0 violations of air pollution regulations	0 violations of air pollution regulations	0 violations of air pollution regulations
	0 violations of sewage discharge regulations	0 violations of sewage discharge regulations	0 violations of sewage discharge regulations
	0 violations of waste regulations	0 violations of waste regulations	0 violations of waste regulations
Water Resource Management	Reclaimed water usage reaches 1,000 CMD	Reclaimed water usage reaches 1,200 CMD	Reclaimed water usage reaches 1,400 CMD
	Precision park factory recycling rate: Plant-wide recycling rate of 94% Process recycling rate of 99%	Precision park factory recycling rate Plant-wide recycling rate of 94% Process recycling rate of 99%	Precision park factory recycling rate Plant-wide recycling rate of 94% Process recycling rate of 99%

3. Describe the impact of extreme weather events and transition actions on the Company's financial position.	Improving energy efficiency can reduce GHG emissions, reduce operating costs caused by carbon emission expenses, and enhance the market competitiveness of the Company's products at the same time. In addition, replacing old equipment can reduce electricity costs and improve equipment efficiency.
4. Describe how the identification, assessment, and management process of climate risks is integrated in	1.1 According to the TCFD framework, climate risk issues are identified through reports from international institutions, industry analysis by peers, and collection of relevant regulations. The weight value of financial or strategic impact intensity and probability of occurrence are used to determine the value at risk and rank the importance of risk issues. 1.2 The risks brought by climate change to company assets are assessed,

<table>
<tr><td>the overall risk management system.</td><td>classified, and prioritized, and response strategies as well as precise and rigorous preventive measures and emergency response plans are established. When a crisis or disaster occurs, the most appropriate response measures and recovery plans are immediately proposed to reduce the potential impact of disaster damage and instability.
1.3 In terms of transition risks, in line with the trend of energy diversification and in accordance with the standards and goals of the "Renewable Energy Development Act," we planned and purchased renewable energy and invested in T-RECs.</td></tr>
<tr><td>5. If scenario analysis is carried out to evaluate resilience to climate change risks, describe the scenarios, parameters, assumptions, analysis factors, and main financial impact.</td><td>None.</td></tr>
<tr><td>6. If there is a transition plan in place in response to climate-related risks, describe the contents of the plan and the indicators and goals used to identify and manage physical risks and transition risks.</td><td>
<table>
<tr><th colspan="2">Risk type</th><th>Potential impact on operations</th><th>Adaptation method</th></tr>
<tr><td rowspan="2">Physical risks</td><td>Flood
Typhoon</td><td rowspan="2">• Impacts production capacity and causes revenue to decline.
• Delivery cannot be made as scheduled or</td><td>• Establish and improve water resources control
• The existing water storage capacity can last for 3-5 days
• Establish a typhoon prevention team to carry out various typhoon prevention operations
• Inspect the process equipment of each plant</td></tr>
<tr><td>Drought
Power outage
Power trip</td><td>• Prepare water trucks to support plants with water shortage
• IT has an uninterruptible power system (UPS) to supply electricity
• Electricity generators are</td></tr>
</table>
</td></tr>
</table>

		is interrupted.	automatically put into operation to meet the emergency power needs for fire safety. The backup generator fuel and oil truck supply can support operations for several days.
	Temperature rise	• Electricity consumption increases and GHG emissions increase.	• Adjust air-conditioning maintenance frequency and items • Adjust temperature control or add a timer device • Replace equipment with variable frequency equipment to reduce power consumption of operations
Transition risks	Energy Saving and Carbon Reduction:	• Carbon emissions exceeding the quota may cause operating costs to increase.	• Plan and purchase of green electricity and accumulate carbon credits • Build green factories • Carry out the tree planting plar
	Corporate image	• Users expect the environmenta footprint of products to be reduced. • Negative feedback from stakeholders to the Company.	• Relevant measures are managed by the ESG Sustainability Committee. • Strengthen the implementation of green processes in energy-saving and water-saving related facilities.

7. If internal carbon pricing is used as a planning tool, describe the basis for pricing.	None.
8. If climate-related	Target setting: The Company compiled a GHG inventory for the first time and obtained third-party verification in 2020. The inventory results showed that the highest percentage of Gas emissions was Scope 2 (energy indirect),

goals were set, describe the activities covered, scope of GHG emissions, schedule, and progress each year. If carbon offset or RECs are used to achieve goals, describe the source and amount of offset quota or the number of RECs.	the GHG inventory team decided to prioritize energy conservation after discussion, and set progressive energy-saving targets in hopes of effectively reducing CO2 emissions. Energy-saving measures: ● Adjust air-conditioning maintenance frequency and items ● Adjust temperature control or add a timer device to reduce the electricity consumption of operations ● Replace energy-consuming or old equipment ● Implementation results of improving lighting in public areas and replacing lights with inductive lighting, LED lamps, and solar lamps According to the statistics of energy-saving measures in 2022 (Note 1), a total of 8.849 million kWh of electricity was saved. The carbon emission factor of electricity announced by the Ministry of Economic Affairs in 2022 was 0.509 (kg CO2e/kWh) (Note 2), the electricity saved can be converted into CO2 reduction of approximately 4,504 tons (Scope 2), proving the effectiveness of energy conservation measures, which will be expanded to achieve the sustainability goal of CO2 reduction.
9. Greenhouse gas inventory and assurance, reduction targets, strategies and specific action plans.	1.1 GHG inventory: Separately disclosed in the 2023 Sustainability Report. (Expected to be uploaded to the Company's official website in August 2024) 1.2 Specific action plans: Energy-saving measures: (In addition to the energy-saving measures above) Eco-friendly vehicles: Purchased 1 hybrid vehicle and 1 electric vehicle. Future plans to replace or purchase vehicles will move towards reducing carbon emissions. Renewable energy: We plan to install solar panels on the new plant in hopes of effectively controlling carbon emissions. Tree planting plan: An afforestation project was carried out in 9.4 hectares of agricultural and animal husbandry land in Dacun Township, Changhua County. 2021: The number of Taiwan zelkova planted reached 3,200 2022: In addition to planting 200 bald cypress trees and 800 Formosan ash trees, a new fish pond area and wetland area were added to create an ecological habitat closer to the natural environment.

Note 1: The carbon emission inventory for 2023 is being verified and expected to be disclosed in the sustainability report in August 2024.

Note 2: The carbon emission coefficient of electricity is the GHG emissions produced by the electricity selling industry for every kWh of electricity sold. Since power plants emit more than one kind of GHG, carbon dioxide (CO2), other greenhouse gases such as methane (CH4), nitrous oxide (N2O), etc., will be converted into the equivalent amount of carbon dioxide (CO2e) based on the Global Warming Potential (GWP) for calculations. Source: Green Net.

(VII) Implementation Status of Ethical Corporate Management and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof

Evaluation Item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary	
I. Establishment of ethical corporate management policies and programs				
(I) Does the Company establish the ethical corporate management policies approved by the Board of Directors and declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its Board to implement the policies?	v		(I) The Company has formulated a dedicated unit under the Board of Directors to promote ethical corporate management. The ethical corporate management promotional unit is formed by the Legal Affairs and Audit departments, which jointly amend and supervise the implementations of the ethical corporate management policy and preventive programs, and report the implementation status to the Board of Directors every six months. To prevent conflicts of interest and to provide proper grievances channels, the “Ethical Corporate Management Best Practice principles and Reporting and Complaint Policy” was formulated in 2016. For details please refer to the Company’s Sustainability Report.	No deviation
(II) Does the Company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include those specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	v		(II) The Company has set out internal policies regarding unethical conduct, and has disclosed the "Ethical Corporate Management Best Practice Principles and Reporting and Complaint Policy" on the Company website. To prevent unethical behavior, new recruit training includes protection of intellectual property and industry secrets. The Company requires suppliers, contractors, and other partners to sign written statements that they shall not conduct any illegal business activities or provide inappropriate benefits or bribes to the Company's employees. The Company has established a whistleblower system to provide personnel with channels to report any inappropriate conduct.	No deviation
(III) Does the Company specify in its prevention programs the operating procedures, guidelines, punishments for violations, and a grievance system and implement them and review the prevention programs on a regular basis?	v		(III) The Company’s "Ethical Corporate Management Best Practice Principles and Reporting and Complaint Policy" sets out procedures, guidelines for conduct for directors and employees. The Company has set up an internal complaint mailbox and a dedicated section to report unethical conduct. A dedicated team is responsible for investigating the truth of allegations. Incentives are given to whistleblowers, and identities are kept confidential to prevent inappropriate treatment. For details please refer to the Company’s Sustainability Report.	No deviation
II. Implementing ethical corporate management				
(I) Does the Company assess the integrity records of its business partners, and specify ethical business policy in contracts signed with the counterparties?	v		(I) The Company requires all stakeholders with business transactions with the Company such as suppliers, contractors, and other partners to abide by the same ethical standards as the Company’s employees, and submit written	No deviation

Evaluation Item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary	
			agreements that they shall not provide inappropriate interest or bribes. The Company also promotes relevant ethical guidelines to them periodically. The Board of Directors and management implement the ethical business principles in internal management and external business activities.	
(II) Does the Company establish a dedicated (part-time) unit under the Board of Directors for promoting ethical corporate management? Does the said unit regularly report (at least once a year) to the Board of Directors on the state of its activities?	v		(II) The ethical corporate management promotional unit is formed by the Legal Affairs and Audit departments, which jointly amend and supervise the implementations of the ethical corporate management policy and preventive programs, and report the implementation status to the Board of Directors every six months.	No deviation
(III) Does the Company establish policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?	v		(III) The Company has established an internal grievance mailbox and provides a report section on the Company's website.	No deviation
(IV) Does the Company establish effective accounting systems and internal control systems to implement ethical corporate management, with the internal audit unit being responsible for devising relevant audit plans based on the results of assessment of any unethical conduct risk, examining accordingly the compliance with the prevention programs, or engaging a certified public accountant to carry out the audit?	v		(IV) The Company has established effective accounting and internal control systems to ensure the implementation of ethical management. The audit unit establishes annual audit plans for inspections based on risk assessment results. It also prepares an audit report for the Board of Directors.	No deviation
(V) Does the Company regularly organize internal and external training on ethical corporate management?	v		(V) New employees are required to sign the Integrity Rules and Guideline to ensure they understand the Company's integrity policies and available channels to report inappropriate conduct. For details please refer to the Company's Sustainability Report.	No deviation
III. Status for enforcing whistleblowing systems in the Company (I) Does the Company establish a specific whistleblowing and reward system, set up convenient whistleblowing channels, and designate appropriate personnel to handle the investigations, depending on the identity of the person being reported? (II) Does the Company establish standard investigation operation and procedure for whistleblowing matters and relevant protective mechanisms? (III) Does the Company provide protection for whistleblowers against receiving improper treatment?	v v v		The Company has established work rules and requires employees and partners to sign written statements regarding ethics, and has also established a whistleblowing system to provide employees or related personnel with channels for reporting any inappropriate conduct. The reports are processed personally by senior management designated by the Company. The Company has also established confidentiality and protection systems for whistleblowers to protect them from inappropriate treatment for their reports. Any violation of the Company's professional ethical standards are punished in accordance with the Rewards and Penalties Regulations. For details please refer to the Company's Sustainability Report.	No deviation
IV. Enhancing information disclosure (I) Does the Company disclose the contents of its best practices for ethical corporate management and the effectiveness of relevant activities on its official website or MOPS?	v		The Company has disclosed related contents of the "Ethical Corporate Management Best Practice Principles and Reporting and Complaint Regulations" on the company website.	No deviation
V. If the Company has established its own ethical corporate management principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe the implementation and any deviations from the Principles:				

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td colspan="5">None.</td></tr>
<tr><td colspan="5">VI. Is there any other important information to facilitate a better understanding of the Company's ethical corporate management practices? (such as review and amendment of the Company's Ethical Corporate Management Best Practice Principles): No managerial officer or employee has violated the ethical corporate management principles in 2023.</td></tr>
</table>

(VIII) Method for Inquiring into the "Corporate Governance Best-practice Principles" and relevant regulations: The Company’s corporaet website is available at: http://www.largan.com.tw.

(IX) Other material information that can enhance the understanding of the state of corporate governance at the Company: Please refer to the Company's 2023 Sustainability Report on the Company's website. (Publication expected in August 2024)

(X) The following matters regarding the internal control system implementation status shall be disclosed:

1. Statement on Internal Control

Largan Precision Co., Ltd.

Internal Control System Statement

Date: February 26, 2024

This statement relates to the Internal Control System of the Company and the results of a self-assessment for the year 2023:

I. The Company acknowledges that it is the responsibility of the Board of Directors and managerial officers to establish, implement, and maintain the established internal control system. The objectives of internal control system include obtaining business benefits and efficiency (including profitability, performance, and protection of assets and safety); ensuring the reliability, timeliness, transparency, and regulatory compliance of reporting; and providing reasonable assurance.

II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its 3 stated objectives above. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond control. Nevertheless, the Company's internal control system contains self-monitoring mechanisms and the Company takes immediate remedial actions in response to any identified deficiencies.

III. The Company uses the assessment items specified in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations") to determine whether the design and implementation of the internal control system are effective. The criteria adopted by the Governing Regulations are divided into 5 components in accordance with the procedure s of management control: 1. Control Environment; 2. Risk Assessment; 3. Control Activities; 4. Information and Communication; and 5. Monitoring Activities. Each constituent element includes a number of categories. Please refer to "Governing Regulations" for details.

IV. The Company has evaluated the design and operating effectiveness of the internal control system according to the Regulations.

V. Based on the results of the determination in the preceding paragraph, the Company is of the opinion that, as of December 31, 2023, the internal control system (including the supervision and management of subsidiaries), including the design and implementation of the internal control system relating to the effectiveness and efficiency of the operations, reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations, are effective and can reasonably assure the achievement of the foregoing goals.

VI. This statement is an integral part of the Company's annual report and prospectus and will be made public. 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.

VII. This Statement was approved by the Board on February 26, 2024 where 0 of the 7 attending directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

Largan Precision Co., Ltd.

Chairman: En-Ping Lin

President: You-Chih Huang

2. Where CPAs are commissioned to audit the Company's internal control systems, the audit report prepared by the CPAs shall be disclosed: None.

(XI) From the most recent fiscal year up until the date of publication of the Annual Report, explain any legal penalty against the company or its internal personnel, or any disciplinary actions by the company against its personnel for violation of the internal control system, where the result of such penalty could have a material effect on shareholder equity or securities prices, the penalty, material deficiencies, and condition of improvement shall be disclosed

(XII) Material resolutions adopted by the Shareholders' Meetings and the Board meetings in the most recent fiscal year up to the publication date of this Annual Report:

1. Material resolutions adopted in the 2023 Shareholders' Meeting and implementation status
   - Adoption of the 2022 Business Report and Financial Statements
     Implementation status: Resolution passed.
   - Adoption of 2022 Earnings Distribution Proposal
     Implementation status: The ex-dividend base dates are set as August 25, 2022 and March 24, 2023, and the payout dates are September 15, 2022 and April 14, 2023.
     (Cash dividend per share was NT$85.5.)

2. Important resolutions of the Board of Directors

Date of Meeting	Material Resolutions
February 20, 2023	● Approved matters related to the convening of the 2023 General Shareholders' Meeting. ● Reviewed the compensation distribution for employees and directors for 2022. ● Approved the Company's salary and remuneration for directors and managerial officers and the distribution of compensation to directors for 2022. ● Approved the 2022 Business Report and Financial Statements. ● Approved the Second Half 2022 cash dividend distribution. ● Approved the 2022 earnings distribution proposal. ● Determined the ex-dividend date for the distribution of cash dividends. ● Approved the Internal Control System Statement. ● Evaluation of the independence of CPAs. ● Establish the general principles of the pre-approved non-confirmation service policy.
April 24, 2023	● Approved the 2023 Q1 consolidated financial statements.
May 15, 2023	● Approved to proposal to donate US$5 million and NT$1 million to the "Largan Education Foundation."
July 24, 2023	● Approved the 2022 compensation distribution proposal for managerial officers reviewed by the Compensation Committee. ● Approved the compensation distribution for employees and directors for first half of 2023. ● Approved the Business Report for the First Half of 2023 and Consolidated Financial Statements for the Second Quarter of 2023. ● Approved the cash dividend distribution proposal for the first half of 2023. ● Approved the earnings distribution proposal for the first half of 2023. ● Determined the ex-dividend date for the distribution of cash dividends. ● Approved the amendment to the "Procedures for Handling Material Inside Information". ● Approved the proposed cash capital increase of Ba Fang International Investment Co., Ltd..
October 23, 2023	● Approved the 2023 Q3 consolidated financial statements. ● Approved the 2024 Business Plan. ● Approved the 2024 Audit Plan.
February 26, 2023	● Approved matters related to the convening of the 2024 General Shareholders' Meeting. ● Approved the compensation distribution for employees and directors for 2023. ● Approved the Company's salary and remuneration for directors and managerial

	officers and the distribution of compensation to directors for 2023. ● Approved the 2023 Business Report and Financial Statements. ● Approved the cash dividend and earnings distribution proposal for the second half of 2023. ● Approved the 2023 earnings distribution proposal. ● Determined the ex-dividend date for the distribution of cash dividends. ● Approved the Internal Control System Statement. ● Proposed change of accountants due to the accounting firm's internal rotation mechanism. ● Evaluation of the independence of CPAs.

(XIII) Major contents of any dissenting opinions on record or stated in a written statement made by Directors or Supervisors regarding key resolutions of the Board of Directors' meeting in the most recent year up to the publication date of the Annual Report: None.

(XIV) Summary of the resignation and dismissal of the Company's Chairman, President, Accounting Manager, Finance Manager, Head of Internal Audit and Head of Research and Development in the most recent fiscal year up to the publication date of the Annual Report: None.

IV. Information on CPA Professional Fees

(I) Information on CPA Professional Fees

Unit: NT$ thousands

<table>
<tr><th>Name of the CPA Firm</th><th>Name of CPA</th><th>Audit period</th><th>Audit fees</th><th>Non-audit fees</th><th>Total</th><th>Note</th></tr>
<tr><td rowspan="2">KPMG Taiwan</td><td>Shyhhuar Kuo</td><td rowspan="2">From Jan. 01, 2023 to Dec. 31, 2023</td><td rowspan="2">2,990</td><td rowspan="2">1,568</td><td rowspan="2">4,558</td><td rowspan="2">Business tax report, transfer pricing report, repatriation of funds report, review of Annual Report for the Shareholders' Meeting, business tax audit, and tax services totaling NT$1,568 thousand.</td></tr>
<tr><td>Chun-Yuan Wu</td></tr>
</table>

(II) 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: None.

(III) When audit fees are 15% less than the previous year, the reduction in audit fee, ratio, and reason thereof shall be disclosed: None.

V. Information on Replacement of CPAs:

(I) Former CPA

<table>
<tr><td>Date of Replacement</td><td colspan="4">February 26, 2024</td></tr>
<tr><td>Replacement reasons and explanations</td><td colspan="4">February 26, 2024: Due to internal adjustments of duties in the certifying accounting firm, CPAs Shyhhuar Kuo and Chun-Yuan Wu were replaced by CPAs Tzu-Hsin Chang and Yen-Hui Chen</td></tr>
<tr><td rowspan="3">State whether the client or the CPAs have terminated the engagement or whether the client or the CPAs have rejected the engagement</td><td>Principle
Status</td><td colspan="2">CPA</td><td>Client</td></tr>
<tr><td>Termination initiated by the client</td><td colspan="3" rowspan="2">Not applicable.</td></tr>
<tr><td>CPA declined to accept (continue) the engagement</td></tr>
<tr><td>Opinion and reason for the issuance of audit reports containing opinions other than unqualified opinions in the most recent two fiscal years</td><td colspan="4">Not applicable.</td></tr>
<tr><td rowspan="7">Different opinions from the issuer</td><td rowspan="5">Yes</td><td></td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial statements</td></tr>
<tr><td></td><td colspan="2">Audit scope or procedures</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td></td><td colspan="2"></td></tr>
<tr><td>None</td><td colspan="3">v</td></tr>
<tr><td colspan="4">Explanation</td></tr>
<tr><td>Other disclosures
(Matters that should be disclosed in accordance with Item 1-4 to 1-7, Subparagraph 6, Article 10 of the Regulations)</td><td colspan="4">Not applicable.</td></tr>
</table>

(II) Regarding the succeeding CPAs

Name of CPA Firm	KPMG Taiwan
Name of CPA	CPAs Tzu-Hsin Chang and Yen-Hui Chen
Date of appointment	February 26, 2024
Subjects and outcomes of consultation on the accounting treatment of or application of accounting principles to specific transactions, or opinions that may be included on financial statements before the appointment of new CPAs	Not applicable.
The succeeding accountant’s opinions in written form in response to the former accountant’s opinions	Not applicable.

(III) The former CPA's response for items specified in Article 10, Subparagraph 6, Item 1 and Item 2-3 of the Accounting Standards: Not applicable.

VI. The Company's Chairman, President, or any managerial officer in charge of finance or accounting matters who has, in the most recent year, held a position at the accounting firm of its CPA or at an affiliated company: None.

VII. Equity transfer or changes in equity pledged by the Company's Directors, Supervisors, managerial officers or shareholders with shareholding percentage exceeding 10% in the most recent fiscal year up to the publication date of the Annual Report:

(I) Changes to shares held by Directors, managerial officers, and shareholders holding more than 10% of shares:

Title	Name	2023		As of April 9, 2024		Note
		Increase (decrease) in number of shares held	Increase (decrease) in number of shares pledged	Increase (decrease) in number of shares held	Increase (decrease) in number of shares pledged	
Corporate Director/Major Shareholder	Mao Yu Commemorate Co., Ltd.	0	0	0	0	
Chairman Representative	En-Ping Lin	0	0	0	0	
Director Representative	En-Chou Lin	0	0	0	0	
Director	You-Chih Huang	0	0	0	0	
Director	Chung-Jen Liang	0	0	0	0	
Director	Ming-Yuan Hsieh	0	0	0	0	
Director	Chun-Ming Chen	0	0	0	0	
Independent Director	Shan-Chieh Yen	0	0	0	0	
Independent Director	Ming-Hua Peng	0	0	0	0	
Independent Director	Chun-I Lu	0	0	0	0	
Vice President	Chung-Shih Lin	0	0	0	0	
Assistant Vice President	Sheng-Lien Wang	0	0	0	0	
Chief Financial Officer	Hsing-Ju Tsaur	0	0	0	0	

(II) Where the counterparty in the transfer of shares is a related party: None.

(III) Where the counterparty in the pledge of shares is a related party: None.

VIII. Information on the relationship between the top 10 shareholders of the Company:

Name	Personal shareholding		Shares Held by Spouse & Minor Children		Shares held in the name of other persons		Familial relationships between top 10 shareholders who are either related parties, spouses, or relatives within the second degree of kinship, his/her/its title (or name) and relationships		Note
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Title (or name)	Relationship	
Mao Yu Commemorate Co., Ltd. Representative: Yao-Ying Lin	18,910,616	14.17%	-	-	-	-	-	-	
Shih-Ching Chen	6,696,831	5.02%	6,533,569	4.90%	-	-	Tsui-Ying Chiang	Spouse	-
Tsui-Ying Chiang	6,533,569	4.90%	6,696,831	5.02%	-	-	Shih-Ching Chen	Spouse	-
Ming-Yuan Hsieh	3,606,585	2.70%	-	-	-	-	-	-	-
Cathay Life Insurance Co., Ltd. Representative: Ming-He Hsiung	3,225,557	2.42%	-	-	-	-	-	-	-
Labor Pension Fund (the New Fund)	2,630,950	1.97%					-	-	-
Silchester International Investors International Value Equity Trust under the custody of HSBC Bank	2,402,000	1.80%	-	-	-	-	-	-	-
Chung-Jen Liang	2,091,721	1.57%	924	0%	11,000	0.01%	-	-	-
Government of Singapore Investment Corp. under the custody of Citibank (Taiwan) Limited	2,023,000	1.52%	-	-	-	-	-	-	-
Norges Bank Investment Account under the custody of Citibank (Taiwan)	1,774,541	1.33%	-	-	-	-	-	-	-

IX. Information on the number of shares of the companies invested by the Company, its Directors, Supervisors and managerial officers or a company directly or indirectly controlled by the Company and consolidated percentage of shareholding:

As of December 31, 2023 Unit: 1,000 shares; %

Investee	Investment by the Company		Investments of Directors, managerial officers and directly or indirectly controlled businesses		Combined investment	
	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio
Largan Digital Co., Ltd.	26,636	49.37	3,331	6.17	29,967	55.54

Chapter 4. Funding Status

I. Company capital and issuance of shares

(I) Source of Capital

Unit: Share; NT$

Year/month	Issuance price	Authorized capital		Paid-in capital		Note		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Subscriptions paid with property other than cash	Others
2009.7	10	200,000,000	2,000,000,000	134,140,197	1,341,401,970	Transfer of capital from surplus 2,602,665 shares Employee bonus 1,404,251 shares Total new shares issued 4,006,916 shares	None.	Note 1
2022.5	10	200,000,000	2,000,000,000	133,468,197	1,334,681,970	Cancellation of 672,000 shares of first treasury stock purchase	None.	Note 2

Note: Jin-Guan-Zheng-I No. 0980034271 dated July 9, 2009
Note: Jin-Shou-Shang No. 11101077140 dated May 30, 2022

April 9, 2024; unit: Share

Capital Stock / Type	Authorized capital			Note
	Outstanding shares	Unissued shares	Total	
Registered common shares	133,468,197	66,531,803	200,000,000	-

(II) Shareholder Structure

April 9, 2024

Shareholder structure / Quantity	Government institutions	Financial Institutions	Other legal persons	Individuals	Foreign institutions and foreigners	Total
Number of people	6	138	273	67,050	1,035	68,502
Number of shares held	3,999,760	13,425,435	22,375,968	44,929,612	48,737,422	133,468,197
Shareholding ratio	3.00%	10.06%	16.77%	33.66%	36.52%	100%

(III) Distribution of equity ownership

The nominal value is NT$10 per share

April 9, 2024

Shareholding classification	Number of shareholders	Number of shares held	Shareholding ratio
1 to 999	60,796	3,468,456	2.60%
1,000 to 5,000	6,456	10,962,854	8.21%
5,001 to 10,000	487	3,630,036	2.72%
10,001 to 15,000	190	2,377,481	1.78%
15,001 to 20,000	97	1,720,452	1.29%
20,001 to 30,000	102	2,497,555	1.87%
30,001 to 40,000	65	2,304,886	1.73%
40,001 to 50,000	39	1,775,607	1.33%
50,001 to 100,000	111	7,873,288	5.90%
100,001 to 200,000	75	10,674,346	8.00%
200,001 to 400,000	35	9,388,290	7.03%
400,001 to 600,000	18	8,979,180	6.73%
600,001 to 800,000	13	9,006,014	6.75%
800,001 to 1,000,000	4	3,510,960	2.63%
1,000,001 to 999,999,999	14	55,298,792	41.43%
Total	68,502	133,468,197	100.00%

(IV) List of major shareholders: Please refer to Page 55 of the Annual Report.

(V) Market price, net value, earnings, and dividends per share in the past two years

Item			2022	2023	As of April 9, 2024
Market value per share (Note 1)	Highest		2,710	2,880	2,860
	Lowest		1,525	1,925	2,335
	Average		1,935.94	2,196.74	2,530.79
Net asset value per share (Note 2)	Before distribution		1,162.14	1,240.08	1,258.41
	After distribution		1,116.14	1,199.08 (Note 8)	-
Earnings per Share	Weighted average shares		133,468,197	133,468,197	133,468,197
	Earnings Per Share (Note 3)	Before adjustment	169.52	134.13	45.79
		After adjustment	169.52	134.13	-
Dividends per share	Cash dividends		85.5	67.5	-
	Stock dividends	Stock dividends from retained earnings	-	-	-
		Stock dividends from capital surplus	-	-	-
	Cumulative undistributed dividends (Note 4)		-	-	-
Return on Investment Analysis	Price-to-earnings ratio (Note 5)		11.42	16.38	-
	Price-to-dividend ratio (Note 6)		22.64	32.54	-
	Cash dividend yield (Note 7)		4.42%	3.07%	-

Note 1: The highest and lowest market price of the shares for each fiscal year are listed and the average market price for each fiscal year is calculated based on trading value and volume in each fiscal year.

Note 2: Please fill these rows based on the number of shares issued at the end of the fiscal year and the distribution plan approved by the Board of Directors or at the shareholders' meeting in the subsequent fiscal year.

Note 3: If there are any retroactive adjustments needed due to stock grants, earnings per share before and after the adjustment should be listed.

Note 4: If there are any conditions in issuing equity securities that allow for unpaid dividends for the year to be accumulated to subsequent years in which there is profit, the Company should separately disclose the accumulated unpaid dividends up to that year.

Note 5: Price/earnings ratio = Average closing price per share for the current fiscal year / earnings per share.

Note 6: Price/dividend ratio = Average closing price per share of the year/Cash dividends per share.

Note 7: Cash dividend yield = cash dividend per share / current year average per share closing price.

Note 8: Includes the amount of dividends for the second half of 2023 as resolved by the board of directors on February 26, 2024.

(VI) Dividend policy and implementation status

1. Current Articles of Incorporation:

As the Company experiences constant changes in the business environment and is at a stage of stable growth, the Company's dividend policy depends on factors such as future fund requirements, long-term financial plans, future capital expenditures and maximization of shareholder interests. The Company may retain a portion of earnings based on operational requirements and the remaining amount shall be distributed in cash and stock dividends. The amount of dividends distributed to shareholders shall be no less than 10% of distributable earnings of the current year, and no less than 30% of the shareholders' dividends shall be in the form of cash.

2. The proposal for dividends distribution at the Shareholders' Meeting this year

Unit: NT$ thousands

Shareholder dividends (cash)	9,009,103

(VII) The impacts of issuing stock dividends in this Shareholder's Meeting on the Company's operational performance and earnings per share: Not applicable.

(VIII) Compensation of employees and directors:

1. Quantity or scope of compensation for employees and directors as stipulated by the Articles of Incorporation:

   In the event the Company makes profits (i.e. profit before tax and before compensation distribution to the employees and directors) in any fiscal year, it shall set aside 1% to 30% of the profits as employee compensation and no higher than 5% of the profits as directors compensation. If there are cumulative losses, the Company shall reserve a sufficient amount to offset such losses. Employees and directors compensation shall be resolved by a majority vote at a Board of Director meeting attended by two thirds of the total number of directors and shall be reported to the Shareholders' Meeting. The Board of Directors may resolve to distribute employee compensation in stocks or cash and the recipients may include employees of subsidiaries of the Company meeting certain requirements set by the Board of Directors.

2. The basis for estimating the amount of employees and directors compensation, for calculating the number of shares to be distributed as employees' compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

   The Company's compensation for employees and directors for 2023 are NT$3,225,378 thousand and NT$241,903 thousand, respectively. The amounts are calculated based on the profit before tax, net the compensation for employees and directors, and multiplied by the percentage set for employee and directors compensation in the Articles of Incorporation. They are listed as operating cost or operating expenses for 2023. The appropriated employees' compensation and remuneration for directors determined in the resolution of the Board Meeting are consistent with the recognized amount in the Company's 2023 Consolidated Financial Report.

3. Compensation proposal approved by the Board of Directors

   (1) Information on the distribution of compensation for employees and directors passed by the Board of Directors on February 26, 2024:

Distribution status	(Unit: NT$ thousands)
Employee compensation - cash	$3,225,378
Director compensation - cash	$241,903

The aforementioned estimate is the same as the expenses recognized for the year.

(2) The amount of employees' compensation to be paid in stocks out of the current parent company only or individual financial report in terms of the sum of net profit after tax and employee compensation: Not applicable.

4. Actual distribution of compensation for employees and directors and where there were discrepancies the recognized compensations for employees, directors, and supervisors, the difference, cause, and treatment of the discrepancy shall be described:

(1) Distribution status (Unit: NT$ thousands)

Employee compensation - cash	$4,071,461
Director compensation - cash	$305,360

(2) No discrepancy between the actual distribution and the recognized amount

(IX) Company share repurchase status: None.

II. Issuance of corporate bonds: None.

III. Preferred Shares None.

IV. Overseas depository receipt: None.

V. Issuance of employee stock options: None.

VI. Restrictions on employee shares and status of New Share Issuance in Connection with Mergers and Acquisitions: None.

VII. The following items are required for the implementation status of the capital utilization plan:

(I) Plan:

As of one quarter before the publication date of this Annual Report, previous issuance or private placement of marketable securities that have not been completed or completed but are yet to record any benefit within the past three fiscal years: None.

(II) Implementation status:

The implementation status of previous plans as of one quarter before the publication date of this Annual Report: Not applicable.

Chapter 5. Operational Highlights

I. Business Activities

(I) Business Scope

The Company's businesses include the research and development, design, production, sales and after-sales technical services for various optical lens modules and optoelectronic components. Products include the design, production, processing, and sales of lenses and optoelectronic components for notebooks, smartphones, 3D structured light, ToF, in-display optical fingerprint recognition, drones, tablets, IP cameras, smart TVs, AR/VR lenses, IoT lenses, wearable devices, iris recognition lenses, medical instruments, and automobile lenses.

(II) Main Businesses

I. CE01010 Photographic and optical equipment manufacturing.
II. CQ01010 Die manufacturing.
III. F601010 Intellectual property
IV. F113030 Wholesale of precision instruments
V. F401010 International trade.
VI. I501010 Product designing
VII. CF01011 Medical materials and equipment manufacturing.
VIII. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

(III) Major product lines and their sales ratio

Unit: NT$ thousands

Year / Products	2021		2022		2023	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Optical Components	45,820,230	97.57%	47,052,195	98.69%	48,300,326	98.89%
Others	1,142,172	2.43%	623,033	1.31%	541,921	1.11%
Total	46,962,402	100%	47,675,228	100%	48,842,247	100%

(IV) Current Products

Main products	Usage/functions
Optical lenses	Mainly used in mobile phone lenses, drone camera lenses, mobile 3D structured light lenses, tablets, motion-controlled gaming systems, laptop computer lenses, smart TV lenses, IP camera lenses, and automobile lenses.

(V) New Products Planned and Under Development

The Company shall invest approximately 5% to 15% of revenue in R&D expenditures for 2024. However, spending shall be adjusted based on global market conditions and the Company's actual operations.

Future research and development will focus on improving the specifications of existing products, as well as actively developing the following mainstream products: automobile imaging lenses, lenses for medical use, security surveillance lenses, large aperture/wide angle lenses, full-focus lenses, iris recognition lenses, lenses for sports cameras, lenses for drones, low-pixel size lenses, lenses with lower Z height, ToF lenses, under display optical fingerprint recognition lenses, freeform lenses, AR/VR lenses, IoT lenses, variable aperture lenses, narrow-frame lenses for notebooks, molding glass lenses, folded tele lenses, etc.

(VI) Industry Overview

Current status and development of the industry: In the past, the optical components industry had maintained stable growth due to the development of products such as cameras, telescopes, and microscopes. However, the development of digital cameras and mobile phones in recent years has now led to rapid growth of optical components and lenses. This mainly began with the global digital camera market which took off in 2000 and led a new wave of imaging revolution. Growth exceeded market expectations and caused a continuous shortage of supply for optical components such as lenses over many years. The introduction and popularity of camera phones further intensified the need for lenses, and the development of multiple lenses on handheld devices has escalated this demand. Besides this imaging market, the optical industry has also expanded to automobiles and drones and as such, the industry is expected to continue to expand in the next few years.

Correlation with upstream, midstream, and downstream sections of the industry:

	Industry	Product
Optical materials (Upstream industries)	Optical glass industry	Optical glass blocks and pressed blanks
	Optical plastic industry	Plastic pellets such as PC, CR-39, and PMMA
Optical	Optical components industry	Lenses, prisms, mirrors, filters, absorbing glass, and various lenses

Components (Midstream industries)		
Optical application products (Downstream industries)	Traditional optical equipment	Glasses, cameras, telescopes, microscopes, projectors, vehicle lights
	Traditional imaging products	Photocopiers, fax machines, cameras
	Consumer digital products	Digital cameras, digital video cameras, projectors, camera phones, tablet computers, wearable devices, sports cameras, drone cameras, notebooks
	Consumer optical storage products	CD players, DVD players
	Computer peripheral digital products	Laser printers, image scanners, PC cameras, data projectors
	Computer peripheral optical storage devices	DVD-ROM drive
	Optical equipment industry	Spectrometers, optical spectrometers, interferometers
	Measurement equipment industry	Range finders, theodolites, tachymeter
	Medical, industrial, and commercial products	Medical lasers, laser processors, barcode scanners
	Others	Exposure equipment, ultraviolet curing equipment, lighting equipment, military night vision goggles
Peripheral industries	Coating materials industry, coating equipment industry, vacuum equipment industry, abrasive materials industry, grinding equipment industry, mold manufacturing industry, molding equipment industry, inspection equipment industry, photographic equipment industry, photographic processing industry	

Source: PIDA

Trends in product development: Optical products require a wide range of optical components including glass lenses, plastic lenses, spheric lenses, and aspheric lenses for different levels of precision and product applications. Due to requirements for smaller photoelectric imaging products, optical lenses have become increasingly miniaturized and moved toward mass production, higher quality, and lower prices. Meanwhile, consumer demand for high-resolution, wide angle, large aperture, and more lens pieces per camera have risen.

Competition: Consumer optical component manufacturers are mostly concentrated in Asia such as Japan, Korea, Mainland China, and Taiwan. Competitors differ in their product application and production technology. The Company believes that the only way to maintain long-term competitiveness is to continue to invest in research and development and expand production capacity.

(VII) Overview of Technology and R&D

1. Research and development (R&D) expense in the most recent year as of the publication date of the Annual Report

Unit: NT$ thousands

	2023	Q1 2024
R&D expense	4,191,167	1,166,919
Operating revenue	48,842,247	11,313,191
Percentage of expense to revenue	8.58%	10.31%

2. Successfully Developed Technologies and Products

Technology and products successfully developed by the Company in the most recent year and as of the printing of the Annual Report

Item	Successfully developed technology and products
Phone Camera	Development of new 6P 21M AF mobile phone lens Development of new 6P 23M AF mobile phone lens Development of new 4P 13M AF mobile phone lens Development of new 6P 8M AF mobile phone lens Development of new 6P 24M AF mobile phone lens Development of new 5P 24M AF mobile phone lens Development of new 5P 20M AF mobile phone lens Development of new 5P 32M AF mobile phone lens Development of new 6P 48M AF mobile phone lens Development of new 6P 13M freeform mobile phone lens Development of new 6P 108M AF mobile phone lens Development of new 7P 40M AF mobile phone lens Development of new 7P 50M AF mobile phone lens Development of new 7P 50M freeform mobile phone lens Development of new 7P 200M AF mobile phone lens Development of new 8P 108M AF mobile phone lens Development of new 8P 50M AF mobile phone lens Development of new 1WLG7P 1” AF mobile phone lens Development of new type 2 group periscope mobile phone lens Development of new 1MG7P 1”mobile phone lens Development of new 1MG6P 1”mobile phone lens Development of new group periscope mobile phone lens
Automobile rear view imaging lenses	Development of new 3P3G VGA wide angle design Development of new 6G 1.3M AF wide angle design Development of new 6G VGA wide angle design Development of new 8G VGA narrow angle design Development of the new 1G4P wide angle design

Item	Successfully developed technology and products
	Development of the new 2G2P wide angle design Development of new 4G1P 1M wide angle design Development of new 2G3P 1M wide angle design Development of new 1G5P 1M wide angle design Development of new 2G4P 1M wide angle design Development of new 4G3P 5M wide angle design Development of new 7G1MG 3M wide angle design

(VIII) Short-term and Long-term Business Development Plans

1. Short-term plans

(1) Production strategies

A. Use existing production equipment to improve manufacturing technologies and yield to maximize output.

B. Control and manage raw materials and finished products to prevent waste and loss.

C. Fully implement ISO 9001 and ISO 14000 and achieve quality goals.

D. Use the Taiwan headquarters as a base to effectively use the advantages on both sides of the strait to provide customers with flexibility in applications, reduce costs, and strengthen market mobility and competitiveness

(2) Sales strategies

A. Existing customers: Provide more competitive products and services and continue to cultivate key existing customers while developing and establishing long-term partnerships to increase market share in existing customers.

B. Potential new customers: Use existing optical technology as the basis to actively develop potential customers for optical applications. Introduce and collaborate with customers' new product development projects to expand the market value of optical products, diversify operations, and avoid risks of excessive concentration in certain products.

C. Products’ end users Connect directly with end users to encourage system manufacturers to use the Company's products.

(3) R&D strategies

A. Gain insight into future product development trends and jointly develop product specifications and participate in customers' preliminary product R&D plans. Respond to customers product demands to gain opportunities in the market.

B. Actively invest in R&D of the latest optical/mechanical designs and expand development for all product applications.

(4) Business strategies

A. Streamline the organization and strengthen project based organizational structure to improve efficiency of decision-making and operating performance.

B. Talents are the foundation of the Company's competitiveness. The Company actively recruits outstanding talent, and conducts on-the-job training for employees internally to enhance the Company’s competitive advantage

C. Strengthen internal information systems to manage use and timeliness of information .

(5) Finance strategies

A. Maintain a healthy financial structure to provide strong support for sales, production, and R&D.

B. Plan short-term and long-term capital utilizations to maximize returns under the prudence principle.

2. Long-term plans

(1) Production strategies

A. Implement the international division of labor and flexible production to enhance business performance.

B. Strengthen management by objectives and reduce inventory to improve the inventory turnover rate.

C. Continue to enhance production technology to reduce production cost and improve yield and competitiveness.

D. Continue to invest in automation and expand production capacity to alleviate rising labor costs and stabilize product quality.

E. Continue to expand production capacity to satisfy market and customer demands.

F. Enter different markets and obtain TS16949 certification.

(2) Sales strategies

A. Consolidate marketing advantages and grasp opportunities in the market. Expand niche competitiveness and promote global marketing strategies and international market expansion.

B. Seek major international manufacturers and form upstream and downstream strategic alliances. Commit to using the Company's strengths to satisfy customer demands and form partnerships to prevent destructive competition.

C. Actively obtain long-term orders from international companies and stabilize revenue growth. Leverage opportunities to obtain key technology cooperation and new product development.

(3) R&D strategies

A. Collaborate with major international companies in new technology to gain experience, develop talents, and strengthen R&D capacity.

B. Monitor market product development trends and develop various miniature optoelectronic components and strengthen capabilities to improve product appearances and various mechanical designs.

C. Actively seek out applications for the development of new materials for optoelectronic components to expand end applications and reduce costs.

D. Apply for domestic and foreign patents in new technology to protect intellectual property rights and widen the technological lead.

E. Actively develop new products for different sectors.

(4) Business strategies

A. Monitor international business development trends and establish cross-border management organizations and structures to ensure the Company’s international competitiveness.

B. Consolidate upstream and downstream information systems and connect closely with upstream suppliers and downstream customers so that all three parties benefit.

(5) Finance strategies

A. Strengthen capital risk management.

B. Execute sound financial planning in line with the Company's business objectives and development plans to strengthen business performance and improve overall competitiveness.

II. Overview of the Market and Production and Sales

(I) Market Analysis

1. Sales regions for major products

Unit: NT$ thousands

Year / Region	2022		2023	
	Amount	Percentage	Amount	Percentage
Asia	47,151,474	98.90%	46,350,205	94.90%
Americas	522,621	1.10%	2,490,242	5.10%
Europe	1,133	0%	1,800	0%
Total	47,675,228	100.00%	48,842,247	100.00%

2. Market supply and demand and market growth in the future

(1) With continuous innovation in information technology, essentially all image output/input requires the use of various types of optical lenses or modules. These include digital cameras, telescopes, microscopes, photocopiers, fax machines, laser printers, scanners, barcode scanners, computer cameras, video cameras, surveillance cameras, televisions, projectors and video phones. Disc drives (CD/DVD players and CD/DVD-ROM drives) and optical communication components also require optical lenses. The products with the largest volume in 2023 is expected to be high-end lenses for mobile phones.

(2) Optical components are mainly used in products such as disc drives, digital cameras, and mobile phones. According to various market research, mobile phones is one product with the largest need for optical components. As demand for mobile phone cameras has increased, lens specifications have also continued to migrate while getting smaller at the same time. The key to success for manufacturers will depend on their ability to improve product precision and take advantage of opportunities in the market.

3. Competitive niches, favorable and unfavorable factors for long-term growth and countermeasures

Item	Competitive Niches and Favorable Factors	Unfavorable Factors	Countermeasures
I. Main businesses and development outlook	Our current products encompass new optical products and the continuous migration of consumer optoelectronic	The Company faces competition from other related industries, and competitors in the	The Company shall adopt pricing strategies based on the characteristic of different markets and

Item	Competitive Niches and Favorable Factors	Unfavorable Factors	Countermeasures
	products helps the Company's development and expansion into a broader market.	optical industry are now producing low-end products with quality similar to that of the Company's products. Moreover, the significant price hike in semiconductor products in recent years have also led to reduced opportunities in phone camera upgrades.	products to reduce the price disparity for low-end products and provide customers with added value to improve competitiveness in the low-end market.
II. Position in the industry	The Company's fully-staffed and experienced R&D team and production quality have received wide acclaim from customers. The Company offers comprehensive product lines and provide customized lenses based on customers' demands.	Low-price competition from Mainland China and competitors have gradually reduced product cycles.	The Company shall develop the most advanced technologies, improve existing quality control, and maintain strong relationships with customers to maintain leadership. The Company shall also develop a wide portfolio of lenses to satisfy customer demands at various price points and accelerate the speed of development to gain market opportunities.
III. Supply situation of main raw materials	The Company maintains long-term relationships with raw materials suppliers which consist	Market prices are controlled by major international manufacturers.	The Company invests in diverse materials for product development to meet changing demands

Item	Competitive Niches and Favorable Factors	Unfavorable Factors	Countermeasures
	entirely of major domestic and foreign manufacturers, and as such have maintained stable relationships and regular supplies.		in the market and reduce the supply risks of individual materials.
IV. Status of sales of main products	The Company's main products are lenses for mobile phones, followed by lenses for tablet computers. Customers consist entirely of major domestic and international companies and the Company has thus achieved stable growth in sales orders.	Shipment of mobile phone lenses account for a high proportion of shipments and it is difficult to diversify market and product risks.	The Company shall focus on the design and development of new products and expand into new sectors and applications for other optical products to increase product range and reduce risks.
V. Labor status of main production	Highly automated production equipment.	Labor cost has increased along with citizens' income, economic structure, and wages and benefits for entry-level workers in recent years.	The Company hires foreign workers to replenish manpower. The Company shall increase the level of automation to reduce demand for labor, and transfer labor-intensive and low-value-added products and processes to overseas regions with low labor costs.

(II) Major applications and production process of primary products

1. Major applications of primary products

(1) Optical lenses

Main applications:

Scanners, multifunction printers, mobile phones, drones, wearable devices, tablet computers, and smart TVs.

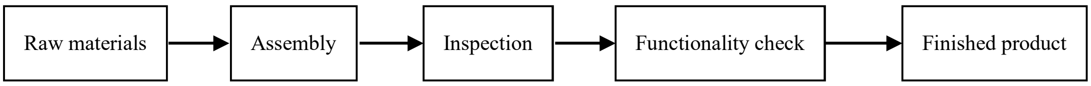
(2) Optical lens products

Main applications:

DVD readers and optical mouse.

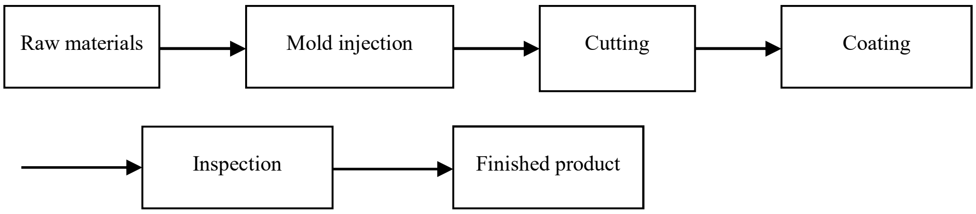
2. Manufacturing process of primary products

(1) Optical lenses

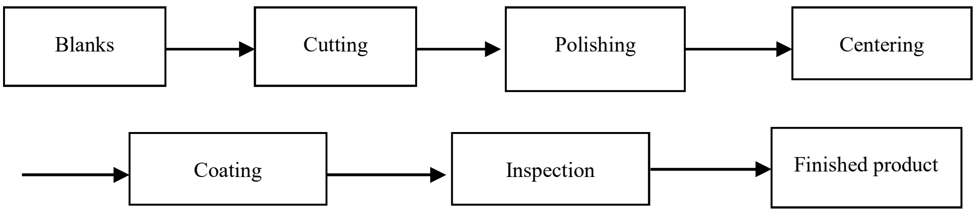


(2) Optical lens products

A. Plastics



B. Glass products



(III) Supply status of major raw materials

Name of raw material	Supplier	Country	Supplier status
Engineering plastic	110185 110059	Taiwan Taiwan	All suppliers are renowned world-class companies with high quality, large volume and stable supply.

(IV) A list of customers accounting for more than 10% of sales for any given year within the last two years, their purchase amount and percentage, and explanation for changes (increase or decrease) in sales.

1. Information on customers accounting for 10% or more of the Company's total sales in either of the 2 most recent years:

Unit: NT$ thousands

	2022				2023				2024 up to end of the first quarter			
Item	Name	Amount	Percentage of net sales for the entire year (%)	Relationship with the Company	Name	Amount	Percentage of net sales for the entire year (%)	Relationship with the Company	Name	Amount	Percentage of net sales up to the previous quarter (%)	Relationship with the Company
1	653021	8,665,494	18	-	653021	12,844,863	26	-	653021	2,950,719	26	-
2	643006	6,454,758	14	-	643006	5,365,959	11	-	-	-	-	-
3	622020	5,962,965	12	-	-	-	-	-	-	-	-	-
	Others	26,592,011	56	-	Others	30,631,425	63	-	Others	8,362,472	74	-
	Net sales	47,675,228	100	-	Net sales	48,842,247	100	-	Net sales	11,313,191	100	-

Reasons for change: Mainly due to an increase in revenues of the Consolidated Company in 2023.

2. Information on suppliers accounting for 10% or more of the Company's total purchases in either of the 2 most recent years:

Unit: NT$ thousands

	2022				2023				2024 up to end of the first quarter			
Item	Name	Amount	Percentage of annual net purchase (%)	Relationship with the Company	Name	Amount	Percentage of annual net purchase (%)	Relationship with the Company	Name	Amount	Percentage of net purchase up to the previous quarter (%)	Relationship with the Company
1	110031	1,386,118	19	Subsidiary	100107	2,432,968	24	-	100107	352,504	21	-
2	100830	806,524	11	-	100902	1,459,220	15	-	110185	255,238	15	-
3	-	-	-	-	110031	1,253,211	13	Subsidiary	100902	235,869	14	-
4	-	-	-	-	-	-	-	-	110031	210,473	12	Subsidiary

Reasons for change: Mainly due to a change in customer demand.

(V) Table of production volume in the two most recent years Unit: 1,000 units; NT$ thousands

Year Production Quantity and Value of Primary Products	2022			2023		
	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Optical component	31,700,726	25,576,849	29,743,857	26,879,423	21,683,879	39,250,760

Note: Substitutable production capacity may be included in the production capacity.

(VI) Table of sales volume in the two most recent years Unit: 1,000 units; NT$ thousands

Year Sales Volume and Value of Main products	2022				2023			
	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Optical Components	188,531	136,560	8,374,989	46,915,635	249,982	169,885	6,792,345	48,130,441
Others	-	477,127	-	145,906	-	477,774	-	64,147

III. Number of employees for the two most recent years

Year		2022	2023	As of April 9, 2024
Number of employees	Production	5,021	5,181	5,132
	Management	1,504	1537	1,516
	R&D	1,275	1374	1,375
	Total	7,800	8,092	8,023
Average age		32.10	32.70	32.55
Average years of services		5.47	5.75	5.92
Educational background distribution %	Ph.D.	0.14%	0.13%	0.13%
	Masters	6.15%	6.54%	6.58%
	University (college)	42.69%	41.61%	41.27%
	Senior high school	45.68%	47.39%	48.29%
	Below senior high school	5.34%	3.41%	2.81%

IV. Disbursements for Environmental Protection

Any losses suffered by the company in the most recent fiscal year and up to the Annual Report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclose an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimation cannot be made, provide the explanation: None.

V. Labor Relations

(I) The Company's employee benefits for studying, training, pension systems and its implementation status as well as labor agreements and measures for preserving employee rights and interests

1. Benefits and implementation

1.1 The Company established the Employee Welfare Committee on April 1, 2000 in accordance with the "Employee Welfare Fund Act" to be responsible for allocating employee welfare funds and benefits.

1.2 The Company has subscribed to labor insurance and health insurance in accordance with relevant regulations and added group insurance to provide employees with various insurance payment privileges.

1.3 Where the Company generates profits at the end of the year, the Company shall pay taxes, make up for losses, and set aside dividends and surplus reserve. The Company shall distribute year-end bonuses to employees who have not committed acts of negligence in the entire year.

2. Allowances:

Allowances	Other benefits
● Gatherings and travel allowances ● Childbirth allowance and wedding allowance ● Birthdays, traditional holiday bonuses, and Labor Day bonus ● Hospitalization and funeral allowance	● Family Day and meal allowance ● Convenience store discounts & special contract stores ● Free parking ● Discounts on contact lenses

3. Childcare measures:

3.1 In addition to distributing maternity benefits, the Company has established nursing (pumping) rooms in all plants and set up dedicated parking spaces for pregnant employees for prioritized use.

3.2 The Company has signed contracts with 22 childcare agencies in the vicinity to provide diverse childcare programs to the employees.

3.3 In 2023, 146 employees applied for unpaid parental leave.

4. Health and Medical Care:

Superior to statutory requirements, the Company provides free health examination and special health examination for employees who engage in environments with increased health hazards in each year. Statistical analysis is conducted on the results of the health examinations to implement tiered health risk management, and monitor the health conditions of those with high risk. In addition, the Company also promotes workplace health and engages in occupational illness prevention activities, in order to provide employees with comprehensive medical care.

4.1 A regular onsite physician actively arranges professional medical consultation for those with abnormal health examination results, pregnant female workers, personnel with abnormal workload, occupational hazards, human factors engineering, or those with the intention for health consultation, evaluating their health status and nature of work, providing personal hygiene education and the appropriateness of unit job arrangements. A total of 659 people participated in health consultation services throughout the year.

4.2 The Company has signed contracts with 20 medical care units as well as a special agreement with professional medical institution to provide discounted medical fees and comprehensive medical services to our employees. This will help our employees to receive proper care and relieve their stress/burden as well as help them to maintain positive doctor-patient relations.

5. Emergency aid:

In line with the emergency relief guidelines set up by the Company, current employees can apply for an emergency relief fund to maintain basic needs in the event of a major illness, long-term care required in the family, or damage to real estate that prevents the employee from attending work and family difficulties.

In 2022, the Company had provided financial aid amounting to NT$333,733 for up to two employees who could not attend work due to major injuries and experienced family difficulties

In 2023, the Company had provided financial aid amounting to NT896,450 for up to four employees who could not attend work due to major injuries and experienced family difficulties

6. Retirement system and implementation status

To protect the employees' rights and interests in applying for pension in the future, the retirement system is planned in accordance with the Labor Standards Act and the Labor Pension Act.

Criteria for retirement include the following:

An employee may apply for voluntary retirement in the event of any of the following conditions:

(1) The employee has provided services for more than 15 years and is 55 years old or older.

(2) The employee has provided services for 25 years or more.

The Company may subject an employee to compulsory retirement in the event of any of the following conditions:

(1) The employee is 65 years old or older.

(2) The employee is mentally incapable or physically disabled and cannot continue to work.

- Pension payment standard (under the previous pension scheme):

  Employees who have provided services for less than 15 years are given two base points for every full year of service. Employees who have provided services for more than 15 years are given one base points for every full year of service. The total number of base units shall be limited to 45. Less than half a year of service is considered half a year and less than a full year but more than half a year of service is considered a full year. Where the employee subject to compulsory retirement is mentally incapable or physically disabled due to the performance of duties, the employee shall receive an additional 20% of pension in accordance with the two preceding subparagraphs.

- Calculations of the pension base unit (under the previous pension scheme):

  The average monthly salary of an employee over the six months prior to his/her retirement shall be adopted as the standards for calculating employee pension base unit.

- Payout time:

  Where a retiree meets requirements for voluntary retirement, the Company shall pay the total pension within 30 days of his/her retirement.

  Where the pension cannot be paid in full, the Company may report to the competent authority for approval and pay in installments.

- Other rules:

  Voluntary retirees shall be required to fill out a retirement application which shall be implemented after approval. For employees subject to compulsory retirement, the units shall report to obtain approval and notify the retiree to complete procedures.

- Employees' right to request pension shall start in the month after retirement and it shall be extinguished if not exercised within five years.

- Appropriations under the new pension scheme:

  The Company appropriates 6% of the employee's salary to the dedicated personal pension account at the Bureau of Labor Insurance in accordance with the personal salary appropriation classification table.

- Number of employees who have applied for retirement in the most recent two years:

  Number of employees who have applied for retirement in 2022: 1.

  Number of employees who have applied for retirement in 2023: 2.

7. Environmental Safety and Health & Employee Protection

Largan Precision Co., Ltd. commits to providing a safe and healthy workplace to employees and maintains the safety of all contractors and visitors. Occupational Safety and Health Work Rules have been formulated in accordance with ISO 45001 Occupational Safety and Health Management system and the Occupational Safety and Health Act to assist departments in identifying operating hazards and building safe operating standards, as well as preventing various potential hazards and incidents.

The Company assesses, improves, or controls risks and opportunities and enhances occupational safety and health performance while striving toward a goal of zero incident. After ISO 45001 system version update was completed in 2020, it obtained third-party verification every year, Largan continues to supervise occupational safety and health verifications and implement the occupational safety and health policy. The Company aims to continuously enhance safety and health management performance through the PDCA (Plan/Do/Check/Action) cycle.

Prior to building a new plant or refurbishing certain areas of an existing plant, the production, management, information, and safety and health units will conduct safety and health risk assessments. Occupational Safety and Health Office

License of the professional safety and health personnel	**Number of people**
Occupational safety management specialist	7
Occupational safety and health management personnel (Class B	13

certified technician)	
Licensed practical nurse	7
Class A Manager of Occupational Safety and Health Affairs	26
Fire Fighting Management Personnel	9
First Aid Personnel	155

Statistics on employees’ safety and health training in 2023:

Type of Training	Batch No.	Number of people	Training Hours	Total Training Hours
New employees’ safety and health training	73	729	3	2187
Current employees’ safety and health training	1	18	2	36
Safety and health internal auditors’ training	13	238	1	238
Respiratory protective equipment training	18	113	1	113
Warehouse training	2	43	1	43
Horticulture training	2	5	1	5
Traffic safety promotion	12	114	1	114

8. Safety and Health Committee

The Company has established a Safety and Health Committee and has elected employee representatives in accordance with laws to provide an official channel for face-to-face communications regarding environmental, safety, and health issues with employees.

Besides convening quarterly meetings to discuss environmental protection, safety, and health topics, quarterly meetings are also convened by departmental heads to discuss environmental, safety, and health issues in response to the increase in scale of new plants to fulfill ESH management.

In 2023, a total of 77 employee and management representatives participated in the routine Safety and Health Committee meetings.

9. Emergency response and drills

To reduce the impacts of disasters, all plants have set up self-defense fire safety groups and arrange for fire and chemical spill simulation evacuation and response drills in each year. In addition, firefighting squads in the districts are invited to give lectures and to observe the effectiveness of the emergency response measures, for which deficiencies are discussed and reviewed to enhance the level of employee participation and familiarity, thereby minimizing the impacts of disasters on employees and the Company.

The emergency response center is equipped with the following facilities:

- Emergency response information: Factory emergency evacuation floor plan, distribution of fire extinguishers, and information on hazardous chemicals.
- Fire safety and monitoring system: Fire safety system, gas monitoring system, emergency smoke ventilation system, key area surveillance and video recording system, gas and chemical supply emergency cut-off system, and broadcast systems.
- Response equipment: Protective clothing, personal protective equipment, portable personal air breathing apparatus, portable detector, leakage treatment equipment, and warning equipment.
- Emergency aid equipment: The Company has set up AEDs, emergency shower equipment, eyewash equipment, and first aid kit at work sites in accordance with emergency aid practices.

10. Human-factor hazards assessment and management

The Company provides employees with human factor engineering safety training to establish correct safety awareness with regards to moving and designing machinery on the production lines. Labor health service personnel plan to conduct human factors assessments for all employees in coordination with annual health examinations. They immediately report issues related to musculoskeletal diseases of employees to the labor safety unit. In addition to adopting case management measures, they also assess and establish improvement projects to prevent repetitive tasks from causing musculoskeletal diseases, such as: The Company has also implemented human-factor assessment and improvements for machinery maintenance and repairs that include cranes, lifting trolleys, and jigs for replacing components.

Discuss the feasibility of reducing operational hazard by using fully automated and semi-automated auxiliary equipment. Deploy MES signs to arrange schedules and manage the fatigue level among employees by rotating shifts.

11. Maternity health protection and management

To prevent the exposure of female employees to workplaces that may cause health hazards to mothers, the health center has established maternity health protection and management procedures. In addition to providing qualitative and quantitative risk assessments for operations that may pose health risks to mothers, the Company considers the different conditions of individuals and assign contracted specialist doctors to conduct comprehensive assessments. The Company then implements tiered management and onsite improvement measures to ensure the health of pregnant employees.

Besides offering 7 days of prenatal examination leave, 8 weeks of maternity leave and paternity leave in accordance with the Act of Gender Equality in Employment, both female and male workers are eligible to apply for unpaid childcare leave. At the same time, in line with the laws, the Company has also set up nursing (pumping) rooms for the nursing mothers who have returned to work. Mothers can place the pumped milk in the refrigerators and collect it for their infacts before going home.

Furthermore, the Company has provided parking spaces for pregnant women and signed contracts with related stores for maternity needs. Questionnaires are distributed regularly and information provided regarding pregnancy and childrearing before pregnant employees take their maternity leave.

12. Continuous focus on seasonal influenza and other contagious diseases

The Company carefully responds to risks of outbreaks of seasonal influenza (H1N1, H3N2, A virus or B virus) each year and cooperates with external medical institutions to vaccinate employees at plants against influenza every year, providing preferential and convenient vaccines to employees, while continuing to control the risk of infectious disease (such as tuberculosis, typhoid, chickenpox, etc.) in the workplace. We accumulate experience in this process to avoid over- or under-response, improve normal epidemic prevention capabilities, and announce epidemic prevention knowledge on bulletin boards in each plant based on the infectious diseases that are prevalent in each season and region, so that employees can improve their self-protection concepts.

(II) Losses suffered by the Company in the most recent fiscal year and up to the publication date of the Annual Report due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclose an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken:

1. Violation

No.	Competent authority	Date of announcement	Date of disposal	Letter number	Laws and regulations violated	Content of violation	Amount of fine (NTD)
1	Taichung City	2024/01/05	2023/10/30	Fu-Shou-Lao-Dong-Zi No. 1120312061	Article 32, Paragraph 2 of the Labor Standards Act	Extending working hours beyond the legal limit	110,000
					Article 36 of the Labor Standards Act	Failed to provide leave according to regulations	
2	Taichung City	2023/09/05	2023/06/30	Fu-Shou-Lao-Dong-Zi No. 1120176538	Article 32, Paragraph 2 of the Labor Standards Act	Extending working hours beyond the legal limit	50,000

2. Response measures:

2.1 The Company provides statistics of working hours, and supervisors makes necessary work assignments and personnel arrangements.

2.2 Supervisors keep track of the overtime hours of their subordinates and monitor the situation regularly.

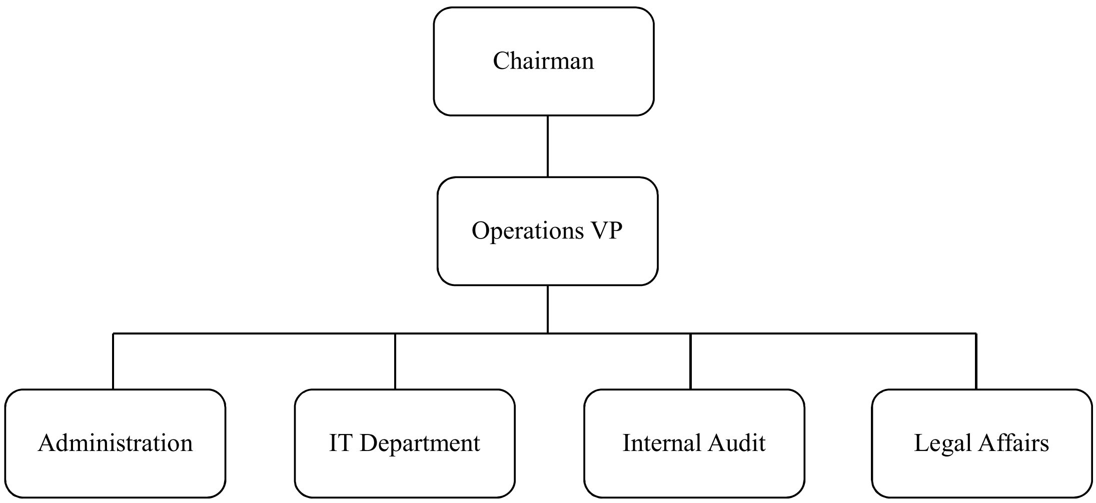
2.3 Periodically communicate overtime application specifications and procedures.

VI. Information and Communications Security Management

(I) Information and Communications Security Management Structure, Information and Communications Security Policy, Specific Management Proposals, and Resources Invested in Information and Communications Security Management

Information and Communications Security Management Structure

The Company has set up an information security governance organization that is coordinated by the Operations VP and consists of the Administrations Department, IT Department, Internal Audit Office, and Legal Affairs Office. The organization examines various security management tasks, coordinates information, and proposes improvements, and the Operations VP forms decisions over various security management policies and submits them to the Board of Directors and the Chairman, who will designate dedicated personnel to promote and execute various policies.



Information Security Policy:

1. Evaluate risk of information security by examining whether the system structure, internet safety, resource management, software and hardware authorization comply with the Company's use and requirement, and make adjustments or incorporate into the Company's improvement plans according to related risks.

2. Promote awareness of confidentiality policy and data protection, manage and track files, manage devices and limit access to data. The Company's internal audit and legal department tracks and examines irregularities to lower the risk of data leakage and to protect the Company's important assets and competitiveness.

3. Promote understanding of information security in line with current conditions and increase employee awareness to ensure knowledge of security is integrated in employees' day to day operations.

4. Collaborate with third-party security firms to pinpoint security vulnerabilities, taking preventative measures to investigate and resolve information security issues early on.

Implementation Measures:

*Various layers of protection from external to internal, and between internal units

- Multiple layers of firewall from different vendors have been set up to take advantage of their respective strengths, advanced detection technologies are used to monitor traffic, identify programs, and analyze unknown malware to block unknown connections and penetrations in advance.
- Prevent virus and attacks from spreading to different plants by implementing cross-department or cross-machine network controls and setting up firewalls between the plants.
- Setting up multiple layers of mail defense gateways and initiating functions including Attachment Defense and real-time URL detection, BEC fraud, online phishing, and ransomware protection to block advanced threats and attacks using multi-dimensional detection, anti-evasion detection, and preventive advanced email penetrations.

*Endpoint protection

- One or more types of protective software is installed based on the types of computers. Besides strengthening their basic antivirus protection, a new generation of endpoint protection against advanced persistent threats (APT), which utilizes behavioral detection to implement real-time surveillance over abnormal operating behavior, has been deployed. This will immediately block and delete malware and reduce the risk of horizontal infections. Moreover, fileless malware and RAM attacks are also prevented through machine learning and behavioral analysis.

- Intrusion prevention system (IPS) has been purchased to provide real-time alert and feedback to prevent large-scale invasions.
- Machinery input inspection mechanism has been established to prevent malware from entering the plants along with system loopholes.
- Terminal device management - the use of portable storage equipment or wireless equipment is prohibited.
- Online behavior control and isolated protection - document processing and browsing of external websites are done in separate operating environments to reduce the risk of accidentally clicking on phishing sites and downloading malware to personal computers. This will help to block external hackers' latent attacks on the internal system.

*Information security protection and confidentiality standards

- Document encryption system is deployed to restrict personnel access and storage; document behavior authorization is enforced and document operation is recorded to prevent information leaks.
- Photocopier and scanner control - unauthorized use is prohibited, and printing record storage software is deployed so that all access and operation of photocopier and scanner will be kept in electronic files.
- Mail control - for both external/internal recipients.
- Cloud storage access control.
- Information backup system is deployed, and backup mechanism and offline storage are established. Irregularly conduct backup and recovery drills, update restore SOPs, and verify the feasibility of recovery procedures and data availability.
- All personal computers and terminal devices are set up with accounts and passwords with different levels of authority over the access of important information. Accounts and passwords cannot be shared with others without the approval from a supervisor, and those who violate this rule will be penalized based on the level of the offense.
- The use of infringing software is prohibited: All software used by the Computer shall be legal, and without legal authorization, all software installed in: Company computers or

personal computers brought to the Company, are violations of the intellectual property law, and penalties will be imposed based on the severity of the situation and supervision deficiencies.

- Employees are prohibited from using the Company's resources to use intrusion, password mining, password theft, or any other method to achieve unauthorized access to other person's website, data, other accounts, or computer systems, or to use unauthorized software to obtain information and computer/software access while performing their duties by using the aforementioned conduct.
- Any trade secret and confidential information that an employee becomes aware of due to his/her duties and responsibilities or are in charge of, shall be protected using appropriate measures, which may include the following:
  1) Confidentiality agreement should be signed before authorized disclosure to third parties.
  2) Compliance to labor contracts and other relevant confidential management standards.
  3) Adopt necessary and reasonable measures to prevent unauthorized contact of any confidential information or acquisition of trade secret or confidential information.

- Principle of Information Disclosure: An employee is prohibited from disclosing any of the Company's assets, including information, business, technical data, and any trade secret or confidential information, whether in tangible or intangible form, to any third-party.

Information security and cyber risk control

The Company continues to advance over time and maintains close partnership with all information security vendors and continues to understand the protection of information security products, as well as new types of cyber attack and defense technologies. We evaluate the feasibility of various defensive products and continue to sign warranty for maintenance and equipment update and upgrade contracts, so as to ensure that our equipment can obtain even more comprehensive virus patterns, malware traffic classifications, and the latest defense and detection functions in order to identify new types of threats and to automatically initiate protection policies.

We regularly advocate our information security information, and employees who accidentally trigger information security warnings are reported to their supervisors, and either dedicated personnel will be assigned to strengthen their response or their authority of access will be forfeited.

Periodically scan vulnerabilities and data backup and recovery drills.

Emergency response plan, including response organization, personnel reporting, physical safety, technology and emergency operating procedures, have been formulated.

Resources invested in information and communications security management: Mail protection equipment, next-generation firewall, and endpoint protection software

Risk management organization:

During day-to-day operations, the Company's internal audit periodically checks on the status of compliance and submits internal audit reports to management to ensure policy implementation and improvements on existing mechanisms.

During an emergency, the Operations VP will act as the commander while his/her subordinate units will serve as meeting conveners in convening an inter-departmental meeting to understand the extent and reach of the risk, and to coordinate all departments in flexible productions, to monitor the status of the emergency and its handling, as well as to regularly announce the latest updates.

(II) Any losses incurred as a result of major information and communications safety incident in the most recent fiscal year and current fiscal year up to the publication date of the Annual Report, and an estimate of possible expenses that could be incurred currently and in the future and countermeasures being or to be taken shall be disclosed. If a reasonable estimate cannot be made, an explanation shall be provided: None.

VII. Important Contracts:

Nature of the Contract	Principal	Contract Start/End Date	Major Contents	Restrictive Terms
Construction contract	Te Chang Construction Co., Ltd.	2020.1	New Plant Construction Project of Plant 3 in Taichung Industrial Park.	-
Construction contract	Te Chang Construction Co., Ltd.	2020.11	New Plant Construction Project of Plant 4 in Taichung Industrial Park.	
Construction contract	Lee Ming Construction Co., Ltd.	2020.11	New Plant Construction Project of Plant 9 in Taichung Industrial Park.	
Construction contract	Yankey Engineering Co., Ltd.	2020.8	New Construction of Clean Room Air Conditioning for Plant 3 in Taichung Industrial Park	
Construction contract	Yankey Engineering Co., Ltd.	2021.10	New Plant Construction Project of Plant 4 in Taichung Industrial Park.	
Construction contract	Yankey Engineering Co., Ltd.	2021.10	New Plant Construction Project of Plant 9 in Taichung Industrial Park.	
Construction contract	Chung Jui Engineering Co., Ltd.	2020.8	New E&M Project of Plant 3 in Taichung Industrial Park.	
Construction contract	Chung Yuang Electrical Consulting	2021.10	New E&M Project of Plant 4 in Taichung Industrial Park.	
Construction contract	Acter Co., Ltd.	2021.10	New E&M Project of Plant 9 in Taichung Industrial Park.	

Chapter 6. Financial Highlights

I. Condensed Balance Sheet and Condensed Consolidated Income Statement for the Last Five Years

(I) International Financial Reporting Standards (IFRS)

Condensed Consolidated Balance Sheet

Unit: NT$ thousands

Item / Year		Financial data for the last five years (Note 1)					Financial analysis in the current year, as of March 31, 2024
		2023	2022	2021	2020	2019	
Current assets		134,321,141	129,202,046	124,336,880	119,399,271	111,630,060	139,364,520
Investments accounted for using the equity method		1,369,213	760,100	439,212	272,601	229,512	1,812,613
Property, plant and equipment		41,135,130	37,831,252	34,914,941	33,790,608	32,573,230	42,386,366
Intangible assets		238,909	149,131	69,799	112,794	101,741	201,814
Other assets		18,073,415	17,027,837	14,950,048	17,700,956	9,287,055	22,018,487
Total assets		195,137,808	184,970,366	174,710,880	171,276,230	153,821,598	205,783,800
Current Liabilities	Before distribution	29,517,322	29,387,923	32,733,346	30,229,181	27,150,157	37,257,193
	After distribution	34,989,518 (Note 2)	35,527,460	37,938,606	42,503,009	37,747,233	Note 3
Non-current liabilities		110,085	473,343	237,812	244,891	277,530	568,816
Liabilities Total	Before distribution	29,627,407	29,861,266	32,971,158	30,474,072	27,427,687	37,826,009
	After distribution	35,099,603 (Note 2)	36,000,803	38,176,418	42,747,900	38,024,763	Note 3
Equity attributable to owners of the parent company		165,510,401	155,109,100	141,739,722	140,802,158	126,393,911	167,957,791
Capital stock		1,334,682	1,334,682	1,341,402	1,341,402	1,341,402	1,334,682
Capital surplus		1,559,812	1,555,120	1,562,914	1,560,586	1,558,058	1,559,812
Retained Earnings	Before distribution	160,871,108	152,651,936	141,877,661	139,645,983	125,636,027	161,510,018
	After distribution	155,398,912 (Note 2)	146,512,399	136,672,401	127,372,155	115,038,951	Note 3
Other equity		1,744,799	(432,638)	(1,641,270)	(1,745,813)	(2,141,576)	3,553,279
Treasury shares		-	-	(1,400,985)	-	-	-
Equity Total	Before distribution	165,510,401	155,109,100	141,739,722	140,802,158	126,393,911	167,957,791
	After distribution	160,038,205 (Note 2)	148,969,563	136,534,462	128,528,330	115,796,835	Note 3

Note 1: The financial data of the last five years have been audited and certified by CPAs.
Note 2: The 2023 earnings distribution has been approved by the Board of Directors.
Note 3: Earnings distribution is subject to the approval of the Board of Directors.

Condensed Consolidated Statement of Comprehensive Income

Unit: NT$ thousands

Year / Item	Financial analysis for the last five years (Note)					Financial analysis in the current year, as of March 31, 2024
	2023	2022	2021	2020	2019	
Operating revenue	48,842,247	47,675,228	46,962,402	55,944,489	60,745,008	11,313,191
Gross profit	23,793,684	26,082,674	28,149,651	37,472,234	41,940,620	5,562,949
Operating income	17,807,413	20,384,119	23,148,121	32,032,118	36,499,337	3,960,788
Non-operating income and expenses	4,294,568	7,442,583	(121,511)	(338,351)	79,518	3,469,081
Profit before tax	22,101,981	27,826,702	23,026,610	31,693,767	36,578,855	7,429,869
Net income from continuing operations for the period	17,902,322	22,625,049	18,671,230	24,534,131	28,263,082	6,111,106
Net profit (loss) for the period	17,902,322	22,625,049	18,671,230	24,534,131	28,263,082	6,111,106
Other comprehensive income (loss) for the period (net of tax)	2,170,731	1,221,583	97,165	468,664	(348,256)	1,808,480
Total comprehensive income for the period	20,073,053	23,846,632	18,768,395	25,002,795	27,914,826	7,919,586
Earnings Per Share	134.13	169.52	139.28	182.90	210.70	45.79

Note: The financial data of the last five years have been audited and certified by CPAs.

Condensed Parent Company Only Balance Sheet

Unit: NT$ thousands

Item	Year	Financial data for the last five years (Note 1)				
		2023	2022	2021	2020	2019
Current assets		119,835,424	116,571,756	111,146,621	106,462,765	92,358,323
Investments accounted for using the equity method		17,122,420	14,248,006	14,453,422	13,802,157	20,309,368
Property, plant and equipment		40,801,230	37,541,071	34,650,808	33,542,417	32,286,239
Intangible assets		226,378	145,269	69,799	112,794	101,741
Other assets		17,560,432	16,975,285	14,922,199	17,688,537	9,271,574
Total assets		195,545,884	185,481,387	175,242,849	171,608,670	154,327,245
Current Liabilities	Before distribution	29,930,907	29,906,434	33,276,349	30,561,621	27,655,804
	After distribution	35,403,103 (Note 2)	36,045,971	38,481,609	42,835,449	38,252,880
Non-current liabilities		104,576	465,853	226,778	244,891	277,530
Liabilities Total	Before distribution	30,035,483	30,372,287	33,503,127	30,806,512	27,933,334
	After distribution	35,507,679 (Note 2)	36,511,824	38,708,387	43,080,340	38,530,410
Equity attributable to owners of the parent company		165,510,401	155,109,100	141,739,722	140,802,158	126,393,911
Capital stock		1,334,682	1,334,682	1,341,402	1,341,402	1,341,402
Capital surplus		1,559,812	1,555,120	1,562,914	1,560,586	1,558,058
Retained Earnings	Before distribution	160,871,108	152,651,936	141,877,661	139,645,983	125,636,027
	After distribution	155,398,912 (Note 2)	146,512,399	136,672,401	127,372,155	115,038,951
Other equity		1,744,799	(432,638)	(1,641,270)	(1,745,813)	(2,141,576)
Treasury shares		-	-	(1,400,985)	-	-
Equity Total	Before distribution	165,510,401	155,109,100	141,739,722	140,802,158	126,393,911
	After distribution	160,038,205 (Note 2)	148,969,563	136,534,462	128,528,330	115,796,835

Note 1: The financial data of the last five years have been audited and certified by CPAs.

Note 2: The 2023 earnings distribution has been approved by the Board of Directors.

Condensed Parent Company Only Statement of Comprehensive Income

Unit: NT$ thousands

Item \ Year	Financial analysis for the last five years (Note)				
	2023	2022	2021	2020	2019
Operating revenue	47,665,159	45,478,371	47,033,940	53,979,503	58,681,535
Gross profit	23,173,615	25,011,471	27,065,930	35,860,393	40,290,118
Operating income	17,342,994	19,466,808	22,152,537	30,504,120	34,945,825
Non-operating income and expenses	4,673,525	8,583,185	689,206	972,592	982,583
Profit before tax	22,016,519	28,049,993	22,841,743	31,476,712	35,928,408
Net income from continuing operations for the period	17,902,322	22,625,049	18,671,230	24,534,131	28,263,082
Net profit (loss) for the period	17,902,322	22,625,049	18,671,230	24,534,131	28,263,082
Other comprehensive income (loss) for the period (net of tax)	2,170,731	1,221,583	97,165	468,664	(348,256)
Total comprehensive income for the period	20,073,053	23,846,632	18,768,395	25,002,795	27,914,826
Earnings Per Share	134.13	169.52	139.28	182.90	210.70

Note: The financial data of the last five years have been audited and certified by CPAs.

(II) Names of CPAs and Audit Opinions for the Last Five Years

	2023	2022	2021	2020	2019
Certified Public Accountant (CPA)	Shyhhuar Kuo Chun-Yuan Wu	Shyhhuar Kuo Chun-Yuan Wu	Shyhhuar Kuo Chun-Yuan Wu	Shyhhuar Kuo Chun-Yuan Wu	Tzu-Hsin Chang Shyhhuar Kuo
Audit Opinion	Unmodified Opinion	Unmodified Opinion	Unmodified Opinion	Unmodified Opinion	Unmodified Opinion

II Financial Analyses for the Past Five Fiscal Years

International Financial Reporting Standards

Consolidated Financial Analysis

Item		2023	2022	2021	2020	2019	Financial analysis in the current year, as of March 31, 2024
Year		Financial data for the last five years (Note)					
Financial structure (%)	Debt ratio	15.18	16.14	18.87	17.79	17.83	18.38
	Ratio of long-term capital to property, plant, and equipment	402.63	411.25	406.64	417.41	388.88	397.60
Solvency	Current ratio (%)	455.06	439.64	379.85	394.98	411.16	374.06
	Quick ratio (%)	433.16	419.82	354.82	378.27	396.80	353.85
	Interest coverage ratio	19337.82	15740.08	11827.71	13644.46	13434.29	38497.73
Management ability	Receivables turnover rate (times)	5.38	5.30	4.45	4.24	4.55	5.33
	Average collection days	68	69	82	86	80	68
	Inventory turnover rate (times)	5.12	3.96	3.87	4.83	5.00	5.05
	Payables turnover rate (times)	14.64	12.81	11.47	11.95	11.42	13.58
	Average inventory turnover days	71	92	94	76	73	72
	Property, plant and equipment turnover rate (times)	1.24	1.31	1.37	1.69	2.01	1.08
	Total asset turnover (times)	0.26	0.27	0.27	0.34	0.42	0.23
Profitability	Return on assets (%)	9.42	12.58	10.79	15.09	19.73	12.19
	Return on equity (%)	11.17	15.24	13.22	18.36	24.16	14.66
	Pre-tax income to paid-in capital ratio (%)	1655.97	2084.89	1716.61	2362.73	2726.91	2226.71
	Net margin (%)	36.65	47.46	39.76	43.85	46.53	54.02
	Earnings per share (NT$)	134.13	169.52	139.28	182.90	210.70	45.79
Cash flow (%)	Cash flow ratio	61.65	150.43	63.78	96.10	94.40	35.28
	Cash flow adequacy ratio	145.15	160.01	158.26	176.51	189.77	157.10
	Cash flow reinvestment ratio	4.29	16.06	5.10	11.31	11.27	6.47
Leverage	Operating leverage	1.87	1.72	1.54	1.43	1.36	2.02
	Financial leverage	1	1	1	1	1	1

The increase in interest coverage ratio was mainly due to the decrease in interest expenses.
The increase in inventory turnover was mainly due to the increase in cost of goods sold.
The decrease in return on assets was mainly due to the decrease in income after tax.
The decrease in return on equity was mainly due to the decrease in income after tax.
The decrease in the pre-tax income to paid-in capital ratio was mainly due to the decrease in pre-tax income.
The decrease in net margin was mainly due to the decrease in income after tax.
The decrease in earnings per share was mainly due to the decrease in income after tax.
The decrease in cash flow ratio was mainly due to the decrease in net cash flow from operating activities.
The decrease in cash reinvestment ratio was mainly due to the decrease in net cash flow from operating activities.

Parent Company Only Financial Analysis

Item		Year: Financial data for the last five years (Note)				
		2023	2022	2021	2020	2019
Financial structure (%)	Debt ratio	15.36	16.37	19.12	17.95	18.10
	Ratio of long-term capital to property, plant, and equipment	405.91	414.41	409.71	420.50	392.34
Solvency	Current ratio (%)	400.37	389.79	334.01	348.35	333.96
	Quick ratio (%)	381.26	373.04	312.61	332.92	321.42
	Interest coverage ratio	21231.97	17477.63	11966.29	13551.03	13195.42
Management ability	Receivables turnover rate (times)	5.37	5.46	5.07	4.51	4.71
	Average collection days	68	67	72	81	77
	Inventory turnover rate (times)	6.01	4.64	4.68	5.33	5.63
	Payables turnover rate (times)	10.09	8.29	8.25	8.26	8.08
	Average inventory turnover days	61	79	78	68	65
	Property, plant and equipment turnover rate (times)	1.22	1.26	1.38	1.64	1.96
	Total asset turnover (times)	0.25	0.25	0.27	0.33	0.41
Profitability	Return on assets (%)	9.40	12.54	10.77	15.06	19.67
	Return on equity (%)	11.17	15.24	13.22	18.36	24.16
	Pre-tax income to paid-in capital ratio (%)	1649.57	2101.62	1702.83	2346.55	2678.42
	Net margin (%)	37.56	49.75	39.70	45.45	48.16
	Earnings per share (NT$)	134.13	169.52	139.28	182.90	210.70
Cash flow (%)	Cash flow ratio	61.64	143.01	61.02	93.69	85.03
	Cash flow adequacy ratio	141.91	150.24	148.99	160.42	159.87
	Cash flow reinvestment ratio	4.44	15.39	4.80	11.15	9.91
Leverage	Operating leverage	1.86	1.74	1.64	1.46	1.39
	Financial leverage	1	1	1	1	1

The increase in interest coverage ratio was mainly due to the decrease in interest expenses.
The increase in inventory turnover was mainly due to the increase in cost of goods sold.
The increase in accounts payable turnover was mainly due to the increase in cost of goods sold.
The decrease in return on assets was mainly due to the decrease in income after tax.
The decrease in return on equity was mainly due to the decrease in income after tax.
The decrease in the pre-tax income to paid-in capital ratio was mainly due to the decrease in pre-tax income.
The decrease in earnings per share was mainly due to the decrease in income after tax.
The decrease in cash flow ratio was mainly due to the decrease in net cash flow from operating activities.
The decrease in cash reinvestment ratio was mainly due to the decrease in net cash flow from operating activities.

The formula is as follows:

1. Financial structure

(1) Debt ratio = Total liabilities/Total assets.

(2) Ratio of long-term capital to property, plant, and equipment = (Total equity + Non-current liabilities)/Net value of 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 coverage ratio = Income before tax and interest expenses/Interest expenses.

3. Management ability

(1) Accounts receivable (including accounts receivable and notes receivable generated from operations) turnover rate = Net sales/Average balance of accounts receivable (including accounts receivable and notes receivable generated from operations) for each period.

(2) Average collection days = 365/Accounts receivable turnover rate.

(3) Inventory turnover rate = Cost of goods sold/Average inventories.

(4) Accounts payable (including accounts payable and notes payable generated from operations) turnover rate = Cost of goods sold/Average balance of accounts payable (including accounts payable and notes payable generated from operations) for each period.

(5) Average inventory turnover days = 365/Inventory turnover rate.

(6) Property, plant, and equipment turnover rate = Net sales/Average net property, plant, and equipment.

(7) Total assets turnover rate = Net sales/Average total assets.

4. Profitability

(1) Return on assets (ROA) = [Income after tax + Interest expenses x (1 - Tax rate)]/Average total assets.

(2) Return on equity (ROE) = Income after tax/Average total equity.

(3) Net profit margin = Income after tax/Net sales.

(4) Earnings per share (EPS) = (Income attributable to owners of the parent - Preferred stock dividends)/Weighted average number of shares issued.

5. Cash Flow

(1) Cash flow ratio = Net cash flows generated from operating activities/Current liabilities.

(2) Cash flow adequacy ratio = Five-year sum of net cash flows generated from operating activities/Five-year sum of capital expenditure, inventory additions and cash dividends).

(3) Cash reinvestment ratio = (Net cash flows from operating - cash dividends)/(Gross amount of property, plant, and equipment + Long term investment + Other non-current assets + Working capital).

6. Leverage:

(1) Operating leverage = (net operating revenue - variable operating costs and expenses) / operation income.

(2) Financial leverage = operating income / (operating income - interest expenses).

III. Audit Report of the Audit Committee

Largan Precision Co., Ltd.
Audit Report of the Audit Committee

We hereby approve

The Board of Directors has prepared the Company's 2023 Business Report, Financial Statements and Dividend Distribution Proposal, among which the financial statements (including Parent Only Financial Statements and Consolidated Financial Statements) have been audited and completed by KPMG Taiwan. The Audit Committee has reviewed and verified the Financial Statements along with the Business Report and Earnings Distribution Proposal and found them to be compliant with applicable regulations. We hereby produce this report in accordance with Article 14-4 of the Security and Exchange Act and Article 219 of the Company Act for your review.

The above is respectfully submitted to

Largan Precision Co., Ltd. 2024 Annual General Shareholders' Meeting

Chair of Audit Committee: Shan-Chieh Yen

February 26, 2024

IV. Consolidated Financial Statements of the Most Recent Year with Independent Auditors' Report and Notes

Representation Letter

The entities that are required to be included in the combined financial statements of Largan Precision Co., Ltd. as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Largan Precision Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Largan Precision Co., Ltd.
Chairman: En-Ping Lin
Date: February 26, 2024

Independent Auditors' Report

To the Board of Directors of Largan Precision Co., Ltd.:

Opinion

We have audited the consolidated financial statements of Largan Precision Co., Ltd. and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as of December 31, 2023 and 2022, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of 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 of 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 of the current period. 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

Inventory valuation

Please refer to Note 4(h), Note 5, and Note 6(g) for accounting policies, uncertainty of accounting estimates and assumptions, and related disclosures for inventory valuation.

Description of key audit matter:

Inventories are stated at the lower of cost or net realizable value. With the rapid development of technology, and significant changes in market demand, the severe volatility to sales may lead to risks, wherein the costs of inventories may exceed its net realizable values. Therefore, the valuation of inventories has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures include obtaining an inventory aging report, analyzing the movement of inventory aging and evaluating the reasonableness of the Group's accounting policies, such as allowance for inventory valuation and obsolescence; performing a retrospective test of the Group's historical accuracy of judgments with reference to inventory valuation and comparing with the current period to evaluate the appropriateness of the estimation and assumptions used; examining whether the valuation of inventories is in compliance with the accounting policies of the Group; understanding the basis of the selling price the management used to ensure the reasonableness of net realizable value of inventories; reviewing sales in the subsequent period, as well as assessing the basis of the net realizable value the Group used to determine the sufficiency of allowance of inventories and whether the related disclosures are appropriate.

Other Matter

The Company has additionally prepared its parent company only financial statements as of and for the years ended December 31, 2023 and 2022, 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 with the IFRSs, IASs, IFRC, 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.

Auditor's 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 auditor's 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 Standards on Auditing of 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 Standards on Auditing of the Republic of China, we exercise professional judgment and 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 appropriate audit evidence regarding the financial information of the 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 of the current period 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 Kuo, Shyh-Huar and Wu, Chun-Yuan.

KPMG

Taipei, Taiwan (Republic of China)
February 26, 2024

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and cash flows in accordance with the 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 accepted and applied in the Republic of China.

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

LARGAN PRECISION CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (Note 6(a) and (w))	$ 107,489,900	55	110,171,631	60
1110	Current financial assets at fair value through profit or loss (Note 6(b) and (w))	4,165,016	2	1,542,133	1
1120	Current financial assets at fair value through other comprehensive income (Note 6(c) and (w))	5,142,001	3	2,895,791	2
1170	Accounts receivable, net (Note 6(e) and (w))	10,003,139	5	7,797,938	4
1180	Accounts receivable from related parties, net (Note 6(e), (w) and 7)	88,318	-	252,920	-
1200	Other receivables (Note 6(f) and (w))	956,375	-	613,162	-
1210	Other receivables from related parties (Note 6(f),and (w) and 7)	12,591	-	16,664	-
1220	Current tax assets	144	-	86,293	-
1310	Inventories (Note 6(g))	4,590,985	3	5,190,796	3
1470	Other current assets (Note 6(l))	152,532	-	184,951	-
1476	Other current financial assets (Note 6(l), (w) and 8)	1,720,140	1	449,767	-
		134,321,141	69	129,202,046	70
	Non-current assets:				
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(c) and (w))	3,119,488	1	1,054,000	1
1536	Non-current financial assets at amortized cost (Notel 6(d) and (w))	427,152	-	-	-
1550	Investments accounted for using equity method (Note 6(h))	1,369,213	1	760,100	-
1600	Property, plant and equipment (Note 6(i) and 7)	41,135,130	21	37,831,252	20
1755	Right-Of-Use assets (Note 6(j))	92,146	-	144,125	-
1780	Intangible assets (Note 6(k))	238,909	-	149,131	-
1840	Deferred tax assets (Note 6(p))	316,157	-	335,677	-
1900	Other non-current assets (Note 6(l), (w) and 8)	3,154,389	2	2,821,799	2
1980	Other non-current financial assets (Note 6(l), (w) and 8)	10,964,083	6	12,672,236	7
		60,816,667	31	55,768,320	30
	Total assets	$ 195,137,808	100	184,970,366	100

		December 31, 2023		December 31, 2022	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (Note 6(m) and (w))	$ -	-	18,773	-
2150	Notes payable (Note 6(w))	1,028	-	-	-
2170	Accounts payable (Note 6(w))	1,611,912	1	1,324,570	1
2180	Accounts payable to related parties (Note 6(w) and 7)	118,754	-	365,582	-
2200	Other payables (Note 6(q) and (w))	23,512,043	12	22,956,446	12
2220	Other payables to related parties (Note 6(w) and 7)	1,082	-	1,572	-
2230	Current tax liabilities	4,134,903	2	4,540,279	3
2280	Current lease liabilities (Note 6(n) and (w))	51,999	-	57,701	-
2300	Other current liabilities	85,601	-	123,000	-
		29,517,322	15	29,387,923	16
	Non-Current liabilities:				
2570	Deferred tax liabilities (Note 6(p))	11,400	-	332,874	-
2580	Non-current lease liabilities (Note 6(n) and (w))	28,563	-	75,184	-
2600	Other non-current liabilities (Note 6(w))	3,760	-	4,007	-
2640	Net defined benefit liability, non-current (Note 6(o))	66,362	-	61,278	-
		110,085	-	473,343	-
	Total liabilities	29,627,407	15	29,861,266	16
	Equity:				
	Equity attributable to owners of parent (Note 6(r)):				
3110	Share capital	1,334,682	1	1,334,682	1
3200	Capital surplus	1,559,812	1	1,555,120	1
3300	Retained earnings	160,871,108	82	152,651,936	82
3400	Other equity interest	1,744,799	1	(432,638)	-
	Total equity attributable to owners of parent:	165,510,401	85	155,109,100	84
	Total liabilities and equity	$ 195,137,808	100	184,970,366	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

LARGAN PRECISION CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		2023		2022	
		Amount	%	Amount	%
4000	**Operating revenue(Note 6(t) and 7)**	$ 48,842,247	100	47,675,228	100
5000	**Operating costs (Note6(g),(o),(u) and 7)**	25,036,696	51	21,579,583	45
		23,805,551	49	26,095,645	55
5920	Unrealized profit from sales	(11,867)	-	(12,971)	-
5900	**Gross profit from operations**	23,793,684	49	26,082,674	55
6000	**Operating expenses((Note6(o),(u) and 7)**				
6100	Selling expenses	290,626	1	399,416	1
6200	Administrative expenses	1,504,478	3	1,145,167	2
6300	Research and development expenses	4,191,167	9	4,153,972	9
	Total operating expenses	5,986,271	13	5,698,555	12
6900	**Operating income**	17,807,413	36	20,384,119	43
7000	**Non-operating income and expenses:**				
7100	Interest income (Note 6(v))	3,934,655	8	1,691,901	4
7010	Other income (Note 6(v) and 7)	104,351	-	32,697	-
7020	Other gains and losses (Note 6(v) and 7)	44,671	-	5,478,828	11
7050	Finance costs (Note 6(n) and (v))	(1,143)	-	(1,768)	-
7060	Share of profit (losses) of associates and joint ventures accounted for using equity method, net (Note 6(h))	212,034	1	240,925	-
		4,294,568	9	7,442,583	15
7900	**Profit before income tax**	22,101,981	45	27,826,702	58
7950	**Less: Income tax expenses (Note 6(p))**	4,199,659	8	5,201,653	11
	Profit for the period	17,902,322	37	22,625,049	47
8300	**Other comprehensive income:**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8311	Remeasurements of defined benefit obligation	(6,706)	-	12,951	-
8316	Unrealized gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	2,130,043	4	(3,811)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
		2,123,337	4	9,140	-
8360	**Components of other comprehensive income that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(21,801)	-	1,302,402	3
8367	Unrealized gains (losses) on investments in debt instruments measured at fair value through other comprehensive income	69,195	-	(89,959)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
		47,394	-	1,212,443	3
	Other comprehensive income for the period, net of tax	2,170,731	4	1,221,583	3
8500	**Total comprehensive income for the period**	**$ 20,073,053**	**41**	**23,846,632**	**50**
	Earnings per share(NT Dollars)(Note 6(s))				
9750	**Basic earnings per share**	**$**	**134.13**		**169.52**
9850	**Diluted earnings per share**	**$**	**132.62**		**166.89**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

LARGAN PRECISION CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent										
			Retained earnings				Other equity interest				
	Share Capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total	Treasury shares	Total equity attributable to owners of parent
Balance at January 1, 2022	$ 1,341,402	1,562,914	22,134,303	1,521,382	118,221,976	141,877,661	(1,986,787)	345,517	(1,641,270)	(1,400,985)	141,739,722
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	1,038,866	-	(1,038,866)	-	-	-	-	-	-
Special reserve	-	-	-	119,888	(119,888)	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	-	(10,477,254)	(10,477,254)	-	-	-	-	(10,477,254)
	-	-	1,038,866	119,888	(11,636,008)	(10,477,254)	-	-	-	-	(10,477,254)
Profit for the year	-	-	-	-	22,625,049	22,625,049	-	-	-	-	22,625,049
Other comprehensive income for the period	-	-	-	-	12,951	12,951	1,302,402	(93,770)	1,208,632	-	1,221,583
Total comprehensive income for the period	-	-	-	-	22,638,000	22,638,000	1,302,402	(93,770)	1,208,632	-	23,846,632
Retirement of treasury share	(6,720)	(7,794)	-	-	(1,386,471)	(1,386,471)	-	-	-	1,400,985	-
Balance at December 31, 2022	**$ 1,334,682**	**1,555,120**	**23,173,169**	**1,641,270**	**127,837,497**	**152,651,936**	**(684,385)**	**251,747**	**(432,638)**	**-**	**155,109,100**
Balance at January 1,2023	$ 1,334,682	1,555,120	23,173,169	1,641,270	127,837,497	152,651,936	(684,385)	251,747	(432,638)	-	155,109,100
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	2,823,645	-	(2,823,645)	-	-	-	-	-	-
Special reserve	-	-	-	(1,641,270)	1,641,270	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	-	(9,676,444)	(9,676,444)	-	-	-	-	(9,676,444)
	-	-	2,823,645	(1,641,270)	(10,858,819)	(9,676,444)	-	-	-	-	(9,676,444)
Other changes in capital surplus	-	4,692	-	-	-	-	-	-	-	-	4,692
Profit for the period	-	-	-	-	17,902,322	17,902,322	-	-	-	-	17,902,322
Other comprehensive income for the period	-	-	-	-	(6,706)	(6,706)	(21,801)	2,199,238	2,177,437	-	2,170,731
Total comprehensive income for the period	-	-	-	-	17,895,616	17,895,616	(21,801)	2,199,238	2,177,437	-	20,073,053
Balance at December 31, 2023	**$ 1,334,682**	**1,559,812**	**25,996,814**	**-**	**134,874,294**	**160,871,108**	**(706,186)**	**2,450,985**	**1,744,799**	**-**	**165,510,401**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

LARGAN PRECISION CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from operating activities:		
Profit before income tax	$ 22,101,981	27,826,702
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	5,298,601	5,031,301
Amortization expense	123,134	86,982
Interest expense	1,143	1,768
Interest income	(3,934,655)	(1,691,901)
Dividend income	(83,236)	(8,326)
Share of profit of associates and joint ventures accounted for using equity method	(212,034)	(240,925)
(Profit) losses on disposal of property, plant and equipment	(40,207)	68
Unrealized foregin exchange gain	(8,840)	(70,568)
Unrealized profit from sales	11,867	12,971
Property, plan and equipment transferred to expenses	-	400
Total adjustments to reconcile profit	1,155,773	3,121,770
Changes in operating assets and liabilities:		
Changes in operating assets:		
(Increase) decrease in financial assets mandatorily measured at fair value through profit or loss	(2,622,883)	12,827,833
(Increase) decrease in accounts receivable (including from related parties)	(2,040,599)	1,887,565
Decrease in inventories	599,811	516,749
(Increase) decrease in other current assets	(68,977)	75,968
Total changes in operating assets	(4,132,648)	15,308,115
Changes in operating liabilities:		
Increase (decrease) in notes payable	1,028	(1,557)
Increase in accounts payable (including to related parties)	40,514	12,857
Increase in other current liabilities	95,691	1,059,088
Decrease in net defined benefit liabilities	(1,622)	(25,764)
Total changes in operating liabilities	135,611	1,044,624
Total changes in operating assets and liabilities	(3,997,037)	16,352,739
Cash inflow generated from operations	19,260,717	47,301,211
Interest received	3,676,768	1,363,321
Dividends received	83,236	8,326
Interest paid	(1,143)	(1,768)
Income taxes paid	(4,821,015)	(4,464,005)
Net cash flows from operating activities	18,198,563	44,207,085
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(2,111,337)	(672,609)
Acquisition of financial assets at amortized cost	(442,653)	-
Acquisition of investments accounted for using equity method	(510,530)	(87,000)
Acquisition of property, plant and equipment	(8,236,510)	(8,256,989)
Proceeds from disposal of property, plant and equipment	156,225	505
Decrease (increase) in refundable deposits	6,086	(46)
Increase in other non-current assets	(338,676)	(928,686)
Acquisition of intangible assets	(212,629)	(165,128)
Decrease in other financial assets	437,780	317,100
Dividends received	101,218	-
Net cash flows used in investing activities	(11,151,026)	(9,792,853)
Cash flows from financing activities:		
(Decrease) increase in short-term borrowings	(18,819)	18,819
(Decrease) increase in guarantee deposits received	(247)	377
Payment of lease liabilities	(59,429)	(56,272)
Cash dividends paid	(9,676,444)	(14,635,600)
Overdue dividend transferred to capital surplus	4,692	-
Net cash flows used in financing activities	(9,750,247)	(14,672,676)
Effect of exchange rate changes on cash and cash equivalents	20,979	1,280,781
Net (decrease) increase in cash and cash equivalents	(2,681,731)	21,022,337
Cash and cash equivalents at beginning of period	110,171,631	89,149,294
Cash and cash equivalents at end of period	**$ 107,489,900**	**110,171,631**

See accompanying notes to consolidated financial statements.

(1) Company history

Largan Precision Co., Ltd. (the "Company") was incorporated in April 1987 as a company limited by shares under the Company Act of the Republic of china (R .O. C). The registered address is No.11, Jingke Rd., Nantun Dist., Taichung City 40852, Taiwan (R.O.C.). The major business activities of the Company and subsidiaries (together referred to as the "Group") are the design, manufacture and sale of lens for perspective mirror, camera, single and double binoculars, fax machine, microscope and scanner etc. Please refer to note 14.

The Company's common shares were listed on the Taiwan Stock Exchange (TWSE) in March 2002.

(2) Approval date and procedures of the consolidated financial statements:

These consolidated financial statements were authorized for issue by the Board of Directors on February 26, 2024.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

In addition, the Group has adopted Amendments to IAS 12"International Tax Reform – Pillar Two Model Rules" on May 23, 2023. The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which applies retrospectively, and require new disclosures about the Pillar Two exposure for annual reporting periods beginning on or after January 1, 2023. However, because on December 31, 2023, no new legislation to implement the top-up tax was enacted or substantively enacted in any jurisdiction in which the Group operates and no related deferred taxes were recognised at that date, the retrospective application has no impact on the Group's condensed interim financial statements. The Group is closely monitoring developments related to the implementation of the international tax reforms introducing a global minimum top-up tax.

(b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

(Continued)

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Group does not expect the other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements.

(4) Summary of material accounting policies

The material accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) **Statement of compliance**

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed by the Financial Supervisory Commission, R.O.C.

(b) **Basis of preparation**

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on the historical cost basis:

1) Financial instruments at fair value through profit or loss are measured at fair value;

2) Financial assets at fair value through other comprehensive income are measured at fair value.

3) The defined benefit liabilities are measured at fair value of the plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of each entity is determined based on the primary economic environment in which the entity operates. The Company’s financial statements are presented in New Taiwan Dollar, which is the Company’s functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(Continued)

(c) **Basis of consolidation**

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprised of the Company and its subsidiaries. The Group accounted an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its control over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that the control ceases. Intra-group balances and transactions, and any unrealized income and expenses arising from intra- group transactions, are eliminated in preparing the consolidated financial statements. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Accounting policies of subsidiaries have been adjusted to ensure consistency with the policies adopted by the Group.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any differences between the Group's share of net assets before and after the change, and any considerations received or paid, are adjusted to or against the Group reserves.

(ii) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Percentage of Ownership December 31, 2023	Percentage of Ownership December 31, 2022	
The Company	Largan (Hong Kong) Limited. (Largan Hong Kong)	Investment	100%	100%	
The Company	Astro International Ltd. (Astro)	Investment	100%	100%	
The Company	Largan Industrial Optics Co., Ltd. (Largan Industrial Optics)	Manufacturing of optical instruments	100%	100%	
The Company	Ba Fang International Investment Co.,Ltd (Ba Fang International Investment)	Investment	100%	-	(Note)
Astro	Amtai International Ltd. (Amtai)	Sales of optical components	100%	100%	
Astro	Net International Trading Ltd. (Net)	Investment	100%	100%	
Net	Largan (Dongguan) Optronic Ltd. (Largan Dongguan)	Manufacture of optical components	100%	100%	
Largan Industrial Optics	Fang Yuan Co., Ltd. (Fang Yuan)	Investment	100%	100%	

Note : Ba Fang International Investment was established in July 2023.

(Continued)

(iii) Subsidiaries excluded from consolidation:

Name of investor	Name of subsidiary	Principal activity	Percentage of Ownership December 31, 2023	Percentage of Ownership December 31, 2022
The Company	Largan Digital Co., Ltd. (Largan Digital)	Manufacture of image capture device, image reader, camera and player	49.37%	49.37%
The Company	Largan Health AI-Tech Co., Ltd. (Largan Health AI-Tech)	Sales of medical equipment	88.00%	88.00%
The Company	Photonicore Technologies Co., Ltd.(Photonicore Technologies)	Manufacturing of precision instrument、Optical Instruments 、wired communication equipment and apparatus, etc.	76.04%	54.72%
Ba Fang International Investment	Taiwan Applied Crystal Co., Ltd(Taiwan Applied Crystal)	Manufacturing of precision instrument、Optical Instruments, etc.	71.00%	-

The Company has the ability to control over Largan Digital, Largan Health AI-Tech, Photonicore Technologies and Taiwan Applied Crystal. However, based on material consideration the total assets and operating revenue of Largan Digital, Largan Health AI-Tech, Photonicore Technologies and Taiwan Applied Crystal account for a small proportion of the total assets and operating revenue of the Group, respectively; therefore, they are excluded from the consolidation.

(d) **Foreign currency**

(i) Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for an investment in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

(Continued)

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company's disposes any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Group disposes only part of investment in an associate of joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from, or payable to, a foreign operation is neither planned nor likely in the foreseeable future, Exchange differences arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income, and presented in the translation reserve in equity.

(e) **Classification of current and non-current assets and liabilities**

An asset is classified as current under one of the following criteria, and all other assets are classified as noncurrent.

(i) It expected to be realized, or intended to be sold or consumed, in its normal operating cycle;

(ii) It holds primarily for the purpose of trading;

(iii) It expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent, unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

(i) It is expected to settle in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) **Cash and cash equivalents**

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(Continued)

(g) **Financial instruments**

Accounts receivable are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. An accounts receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at amortized cost; fair value through other comprehensive income (FVOCI); or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL：

– it is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and

– it is contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL：

– it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(Continued)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above (e.g. financial assets held for trading and those that are managed and whose performance is evaluated on a fair value basis) are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes：

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

(Continued)

- how managers of the business are compensated — e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

5) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial assets on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers：

- contingent events that would change the amount or timing of cash flows；

- terms that may adjust the contractual coupon rate, including variable rate features；

- prepayment and extension features；and

- terms that limit the Group’s claim to cash flows from specified assets（e.g. non-recourse features）

6) Impairment of financial assets

The Group recognizes its loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, financial assets at amortized costs, notes and accounts receivable, other receivables, guarantee deposit paid and other financial assets) and debt investments measured at FVOCI.

The Group measures its loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL：

- debt securities that are determined to have low credit risk at the reporting date；and

- other debt securities and bank balances for which the credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivable and contract assets are always measured at an amount equal to lifetime ECL.

(Continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment, as well as forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 360 days past due or the debtor is unlikely to fully pay its credit obligations to the Group.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be twA or higher per Taiwan Ratings'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs resulting from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data：

- significant financial difficulty of the borrower or issuer；
- a breach of contract such as a default or being more than 360 days past due；
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider；
- it is probable that the borrower will enter bankruptcy or other financial reorganization；or

(Continued)

– the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

7) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(ii) Financial liabilities and equity instrument

1) Classification of debt or equity

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

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

(Continued)

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

5) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(h) **Inventories**

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted-average method and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) **Joint Arrangements**

A joint arrangement is an arrangement of which two or more parties have joint control. The IFRS classifies joint arrangements into two types — joint operations and joint ventures, which have the following characteristics: (a) the parties are bound by a contractual arrangement; and (b) the contractual arrangement gives two or more of those parties joint control of the arrangement. IFRS 11 "Joint Arrangements" defines joint control as the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (ie activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control.

(Continued)

A joint venture is a joint arrangement whereby the Group has joint control of the arrangement (i.e. joint venturers) in which the Group has rights to the net assets of the arrangement , rather than rights to its assets and obligations for its liabilities. The Group recognizes its interest in a joint venture as an investment and accounts for that investment using the equity method in accordance with IAS 28 "Investments in Associates and Joint Ventures", unless the Group qualifies for exemption from that Standard.

When assessing the classification of a joint arrangement, the Group considers the structure and legal form of the arrangement, the terms in the contractual arrangement, and other facts and circumstances. When the facts and circumstances change, the Group reevaluates whether the classification of the joint arrangement has changed.

(j) **Property, plant and equipment**

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset, less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

1)	Buildings	35 ~55years
2)	Machinery and equipment	2 ~ 10 years

Plant constitutes mainly building, electromechanical power engineering and cleanroom air conditioning project. Each such part is depreciated based on its useful life of 35~55 years, 8~ 10 years and 8~10 years, respectively.

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

(Continued)

(k) **Leases**

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

– fixed payments, including in-substance fixed payments;

– variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

– amounts expected to be paid under a residual value guarantee; and

– payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

– there is a change in future lease payments arising from the change in an index or rate; or

– there is a change in the Group's estimate of the amount expected to be paid under a residual value guarantee; or

– there is a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

– there is a change in the lease term resulting from a change of its assessment on whether it will exercise an extension or termination option; or

(Continued)

– there are any lease modifications.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss .

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets, photocopying equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a practical expedient, the Group elects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

- the rent concessions occurring as a direct consequence of the COVID-19 pandemic;
- the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2022; and
- there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(Continued)

(ii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

(l) **Intangible assets**

(i) Recognition and measurement

Other intangible assets are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

Computer software cost	1~3 years

Amortization methods, useful lives and residual values are reviewed at each annual reporting date and adjusted if appropriate.

(m) **Impairment of non-financial assets**

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

(Continued)

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) **Provisions**

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(o) **Revenue**

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

1) Sale of goods

The Group manufactures and sells various multiples lens to mobile phone manufacturers. The Group recognizes revenue when control of the products has been transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

2) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(Continued)

(p) **Employee benefits**

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(q) **Income taxes**

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year, and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables is the best estimate of the tax amount expected to be paid or received that it is measured using tax rates enacted or substantively enacted at the reporting date.

(Continued)

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences.

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intends to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(r) **Earnings per share**

The Group discloses the Company’s basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share are calculated as the profit attributable to ordinary shareholders of the Company, divided by the weighted-average number of ordinary shares outstanding. Diluted earnings per share are calculated as the profit attributable to ordinary shareholders of the Company, divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee bonus.

(Continued)

(s) **Operating segments**

An operating segment is a component of the Group that engages in business activities from which it may incur revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

In preparing these consolidated financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. It recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows:

Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to note 6(g) for further description of the valuation of inventories.

(6) Explanation of significant accounts

(a) **Cash and cash equivalents**

	December 31, 2023	December 31, 2022
Petty cash and cash on hand	$ 1,114	859
Demand deposits	4,328,707	4,731,036
Time deposits	103,160,079	105,439,736
Cash and cash equivalents in the consolidated statement of cash flows	**$ 107,489,900**	**110,171,631**

Please refer to note 6(w) for the exchange rate risk and sensitivity analysis of the financial assets and liabilities of the Group.

(Continued)

(b) **Financial assets at fair value through profit or loss**

	December 31, 2023	December 31, 2022
Mandatorily measured at fair value through profit or loss:		
Non-derivative financial assets		
Stocks unlisted on domestic markets	$ -	-
Beneficiary Certificate-open-end funds	4,165,016	1,542,133
Total	**$ 4,165,016**	**1,542,133**

For market risk, please refer to note 6(w).

(c) **Financial assets at fair value through other comprehensive income**

	December 31, 2023	December 31, 2022
Debt investments at fair value through other comprehensive income：		
Current		
Corporate bonds	**$ 2,906,460**	**926,959**
Equity investments at fair value through other comprehensive income：		
Current		
Stocks listed on domestic markets	**$ 2,235,541**	**1,968,832**
Non-Current		
Private equity on domestic markets	$ 3,086,000	1,054,000
Stocks unlisted on domestic markets	33,488	-
Subtotal	**$ 3,119,488**	**1,054,000**

(i) Debt investments at fair value through other comprehensive income

The Group has assessed that the following securities were held within a business model whose objective was achieved by both collecting the contractual cash flows and by selling securities. Therefore, they have been classified as debt investments at fair value through other comprehensive income.

(ii) Equity investments at fair value through other comprehensive income

The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term strategic purposes.

(Continued)

There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments as of December 31, 2023 and 2022.

(iii) For market risk, please refer to note 6(w).

(iv) As of December 31, 2023 and 2022, the financial assets at fair value through other comprehensive income of the Group had not been pledged as collateral for long-term borrowing.

(d) **Financial assets measured at amortized cost**

	December 31, 2023	December 31, 2022
Not-current		
Corporate bonds	$ **427,152**	**-**

The Group has assessed that these financial assets are held-to-maturity to collect contractual cash flows, which are solely payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

(i) For credit risk, please refer to note 6(w).

(ii) As of December 31, 2023 and 2022, the financial assets measured at amortized costs of the Group had not been pledged as collateral for its long-term borrowings.

(e) **Accounts receivable**

	December 31, 2023	December 31, 2022
Accounts receivable-measured at amortized cost	$ 10,006,782	7,801,581
Accounts receivable from related parties-measured at amortized cost	88,318	252,920
Less: loss allowance	(3,643)	(3,643)
Total	$ **10,091,457**	**8,050,858**

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowances provision were determined as follows:

	December 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	$ 9,733,046	-	-
No more than 180 days past due	362,054	1.0062%	3,643
	$ **10,095,100**		**3,643**

(Continued)

	December 31, 2022		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowanc**
Current	$ 7,891,293	-	-
No more than 180 days past due	163,208	2.2321%	3,643
	$ 8,054,501		**3,643**

The movements in the allowance for accounts receivable were as follows:

	2023	**2022**
Balance at January 1	$ 3,643	3,506
Foreign exchange gains (losses)	-	137
Balance at December 31	**$ 3,643**	**3,643**

The accounts receivable of the Group had not been pledged as collateral as of December 31, 2023 and 2022.

For further credit risk information, please refer to note 6(w).

(f) **Other receivables**

	December 31, 2023	**December 31, 2022**
Other receivables-Interest receivables	$ 758,732	480,701
Other receivables-Tax receivables	177,540	112,196
Other receivables-Others	20,103	20,265
Other receivables-Related parties	12,591	16,664
	$ 968,966	**629,826**

For further credit risk information, please refer to note 6(w).

(Continued)

(g) **Inventories**

	December 31, 2023	December 31, 2022
Finished goods	$ 2,471,183	3,083,957
Work in progress	1,000,250	531,966
Raw materials	961,428	1,435,528
Supplies	153,954	138,225
Merchandise inventory	4,170	1,120
	$ 4,590,985	**5,190,796**

For the years ended December 31, 2023 and 2022, the amounts of inventories that were charged to cost of sales, and the net of provisions that were charged to cost of sales in the consolidated statement of comprehensive income for inventories written down to net realizable value, were $293,391 thousand and $331,068 thousand, respectively.

As of December 31, 2023 and 2022, the Group did not provide any inventories as collateral for its loans.

(h) **Investments accounted for using equity method**

A summary of the Group's financial information about investments accounted for using equity method at the reporting date is as follows:

	December 31, 2023	December 31, 2022
Subsidiaries	$ 1,369,213	687,311
Associates	-	72,789
	$ 1,369,213	**760,100**

In 2023 and 2022, the Group's shares on the net income of its subsidiaries and associates was as follows:

	2023	2022
The Group's shares on the net income of its subsidiaries	$ 212,034	255,136
The Group's shares on the net income of its associates	-	(14,211)
	$ 212,034	**240,925**

(Continued)

(i) The Group participated in the cash capital increase of Photonicore Technologies in April 2022, with an investment amount of $87,000 thousand, and obtained 54.72% of Photonicore Technologies 's shareholdings. Since the Group did not obtain a majority of board seats of Photonicore Technologies or control its relevant operations , the Group assessed that it did not have control over the company. Additionally, the Group participated in another cash capital increase of Photonicore Technologies with the amount of $262,030 thousand in July 2023,and the shareholding of Photonicore Technologies increased to 76.04%.The Group obtained a majority of board seats of Photonicore Technologies and the right to control its operations. Therefore, it is determined that the Group has control over Photonicore Technologies.

(ii) The Group participated in the cash capital increase of Taiwan Applied Crystal in July 2023, with an investment amount of $248,500 thousand, and obtained 71% shareholdings. Therefore, the Group has control over Taiwan Applied Crystal.

(iii) As of December 31, 2023 and 2022, the Group did not provide any investment accounted for using equity method as collaterals for its loans.

(i) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group in 2023 and 2022, were as follows:

	Land	Building and construction	Machinery and equipment	Transportation equipment	Office equipment and other facilities	Rental assets	Construction in progress and testing equip	Total
Cost or deemed cost:								
Balance on January 1, 2023	$ 9,209,033	6,724,409	30,173,058	27,191	15,623,768	54,898	4,875,443	66,687,800
Additions	-	291,142	3,190,557	3,393	1,065,650	-	4,112,046	8,662,788
Disposal	-	-	(672,967)	(1,728)	(90,628)	-	-	(765,323)
Reclassification	-	1,216,413	64,329	-	768,653	-	(2,049,687)	(292)
Effect of movements in exchange rates	-	(6,408)	(6,065)	(70)	(1,929)	-	-	(14,472)
Balance on December 31,2023	**$ 9,209,033**	**8,225,556**	**32,748,912**	**28,786**	**17,365,514**	**54,898**	**6,937,802**	**74,570,501**
Balance on January 1,2022	$ 8,220,803	6,675,089	29,825,889	27,122	14,617,927	54,898	2,344,803	61,766,531
Additions	988,230	42,047	2,874,418	494	915,861	-	3,068,116	7,889,166
Disposal	-	(366)	(2,831,174)	(482)	(141,917)	-	-	(2,973,939)
Reclassification	-	2,506	303,501	-	229,880	-	(537,476)	(1,589)
Effect of movements in exchange rates	-	5,133	424	57	2,017	-	-	7,631
Balance on December 31, 2022	**$ 9,209,033**	**6,724,409**	**30,173,058**	**27,191**	**15,623,768**	**54,898**	**4,875,443**	**66,687,800**
Depreciation and impairment loss:								
Balance on January 1, 2023	$ -	1,378,138	17,323,330	19,663	10,112,956	22,461	-	28,856,548
Depreciation for the year	-	193,218	3,360,579	2,686	1,682,831	406	-	5,239,720
Disposal	-	-	(557,122)	(1,728)	(90,455)	-	-	(649,305)
Effect of movements in exchange rates	-	(4,157)	(5,523)	(63)	(1,849)	-	-	(11,592)
Balance on December 31,2023	**$ -**	**1,567,199**	**20,121,264**	**20,558**	**11,703,483**	**22,867**	**-**	**33,435,371**
Balance on January 1,2022	$ -	1,182,743	16,929,927	17,232	8,699,633	22,055	-	26,851,590
Depreciation for the year	-	192,606	3,224,488	2,860	1,553,343	406	-	4,973,703
Disposal	-	(366)	(2,830,601)	(482)	(141,917)	-	-	(2,973,366)
Effect of movements in exchange rates	-	3,155	(484)	53	1,897	-	-	4,621
Balance on December 31, 2022	**$ -**	**1,378,138**	**17,323,330**	**19,663**	**10,112,956**	**22,461**	**-**	**28,856,548**

(Continued)

	Land	Building and construction	Machinery and equipment	Transportation equipment	Office equipment and other facilities	Rental assets	Construction in progress and testing equip	Total
Carrying amounts:								
Balance on December 31, 2023	$ 9,209,033	6,658,357	12,627,648	8,228	5,662,031	32,031	6,937,802	41,135,130
Balance on January 1, 2022	$ 8,220,803	5,492,346	12,895,962	9,890	5,918,294	32,843	2,344,803	34,914,941
Balance on December 31,2022	$ 9,209,033	5,346,271	12,849,728	7,528	5,510,812	32,437	4,875,443	37,831,252

In 2013, the Company acquired a piece of land, for the expansion of its factory, amounting to $120,086 thousand, which was recognized under property, plant and equipment. The title of the said land cannot be transferred to the Company due to its classification. Therefore, it was registered under the name of a different person. To ensure the right of both parties (including that of the Company’s shareholders), the two parties entered into an agreement, with the notarization of the court. In the future, the Company will file an application to the relevant authorities, and go through proper procedures, for the land to be reclassified in order to make it possible for the deed to be transferred to the Company.

(j) **Right-of-use assets**

The Group leases many assets including land, buildings and constructions. Information about leases for which the Group has been a lessee is presented below:

	Land	Building and construction	Total
Cost:			
Balance at January 1, 2023	$ 13,468	302,978	316,446
Additions	-	7,106	7,106
Effect of movement in exchange rate	(246)	-	(246)
Balance at December 31, 2023	$ **13,222**	**310,084**	**323,306**
Balance at January 1, 2022	$ 13,272	283,371	296,643
Additions	-	19,607	19,607
Effect of movement in exchange rate	196	-	196
Balance at December 31, 2023	$ **13,468**	**302,978**	**316,446**
Accumulated depreciation:			
Balance at January 1, 2023	$ 1,913	170,408	172,321
Depreciation for the year	476	58,405	58,881
Effect of movement in exchange rate	(42)	-	(42)
Balance at December 31, 2023	$ **2,347**	**228,813**	**231,160**
Balance at January 1, 2022	$ 1,414	113,290	114,704
Depreciation for the year	480	57,118	57,598
Effect of movement in exchange rate	19	-	19
Balance at December 31, 2022	$ **1,913**	**170,408**	**172,321**

(Continued)

Carrying amount:			
Balance on December 31, 2023	$ **10,875**	**81,271**	**92,146**
Balance on January 1, 2022	$ **11,858**	**170,081**	**181,939**
Balance on December 31,2022	$ **11,555**	**132,570**	**144,125**

(k) **Intangible assets**

The costs and amortization of the intangible assets of Group in 2023 and 2022, were as follows:

	Computer Software
Costs:	
Balance at January 1, 2023	$ 590,487
Additions	212,629
Reclassification	292
Effect of movement in exchange rates	(12)
Balance at December 31,2023	$ **803,396**
Balance at January 1, 2022	$ 438,326
Additions	165,128
Disposal	(14,153)
Reclassification	1,189
Effect of movement in exchange rates	(3)
Balance at December 31,2022	$ **590,487**
Amortization:	
Balance at January 1, 2023	$ 441,356
Amortization for the year	123,134
Effect of movement in exchange rates	(3)
Balance at December 31, 2023	$ **564,487**
Balance at January 1, 2022	$ 368,527
Amortization for the year	86,982
Disposal	(14,153)
Balance at December 31, 2022	$ **441,356**
Carrying value:	
Balance at December 31, 2023	$ **238,909**
Balance at January 1, 2022	$ **69,799**
Balance at December 31, 2022	$ **149,131**

The following amortizations of intangible assets are included in the statement of comprehensive income:

(Continued)

	2023	2022
Operating cost	$ 15,328	8,783
Operating expense	107,806	78,199
	$ 123,134	**86,982**

(l) **Other current assets, other current financial assets, other non-current financial assets and other non-current assets**

The other current assets, other current financial assets, other non-current financial assets and other non-current assets of the Group were as follows:

	December 31, 2023	December 31, 2022
Other current financial assets	$ 1,720,140	449,767
Other current assets	152,532	184,951
Other non-current financial assets	10,964,083	12,672,236
Refundable deposits	17,374	23,460
Prepayment for equipment	3,135,125	2,797,079
Other non-current assets	1,890	1,260
	$ 15,991,144	**16,128,753**

(i) Other current (non-current) financial assets were restricted deposits and bank account for repatriation of offshore fund, which were pledged as collateral; please refer to note 8.

(ii) Other current assets were prepayment for purchases payments.

(iii) Refundable deposits had been pledged as collateral; please refer to note 8.

(iv) For further credit risk information, please refers to note 6 (w).

(m) **Short-term borrowings**

The short-term borrowings were summarized as follows:

	December 31, 2023	December 31, 2022
Letters of credit	**$ -**	**18,773**
Unused credit Lines	**$ 1,300,000**	**2,581,227**
Range of interest rates	**0.42%~6.47%**	**0.44%~5.90%**

(n) **Lease liabilities**

The carrying amounts of the Group's lease liabilities were as follows:

	December 31, 2023	December 31, 2022
Current	**$ 51,999**	**57,701**
Non-current	**$ 28,563**	**75,184**

(Continued)

For the maturity analysis, please refer to note 6(w).

The amounts recognized in profit or loss were as follows:

	2023	2022
Interest on lease liabilities	$ **1,143**	**1,768**
Variable lease payments not included in the measurement of lease liabilities	$ **49**	**66**
Expenses relating to leases of low-value assets	$ **312**	**319**

The amounts recognized in the statement of cash flows by the Group were as follows:

	2023	2022
Total cash outflow for leases	$ **60,933**	**58,425**

(i) Real estate leases

The Group leases land and buildings for its factory space. The leases of factory space typically run for 3 to 5 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(ii) Other leases

The Group leases photocopying equipment, these leases are leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(o) **Employee benefits**

(i) Defined benefit plans

Reconciliation of the defined benefit obligations at present value and plan asset at fair value is as follows:

	December 31, 2023	December 31, 2022
Present value of the defined benefit obligations	$ 161,653	151,971
Fair value of plan assets	(95,291)	(90,693)
Net defined benefit liability	$ **66,362**	**61,278**

(Continued)

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of the Labor Funds, Ministry of Labor. With regards to the utilization of the funds, minimum earnings in the annual distribution on the final financial statements shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to $95,291 thousand at the end of the reporting period. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in present value of the defined benefit obligations of the Company were as follows:

		2023	2022
Defined benefit obligations at January 1	$	151,971	175,751
Benefit paid by the plan		(624)	(18,306)
Current service costs and interest cost (income)		3,264	1,827
Remeasurements loss (gain):			
-Financial assumptions		7,042	(7,301)
Defined benefit obligations at December 31	**$**	**161,653**	**151,971**

3) Movements of the fair value of defined benefit plan assets

The movements in the fair value of the defined benefit plan assets of the Company were as follows:

		2023	2022
Fair value of plan assets at January 1	$	90,693	75,758
Contributions paid by the employer		3,316	14,338
Benefits paid from plan assets		(624)	(5,534)
Interest income		1,570	481
Remeasurements loss (gain):			
－Return on plan assets excluding interest income		336	5,650
Fair value of plan assets at December 31	**$**	**95,291**	**90,693**

(Continued)

4) Expenses recognized in profit or loss

The expenses recognized in profits or losses for the years ended December 31, 2023 and 2022 were as follows:

		2023	2022
Current service costs	$	501	607
Net interest of net liabilities for the defined benefit obligations		2,763	1,220
Plan assets interest income		(1,570)	(481)
	$	**1,694**	**1,346**
Operating Costs	$	1,233	990
Selling expenses		14	12
Administrative expenses		72	57
Research and development expenses		375	287
	$	**1,694**	**1,346**
Return on plan assets	$	**1,906**	**6,131**

5) Remeasurement in net defined benefit liability recognized in other comprehensive income

The Company's remeasurement in the net defined benefit liability recognized in other comprehensive income for the years ended December 31, 2023 and 2022 were as follows:

		2023	2022
Accumulated amount at January 1	$	72,145	85,096
Recognized during the period		6,706	(12,951)
Accumulated amount at December 31	$	**78,851**	**72,145**

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2023	December 31, 2022
Discount rate	1.875 %	2 %
Increase in future salary rate	2 %	2 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is $3,284 thousand.

(Continued)

The weighted average lifetime of the defined benefit plans is 15.35 years.

7) Sensitivity analysis

On December 31, 2023 and 2022, if the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences of defined benefit obligations	
	Increase0.25%	**Decrease0.25%**
December 31, 2023		
Discount rate	$ (3,643)	3,775
Future salary increases rate	3,522	(3,409)
December 31, 2022		
Discount rate	$ (3,658)	3,797
Future salary increases rate	3,582	(3,462)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There were no changes in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

(ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to $221,426 thousand and $210,820 thousand for the years ended December 31, 2023 and 2022, respectively.

Except for the Company, other subsidiaries adopted the defined contribution method under their local law, wherein the pension costs amounted to $15,327 thousand and $18,620 thousand for the years ended December 31, 2023 and 2022, respectively.

(iii) Short-term employee benefit

The Group's employee benefit liabilities were as follows:

	December 31, 2023	**December 31, 2022**
Compensated absences liability	$ 136,781	125,942

(Continued)

(p) **Income taxes**

(i) Income tax expense

The components of income tax for 2023 and 2022 were as follows:

		2023	2022
Current tax expense			
Current period	$	4,634,391	4,797,784
Adjustment for prior periods		(132,778)	(340,712)
Deferred tax expense			
Origination and reversal of temporary difference		(301,954)	744,581
	$	4,199,659	5,201,653

Reconciliation of income tax and profit before tax for 2023 and 2022 is as follows:

		2023	2022
Profit before income tax	**$**	**22,101,981**	**27,826,702**
Income tax using the Company's domestic tax rate	$	4,420,396	5,565,340
Effect of tax rates in foreign jurisdiction (not applicable for separate financial statements)		36,310	147,000
Investment tax credits		(491,834)	(456,271)
Changes in unrecognized temporary differences		(225,224)	(323,716)
Gains on disposal of investment		(4,194)	(12,158)
Income tax for repatriation of overseas earnings		166,715	349,562
Other income tax adjustments		142,748	85,718
Current-year losses for which no deferred tax asset was recognized		31,366	22,542
Changes in provision in prior periods		(132,778)	(340,712)
Surtax on unappropriated earnings		256,154	164,348
Total	**$**	**4,199,659**	**5,201,653**

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

The consolidated entity is able to control the timing of the reversal of the temporary differences associated with the investments in subsidiaries as of December 31, 2023 and 2022. Also, the management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

		December 31, 2023	December 31, 2022
Aggregated amount of temporary differences related to investments in subsidiaries	**$**	**12,736,692**	**13,406,718**

(Continued)

2) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2023	December 31, 2022
The carryforward of unused tax losses	$ 53,983	22,987

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

As of December 31, 2023, the Group's unused tax losses for which no deferred tax assets were recognized were as follows:

Year of loss	Unused tax loss	Expiry year
2021	4,700	2031
2022	110,236	2032
2023	154,980	2033
Total	$ 269,916	

3) Recognized deferred tax assets and liabilities

Changes in the amounts of deferred tax assets and liabilities for 2023 and 2022 were as follows:

Deferred Tax Assets:

	Unrealized profit from associates	Others	Total
Balance at January 1, 2023	$ 162,315	173,362	335,677
Recognized profit or loss	(52,029)	32,509	(19,520)
Balance at December 31, 2023	**$ 110,286**	**205,871**	**316,157**
Balance at January 1, 2022	$ 256,749	505,766	762,515
Recognized loss	(94,434)	(332,404)	(426,838)
Balance at December 31, 2022	**$ 162,315**	**173,362**	**335,677**

Deferred Tax Liabilities:

	Unrealized exchange gains	Others	Total
Balance at January 1, 2023	$ 320,511	12,363	332,874
Recognized profit	(320,511)	(963)	(321,474)
Balance at December 31, 2023	**$ -**	**11,400**	**11,400**

(Continued)

	Unrealized exchange gains	Others	Total
Balance at January 1, 2022	$ -	15,131	15,131
Recognized profit or loss	320,511	(2,768)	317,743
Balance at December 31, 2022	**$ 320,511**	**12,363**	**332,874**

4) Assessment of tax

The Company's tax returns for the years through 2021 were assessed by the Taipei National Tax Administration.

(q) **Other payables**

The other payables were summarized as follows:

	December 31, 2023	December 31, 2022
Payables on remuneration to employees, directors and supervisors	$ 19,450,389	19,562,823
Payables for plant and equipment	1,643,363	1,221,063
Others	2,418,291	2,172,560
	$ 23,512,043	**22,956,446**

(r) **Capital and other equity**

(i) Ordinary Shares

As of December 31, 2023 and 2022, the Company's authorized ordinary shares each amounted to $2,000,000 thousand (including the amount of $100,000 thousand allocated for the exercise of employee stock options), as well as outstanding ordinary shares amounted to$1,334,682 thousand. All the above shares had a par value of $10 per share.

(ii) Capital Surplus

The balance of capital surplus as of December 31, 2023 and 2022 were as follows:

	December 31, 2023	December 31, 2022
Additional paid-in capital	$ 809,780	809,780
Capital surplus-premium from merger	738,155	738,155
Dividend timeout not received by shareholder	11,877	7,185
	$ 1,559,812	**1,555,120**

(Continued)

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

The Company's Articles of Incorporation stipulate that Company's net earnings semiannually should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, until the accumulated legal reserve equals the Company's paid-in capital. In addition, a special reserve in accordance with applicable laws and regulations shall also be set aside.

Then, any remaining profit, together with any undistributed retained earnings, shall be distributed according to the distribution plan proposed by the Board of Directors.

When it is distributed by issuing new shares, it should be submitted to the shareholders' meeting for approval. When it is distributed in cash, it should be authorized by the Board of Directors and reported to the shareholders meeting only.

Before the distribution of dividends, the Company shall first take into consideration its operating environment, industry developments, and the long-term interests of its stockholders, as well as its programs to maintain its operating efficiency and meet its capital expenditure budget and financial goals in determining the stock or cash dividends to be paid. After the above appropriations, dividend to be distributed shall be no less than 10% of the current-year retained earnings available for distribution. The cash dividends shall not be less than 30% of the total dividends.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders’ meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with the regulation set by the Financial Supervisory Commission, a portion of current period earnings and undistributed prior period earnings shall be reclassified as a special earnings reserve during earnings distribution.The special earnings reserve will be recognized from the profit after income tax of the current period plus other current earnings and the undistributed retained earnings of the previous period. The net reduction of other shareholders’ equity accumulated in the previous period shall be recognized from the undistributed retained earnings and shall not be distributed. Amounts of subsequent reversals pertaining to the net reduction of other shareholders’ equity shall qualify for additional distributions. The special reserve for the years ended December 31, 2023 and 2022, was $0 and $1,641,270 thousand, respectively.

(Continued)

3) Earnings distribution

The amounts of cash dividends on the appropriations of earnings for the second half of 2022 and the first half of 2022 and the second half of 2021 and the first half of 2021 had been approved during the board meeting held on February 20,2023、July 25, 2022、February 21, 2022 and October 25, 2021, respectively.

The relevant dividend distributions to shareholders were as follows:

	The second half of 2022		The first half of 2022	
	Amount per share	**Total amount**	**Amount per share**	**Total amount**
Dividends distributed to common shareholders:				
Cash	$ **46**	**6,139,537**	**39.5**	**5,271,994**

	The second half of 2021		The first half of 2021	
	Amount per share	**Total amount**	**Amount per share**	**Total amount**
Dividends distributed to common shareholders:				
Cash	$ **39**	**5,205,260**	**31**	**4,158,346**

The amounts of cash dividends on the appropriations of earnings for the second half of 2023 and the first half of 2023 had been approved during the Board meeting on February 26, 2024 and July 24, 2023, respectively.

The relevant dividend distributions to shareholders were as follows:

	The second half of 2023		The first half of 2023	
	Amount per share	**Total amount**	**Amount per share**	**Total amount**
Dividends distributed to ordinary shareholders				
Cash	$ **41**	**5,472,196**	**26.5**	**3,536,907**

4) Treasury shares

On February 21, 2022, the Company's Board of Directors approved the retirement of 672 thousand treasury stocks with the effective date of capital reduction on April 25,2022.

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.

(Continued)

5) Other equity interests (net-of-taxes)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income
Balance at January 1, 2023	$ (684,385)	251,747
Exchange differences on foreign operations:		
The Group	(21,753)	-
Subsidiaries	(48)	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income:		
The Group	-	2,199,551
Subsidiaries	-	(313)
Balance at December 31, 2023	**$ (706,186)**	**2,450,985**
Balance at January 1, 2022	$ (1,986,787)	345,517
Exchange differences on foreign operations:		
The Group	1,299,427	-
Subsidiaries	2,975	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income:		
The Group	-	(93,817)
Subsidiaries	-	47
Balance at December 31, 2022	**$ (684,385)**	**251,747**

(Continued)

(s) **Earnings per share**

The calculation of basic earnings per share and diluted earnings per share for 2023 and 2022 were as follows:

	2023	2022
Basic earnings per share		
Profit of the Company for the year	$ **17,902,322**	**22,625,049**
Weighted-average number of outstanding ordinary shares (in thousands)		
Issued ordinary shares at January 1	133,468	134,140
Effect of treasury shares held	-	(672)
Weighted average number of ordinary shares at December 31	**133,468**	**133,468**
	$ **134.13**	**169.52**

	2023	2022
Diluted earnings per share		
Profit of the Company for the year (basic)	$ **17,902,322**	**22,625,049**
Weighted-average number of outstanding ordinary shares (in thousands) (basic)	133,468	133,468
Effect of dilutive potential common shares		
Effect of employee share bonus	1,525	2,099
Weighted-average number of ordinary shares (in thousands) (after adjustment of potential diluted ordinary shares)	**134,993**	**135,567**
	$ **132.62**	**166.89**

(t) **Revenue from contracts with customers**

The datails of revenue were as follows:

	2023	2022
Sale of goods	$ 48,300,326	47,052,195
Other	541,921	623,033
	$ **48,842,247**	**47,675,228**

(Continued)

(u) **Employee compensation and directors' remuneration**

According to the Company's Articles of Incorporation, the Company should distribute its remuneration of not less than 1%~30% and not more than 5% of annual profits to its employees and directors respectively, after offsetting accumulated deficits, if any. Employees, including employees of affiliate companies that meet certain conditions, are subject to the abovementioned remuneration, which is to be distributed in stock or cash.

For the year ended December 31, 2023 and 2022, the Company estimated its employee remuneration at $3,225,378 thousand and $4,071,461 thousand, and directors' remuneration at $241,903 thousand and $305,360 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration of employees and directors as specified in the Company's Articles. These remunerations were expensed under operating costs or operating expenses during 2023 and 2022. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2023 and 2022.

(v) **Non-operating income and expenses**

(i) Interest income

The details of interest income for 2023 and 2022 were as follows:

	2023	2022
Interest income from bank deposits	$ 3,857,261	1,681,452
Interest income from financial assets measured at amortized cost	2,101	-
Interest income from financial assets at fair value through profit or loss	11,585	-
Interest income from financial assets measured at fair value through other comprehensive income	63,589	10,449
Other	119	-
	$ 3,934,655	1,691,901

(ii) Other income

The details of other income for 2023 and 2022 were as follows:

	2023	2022
Rent income	$ 19,911	19,465
Dividends income	83,236	8,326
Gains on technical services	1,204	4,906
	$ 104,351	32,697

(Continued)

(iii) Other gains and losses

The details of other gains and losses for 2023 and 2022 were as follows:

	2023	2022
Foreign exchange (losses) gains	$ (185,367)	5,232,371
Gains (losses) on disposals of property, plant and equipment	40,207	(68)
Gains on financial assets at fair value through profit or loss	34,920	20,257
Others	154,911	226,268
	$ 44,671	**5,478,828**

(iv) Finance costs

The details of finance costs for 2023 and 2022 were as follows:

	2023	2022
Interest expenses	**$ 1,143**	**1,768**

(w) **Financial Instruments**

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

To minimize credit risk, the Group periodically evaluates the Company’ s financial positions and the possibility of collecting accounts receivable. Besides, the Group monitors and reviews the recoverable amount of its accounts receivable to ensure the uncollectible amount are recognized appropriately as impairment loss. As of December 31, 2023 and 2022, 63% and 71%, respectively, of accounts receivable were derived from several major customers. Thus, the credit risk is significantly centralized.

3) Receivables and debt securities

For credit risk exposure of accounts receivable, please refer to note 6 (e).
Other financial assets at amortized cost includes other receivables, refundable deposits, investments in corporate bonds and other financial assets. Debt investments at fair value through other comprehensive income include corporate bonds. All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4 (g). Other financial assets at amortized cost and debt investments at fair value through other comprehensive income did not have impairment provision for the years ended December 31, 2023 and 2022.

(Continued)

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, without the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within a year	Over 1 year
December 31, 2023				
Non-derivative financial liabilities				
Accounts and notes payable (including related parties)	$ 1,731,694	1,731,694	1,731,694	-
Other payables (including related parties)	23,513,125	23,513,125	23,513,125	-
Lease liabilities-current and non-current	80,562	81,535	52,563	28,972
Guarantee deposits received	3,760	3,760	-	3,760
	$ 25,329,141	25,330,114	25,297,382	32,732
December 31, 2022				
Non-derivative financial liabilities				
Short-term borrowings	$ 18,773	18,773	18,773	-
Accounts and notes payable (including related parties)	1,690,152	1,690,152	1,690,152	-
Other payables (including related parties)	22,958,018	22,958,018	22,958,018	-
Lease liabilities-current and non-current	132,885	134,893	58,827	76,066
Guarantee deposits received	4,007	4,007	-	4,007
	$ 24,803,835	24,805,843	24,725,770	80,073

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk was as follows:

	December 31, 2023			December 31, 2022		
	Foreign Currency	Exchange Rates	New Taiwan Dollars	Foreign Currency	Exchange Rates	New Taiwan Dollars
Financial Assets						
Monetary items						
USD	$ 1,863,731	30.7050	57,225,860	1,959,115	30.710	60,164,422
JPY	11,673,752	0.2172	2,535,539	1,170,938	0.2324	272,126
CNY	704,077	4.3270	3,046,543	320,817	4.4080	1,414,161
Financial Liabilities						
Monetary items						
USD	84,381	30.7050	2,590,906	72,003	30.7100	2,211,203
JPY	264,760	0.2172	57,506	140,545	0.2324	32,663

(Continued)

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, financial assets at fair value through other comprehensive income accounts and other receivables, accounts and other payables, and borrowings that are denominated in foreign currency. A strengthening (weakening) 1% of the TWD against the USD, JPY, and CNY as of December 31, 2023 and 2022 would have increased (decreased) the net profit after tax by $481,276 thousand and $476,855 thousand, respectively. The analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for both periods.

3) Foreign exchange gain and loss on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the years 2023 and 2022, the foreign exchange gain (loss) (including realized and unrealized portions) amounted to $(185,367) thousand and $5,232,371 thousand, respectively.

(iv) Interest rate analysis

Please refer to the note on liquidity risk management and the interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate which increases or decreases by 1% when reporting to the internal management, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate increases/decreases by 1%, with all other variable factors remaining constant, the Group's net income would have decreased/increased by $0 and $150 thousand for the years ended December 31, 2023 and 2022, respectively. This is mainly due to the Group's borrowings in variable rates.

(v) Other market price risk

For the years ended December 31, 2023 and 2022, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss with all other variable factors remaining constant as illustrated below:

	2023		2022	
Prices of securities at the reporting date	**Other comprehensive income after tax**	**Net income**	**Other comprehensive income after tax**	**Net income**
1% increase	$ 53,550	41,650	30,228	15,421
1% decrease	$ (53,550)	(41,650)	(30,228)	(15,421)

(Continued)

(vi) Fair value of financial instruments

1) Categories and fair value of financial instruments

The fair value of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy, were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities disclosure of fair value information is not required :

The Group uses observable market data to evaluate its assets and liabilities when it is possible. The different levels have been defined as follows:

● Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

● Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

● Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

	December 31, 2023				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non derivative financial assets mandatorily measured at fair value through profit or loss	$ 4,165,016	4,165,016	-	-	4,165,016
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	2,235,541	2,235,541	-	-	2,235,541
Private equity on domestic markets	3,086,000	-	3,086,000	-	3,086,000
Stocks unlisted on domestic markets	33,488	-	-	33,488	33,488
Corporate bonds	2,906,460	2,906,460	-	-	2,906,460
Subtotal	8,261,489	5,142,001	3,086,000	33,488	8,261,489
Financial assets measured at amortized cost					
Cash and cash equivalents	107,489,900	-	-	-	-
Corporate bonds	427,152	-	-	-	-
Accounts receivable and other receivables (including related parties and excluding tax receivable)	10,882,883	-	-	-	-
Other financial assets-current and non-current	12,684,223	-	-	-	-
Refundable deposits	17,374	-	-	-	-
Subtotal	131,501,532	-	-	-	-
Total	**$ 143,928,037**	**9,307,017**	**3,086,000**	**33,488**	**12,426,505**

(Continued)

	December 31, 2023				
		Fair Value			
	Book Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities at amortized cost					
Notes and accounts payable (including related parties)	$ 1,731,694	-	-	-	-
Other payables (including related parties)	23,513,125	-	-	-	-
Lease liabilities-current and non-current	80,562	-	-	-	-
Guarantee deposits received	3,760	-	-	-	-
Total	**$ 25,329,141**	**-**	**-**	**-**	**-**

	December 31, 2022				
		Fair Value			
	Book Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss					
Non derivative financial assets mandatorily measured at fair value through profit or loss	$ 1,542,133	1,542,133	-	-	1,542,133
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	1,968,832	1,968,832	-	-	1,968,832
Private equity on domestic markets	1,054,000	-	1,054,000	-	1,054,000
Corporate bonds	926,959	926,959	-	-	926,959
Subtotal	3,949,791	2,895,791	1,054,000	-	3,949,791
Financial assets measured at amortized cost					
Cash and cash equivalents	110,171,631	-	-	-	-
Accounts receivable and other receivables (including related parties and excluding tax receivable)	8,568,488	-	-	-	-
Other financial assets-current and non-current	13,122,003	-	-	-	-
Refundable deposits	23,460	-	-	-	-
Subtotal	131,885,582	-	-	-	-
Total	**$ 137,377,506**	**4,437,924**	**1,054,000**	**-**	**5,491,924**
Financial liabilities at amortized cost					
Short-term borrowings	$ 18,773	-	-	-	-
Notes and accounts payable (including related parties)	1,690,152	-	-	-	-
Other payables (including related parties)	22,958,018	-	-	-	-
Lease liabilities-current and non-current	132,885	-	-	-	-
Guarantee deposits received	4,007	-	-	-	-
Total	**$ 24,803,835**	**-**	**-**	**-**	**-**

(Continued)

2) Valuation techniques of financial instruments not measured at fair value

The Group estimates its financial instruments, that are not measured at fair value, by methods and assumption as follows:

If there is quoted price generated by transactions for financial assets and liabilities at amortized cost, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values. In addition, if the expiration date is approaching, or the future payable or receivable price is similar to the carrying amount, the fair value shall be assumed in the carrying amount in the balance sheets.

3) Valuation techniques for financial instruments measured at fair value.

Non-derivative financial instruments

Financial instruments traded in active markets are based on quoted market prices. The quoted price of a financial instrument obtained from main exchanges and on-the-run bonds from Taipei Exchange can be used as a basis to determine the fair value of the listed companies’ equity instrument and debt instrument of the quoted price in an active market.

If a quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial union, pricing institute, or authorities, and such price can reflect those actual trading and frequently happen in the market, then the financial instrument is considered to have a quoted price in an active market. If a financial instrument is not in accord with the definition mentioned above, then it is considered to be without a quoted price in an active market. In general, market with low trading volume or high bid-ask spreads is an indication of a non-active market.

The fair value of the listed common shares, funds and bonds held by the Group are determined by reference to the market quotation.

Except for the above-mentioned financial instruments with an active market, measurements of fair value of financial instruments without an active market are based on a valuation technique. Privately equity of domestic companies that the Group hold was measured by using the Black-Scholes put evaluation model to calculate its liquidity discount and fair value.The Group hold the equity investments without an active market, the fair value is estimated using the market comparable company method and price-book ratio.

4) Transfer between Level 1 and Level 2

There were no transfers from one level to another level in 2023 and 2022.

(Continued)

5) Reconciliation of Level 3 fair values

	2023	2022
Unquoted equity instruments on financial assets at fair value through other comprehensive income:		
Opening balance	$ -	-
Purchased	45,000	-
Total gains and losses in other comprehensive income	(11,512)	-
Ending Balance	**$ 33,488**	**-**

6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group’s financial instruments that use Level 3 inputs to measure fair value include “fair value through other comprehensive income – equity investments”.

The Group is classified as equity investments without an active market (Level 3), which have quantified information of significant unobservable inputs. Quantified information of significant unobservable inputs which include equity investments without an active market are independent of each other, thus there is no occurence of any interrelationship.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income equity investments without an active market	Public company comparable	• Price-Book Ratio（3.5 at Dec.31 2023） • Lack of marketability discount（23.1% at Dec.31 2023)	• The higher the Price-Book Ratio , the higher the fair value. • The higher the lack of marketability discount , the lower the fair value.

(x) **Financial risk management**

(i) Overview

The Group has exposure to the following risks from its financial instruments:

1) Credit risk

2) Liquidity risk

(Continued)

3) Market risk

In this note expressed the information on risk exposure and objectives, policies and procedures of risk measurement and management. For detailed information, please refer to the related notes of each risk.

(ii) Structure of risk management

The Group’ s finance management department provides business services for the overall internal department. It sets the objectives, policies and processes for managing the risk and the methods used to measure the risk arising from both the domestic and international financial market operations. The Group minimizes the risk exposure through derivative financial instruments. The Board of Directors regulates the use of derivative financial instruments in accordance with the Group’ s policy on risks arising from financial instruments such as currency risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments, and the investments of excess liquidity. The internal auditors of the Group continue to review the amount of the risk exposure in accordance with the Group’ s policies and the risk management's policies and procedures. The Group has no transactions in financial instruments (including derivative financial instruments) for the purpose of speculation.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group’ s receivables from customers and investment securities.

1) Accounts receivable and other receivables

The Group's customers are significantly concentrated in a few customers. In order to reduce credit risk, the Group continuously evaluates the financial status of its major customers and their condition, and also regularly assesses the possibility of receivables recovery.

The Group did not have any collateral or other credit enhancement to avoid credit risk of the financial assets.

The Group has losses allowance for bad debts to reflect the estimated losses of its accounts receivable, other receivables and investments. The main components of the allowance account contain specific losses associated with individual major risks. The component, and the component of the combined loss established for the loss of a similar group of assets, has occurred but not yet identified. The loss allowance account is based on the occurring risk of a default and the rate of expected credit loss.

2) Investments

The exposure to credit risk for bank deposits, fixed income investments, and other financial instruments, is measured and monitored by the Group’ s finance department. The Group only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Group does not expect any of the counterparties above to fail in meeting their obligations; hence, there is no significant credit risk arising from these counterparties.

(Continued)

3) Guarantees

At December 31, 2023 and 2022, no other guarantees were outstanding.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group’s approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group’s reputation.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, that will affect the Group’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group’s entities, primarily the New Taiwan Dollars (NTD). The currencies used in these transactions are the NTD, USD, CNY and JPY.

2) Interest rate risk

Please refer to note on the liquidity risk for interest rate risk of financial assets and financial liabilities.

3) Other market price risk

Please refer to note 6(w) for the sensitivity analysis of equity price risk.

(y) **Capital management**

The Group must maintain sufficient capital to establish and expand production capacity and equipment. Because the optical lens industry is highly subject to fluctuations in the booming cycle; the capital management of the Group is to ensure that it has sufficient and necessary financial resources to support its working capital requirements, capital expenditures, research and development activities, dividends and other business needs in the next 12 months.

(z) **Investing and financing activities not affecting current cash flow**

The Group’s investing and financing activities which did not affect the current cash flow in the years ended December 31, 2023 and 2022 were as follows:

Acquisition of right-of-use assets through lease, please refer to note 6(n).

(Continued)

Reconciliation of liabilities arising from financing activities was as follows:

			Non-cash changes		
	January 1,2023	Cash flows	Foreign exchange movement	Acquisition and Changes in lease payments	December 31,2023
Short-term borrowings	$ 18,773	(18,819)	46	-	-
Lease liabilities-current and non-current	132,885	(59,429)	-	7,106	80,562
Guarantee deposits received	4,007	(247)	-	-	3,760
Total liabilities from financing activities	**$ 155,665**	**(78,495)**	**46**	**7,106**	**84,322**

			Non-cash changes		
	January 1,2022	Cash flows	Foreign exchange movement	Acquisition and Changes in lease payments	December 31,2022
Short-term borrowings	$ -	18,819	(46)	-	18,773
Lease liabilities-current and non-current	169,550	(56,272)	-	19,607	132,885
Guarantee deposits received	3,630	377	-	-	4,007
Total liabilities from financing activities	**$ 173,180**	**(37,076)**	**(46)**	**19,607**	**155,665**

(7) Related-party transactions

(a) Names and relationship with the Group

The followings are related parties that have had transactions with the Group during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
Largan Digital Co., Ltd. (Largan Digital)	Subsidiaries
Largan Medical Co., Ltd. (Largan Medical)	Subsidiaries
Largan Health AI-Tech Co., Ltd. (Largan Health AI-Tech)	Subsidiaries
Largan Education Foundation	The entity's chairman is the Company's chairman

(Continued)

(b) Significant related-party transactions

(i) Sale of goods to related parties

The amounts of significant sales and receivables by the Group to its related parties were as follows:

	Sale		**Receivables from related parties**	
	2023	**2022**	**December 31, 2023**	**December 31, 2022**
Subsidiaries	$ 151,450	131,614	88,318	252,920

The sales price of the Group to its related parties is not comparable to other sales due to the differences in the sales of the goods. During 2023 and 2022, the collection terms for sales to related parties were month-end 30 to 60 days, which were not materially different from those of the third parties.

(ii) Purchases from related parties

1) The amounts of significant purchases and payables by the Group from its related parties were as follows:

	Purchases		**Payables to related parties**	
	2023	**2022**	**December 31, 2023**	**December 31, 2022**
Subsidiaries	$ 1,423,269	1,526,979	118,754	365,582

The purchases price of the Group to its related parties is not comparable to other purchases due to the differences in the purchases of the goods. During 2023 and 2022, the payment terms for purchases to related parties were month-end 30 to 60 days, which were not materially different from those of the third parties.

2) During 2023 and 2022, the disposed amount of both the purchased finished goods from related parties, and the purchased part of raw materials components from the Group, were $736,637 thousand and $799,878 thousand, respectively, included in the consolidated financial statements.

(iii) Provides and purchase technical services to related parties

During 2023 and 2022, the Group's income from providing technical services to its related parties were as follows (classified under the other gains):

	2023	**2022**
Subsidiaries−Largan Medical	$ 1,204	4,906

During 2023 and 2022, the Group's expense from technical services from its related parties were as follows (classified under the other expense):

	2023	**2022**
Subsidiaries−Largan Digital	$ 1,320	3,580

(Continued)

(iv) Purchases and disposals of property, plant and equipment

1) During 2023 and 2022, the Group's disposals of its equipment to its related parties are summarized as follows:

	2023			2022		
Subsidiaries:	**Carrying amount**	**Disposal price**	**Gain from disposal**	**Carrying amount**	**Disposal price**	**Gain from disposal**
Largan Digital	$ 116,018	154,017	37,999	360	382	22
Largan Medical	-	220	220	87	109	22
	$ 116,018	**154,237**	**38,219**	**447**	**491**	**44**

2) During 2023 and 2022, the Group's purchase of its equipment from its related parties are summarized as follows:

	2023	2022
Subsidiaries	**$ 2,325**	**23,315**

3) During 2023 and 2022, the Group assisted its related parties to purchase other facilities as follows:

	2023	2022
Subsidiaries−Largan Digital	$ 61,206	234,297
Subsidiaries−Largan Medical	6,349	14,685
	$ 67,555	**248,982**

(v) Rental income

During 2023 and 2022, the Group's rental income on offices to the subsidiaries are summarized as follows:

	2023	2022
Subsidiaries−Largan Digital	$ 10,241	9,881
Subsidiaries−Largan Medical	5,505	4,805
	$ 15,746	**14,686**

(Continued)

(vi) Other

1) For the years ended December 31, 2023 and 2022, the amounts of receivables and payables from property transactions、rental income, technical service and other transactions, which were classified under other receivables from related parties, and other payables to related parties, are summarized as follows:

	December 31, 2023		December 31, 2022	
	other receivables from related parties	**other payables to related parties**	**other receivables from related parties**	**other payables to related parties**
Subsidiaries:				
Largan Digital	$ 9,785	478	8,233	1,032
Largan Medical	2,793	604	8,411	540
Other	13	-	20	-
	$ 12,591	**1,082**	**16,664**	**1,572**

2) The amount donated by the Group to Largan Education Foundation in 2023 was $187,000 thousand.

(c) Key management personnel compensation

Key management personnel compensation comprised the following:

	2023	2022
Short-term employee benefits	$ 159,524	227,619
Post-employment benefits	185	176
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
	$ 159,709	**227,795**

(Continued)

(8) Pledged assets:

The carrying values of pledged assets were as follow:

Pledged assets	Pledged to secure	December 31, 2023	December 31, 2022
Time deposit (classified under other current financial assets)	Customs office deposit	$ 14,000	10,000
Time deposit (classified under other non-current assets)	Litigation deposit	22	4,733
Time deposit (classified under other non-current financial assets)	Completion deposit	310,001	310,001
		$ 324,023	324,734

(9) Commitments and contingencies

(i) As of December 31, 2023 and 2022 the Group's outstanding letters of credit were $166,470 thousand and $248,880 thousand, respectively.

(ii) As of December 31, 2023 and 2022, the Group's outstanding purchase commitments for construction in progress, property and plant were $23,708,638 thousand； The amount of construction that has not yet occurred were $14,466,020 thousand and $17,655,879 thousand, respectively.

(iii) On August 11, 2023, The Taichung District Prosecutors Office in Taiwan conducted a search at the office of one of our employees due to a software licensing dispute. The company is currently clarifying the related dispute. However, since the case is still in the criminal investigation stage, the company can not anticipate the possible outcome at this time.

(10) Losses due to major disasters: None

(11) Subsequent events: None

(12) Other:

The followings are the summary statement of employee benefits, depreciation, depletion, and amortization expenses by function in the current period:

By function / By item	2023			2022		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefits						
Salary	5,330,546	3,392,937	8,723,483	5,590,531	3,696,199	9,286,730
Labor and health insurance	456,966	173,911	630,877	423,702	155,622	579,324
Pension	165,022	73,425	238,447	165,961	64,825	230,786
Others	175,654	50,338	225,992	164,203	41,902	206,105
Depreciation	4,908,389	390,212	5,298,601	4,637,706	393,595	5,031,301
Amortization	15,328	107,806	123,134	8,783	78,199	86,982

(Continued)

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on the Group's significant transactions, required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers":

(i) Loans to other parties:None

(ii) Guarantees and endorsements for other parties: None

(iii) Securities held as of December 31, 2023 (excluding those investments in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Security		Relationship with company	Account title	Ending balance				Highest balance during the year	Note
	Category	Name			Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	Percentage of ownership	
The Company	Stock	Micro Win Tech Inc.	-	Financial assets designated as at fair value through profit or loss	1.25	-	20.66 %	-	20.66 %	
The Company	Stock	Kintech Technology Co., Ltd.	-	Financial assets designated as at fair value through profit or loss	570	-	0.33 %	-	0.33 %	
The Company	Stock	AETAS TECHNOLOGY INCORPORATED	-	Financial assets designated as at fair value through profit or loss	125	-	0.25 %	-	0.25 %	
The Company	Open-end fund	Capital Money Market Fund	-	Financial assets mandatorily measured fair value through profit or loss	12,078	200,337	- %	200,337	- %	
The Company	Open-end fund	Yuanta De-Li Money Market Fund	-	Financial assets mandatorily measured fair value through profit or loss	4,718	79,100	- %	79,100	- %	
The Company.	Open-end fund	Jih Sun Money Market Fund	-	Financial assets mandatorily measured fair value through profit or loss	13,122	200,173	- %	200,173	- %	
The Company	Open-end fund	CTBC Hwa Win Money Market Fund	-	Financial assets mandatorily measured fair value through profit or loss	17,704	200,320	- %	200,320	- %	
The Company	Open-end fund	Cathay Taiwan Money Market Fund	-	Financial assets mandatorily measured fair value through profit or loss	1,574	20,087	- %	20,087	- %	
The Company	Open-end fund	Shin Kong Chi-Shin Money-market Fund	-	Financial assets mandatorily measured fair value through profit or loss	12,594	200,277	- %	200,277	- %	
The Company	Open-end fund	FSITC Taiwan Money Market Fund	-	Financial assets mandatorily measured fair value through profit or loss	11,963	188,282	- %	188,282	- %	
The Company	Open-end fund	Mega Diamond Money Market Fund	-	Financial assets mandatorily measured fair value through profit or loss	15,518	200,174	- %	200,174	- %	
The Company	Open-end fund	Union Money Market Fund	-	Financial assets mandatorily measured fair value through profit or loss	14,757	200,328	- %	200,328	- %	
The Company	Open-end fund	UPAMC James Bond Money Market Fund	-	Financial assets mandatorily measured fair value through profit or loss	4,495	77,081	- %	77,081	- %	
The Company	Open-end fund	Fubon Chi-Hsiang Money Market Fund	-	Financial assets mandatorily measured fair value through profit or loss	6,218	100,127	- %	100,127	- %	
The Company	Open-end fund	Taishin 1699 Money Market Fund	-	Financial assets mandatorily measured fair value through profit or loss	14,365	200,279	- %	200,279	- %	
The Company	Stock	AVISION INC.	-	Financial assets at fair value through other comprehensive income	4,253	29,305	1.96 %	29,305	1.99 %	
The Company	Stock	Fubon Financial Holding Co., Ltd. Preferred Shares C	-	Financial assets at fair value through other comprehensive income	25,200	1,386,000	7.56 %	1,386,000	7.56 %	Note1
The Company	Stock	Yuanta Financial Holding Co., Ltd.	-	Financial assets at fair value through other comprehensive income	4,877	134,596	0.04 %	134,596	0.04 %	
The Company	Stock	Cathay Financial Holding Co., Ltd.	-	Financial assets at fair value through other comprehensive income	5,941	271,809	0.04 %	271,809	0.04 %	

(Continued)

Name of holder	Security: Category	Security: Name	Relationship with company	Account title	Ending balance: Shares/Units (thousands)	Ending balance: Carrying value	Ending balance: Percentage of ownership (%)	Ending balance: Fair value	Highest balance during the year: Percentage of ownership	Note
The Company	Stock	CTBC Financial Holding Co., Ltd.	-	Financial assets at fair value through other comprehensive income	3,510	99,509	0.02 %	99,509	0.02 %	
The Company	Stock	Fubon Financial Holding Co., Ltd.	-	Financial assets at fair value through other comprehensive income	3,294	213,442	0.03 %	213,442	0.03 %	
The Company	Stock	Mega Financial Holding Company Ltd.	-	Financial assets at fair value through other comprehensive income	1,583	62,036	0.01 %	62,036	0.01 %	
The Company	Stock	Hua Nan Financial Holdings Co., Ltd.	-	Financial assets at fair value through other comprehensive income	1,738	38,844	0.01 %	38,844	0.01 %	
The Company	Private equity	ABILITY OPTO-ELECTRONICS TECHNOLOGY CO., LTD.	-	Financial assets at fair value through other comprehensive income	20,000	3,086,000	14.04 %	3,086,000	14.04 %	
The Company	Bond	BANK OF AMERICA CORP	-	Financial assets at fair value through other comprehensive income	-	253,121	- %	253,121	- %	
The Company	Bond	JPMORGAN CHASE & CO	-	Financial assets at fair value through other comprehensive income	-	255,064	- %	255,064	- %	
The Company	Bond	IBM CORP	-	Financial assets at fair value through other comprehensive income	-	329,997	- %	329,997	- %	
The Company	Bond	JOHNSON & JOHNSON	-	Financial assets at fair value through other comprehensive income	-	246,923	- %	246,923	- %	
The Company	Bond	MIZUHO FINANCIAL GROUP	-	Financial assets at fair value through other comprehensive income	-	252,800	- %	252,800	- %	
The Company	Bond	TSMC GLOBAL LTD	-	Financial assets at fair value through other comprehensive income	-	255,268	- %	255,268	- %	
The Company	Bond	APPLE INC	-	Financial assets at fair value through other comprehensive income	-	256,047	- %	256,047	- %	
The Company	Bond	NATIONAL AUSTRALIA BK/NY	-	Financial assets at fair value through other comprehensive income	-	62,192	- %	62,192	- %	
The Company	Bond	WOORI BANK	-	Financial assets at fair value through other comprehensive income	-	61,853	- %	61,853	- %	
The Company	Bond	PEPSICO INC	-	Financial assets at fair value through other comprehensive income	-	62,605	- %	62,605	- %	
The Company	Bond	TORONTO-DOMINION BANK	-	Financial assets at fair value through other comprehensive income	-	62,296	- %	62,296	- %	
The Company	Bond	EXPORT-IMPORT BANK KOREA	-	Financial assets at fair value through other comprehensive income	-	62,617	- %	62,617	- %	
Amtai International Ltd.	Open-end fund	FTGF Western Asset Short Duration Blue Chip Bond Fund	-	Financial assets mandatorily measured fair value through profit or loss	74	239,574	- %	239,574	- %	
Amtai International Ltd.	Open-end fund	Franklin Strategic Income Fund	-	Financial assets mandatorily measured fair value through profit or loss	936	233,491	- %	233,491	- %	
Amtai International Ltd.	Bond	KOREA DEVELOPMENT BANK	-	Financial assets at fair value through other comprehensive income	-	122,390	- %	122,390	- %	
Amtai International Ltd.	Bond	TORONTO-DOMINION BANK	-	Financial assets at fair value through other comprehensive income	-	186,994	- %	186,994	- %	
Amtai International Ltd.	Bond	SUMITOMO MITSUI FINL GRP	-	Financial assets at fair value through other comprehensive income	-	125,964	- %	125,964	- %	
Amtai International Ltd.	Bond	IBM CORP	-	Financial assets at fair value through other comprehensive income	-	123,520	- %	123,520	- %	
Amtai International Ltd.	Bond	NATIONAL AUSTRALIA BK/NY	-	Financial assets at fair value through other comprehensive income	-	124,269	- %	124,269	- %	
Amtai International Ltd.	Bond	EXPORT-IMPORT BANK KOREA	-	Financial assets at fair value through other comprehensive income	-	62,540	- %	62,540	- %	
Amtai International Ltd.	Bond	NATIONAL AUSTRALIA BK/NY	-	Financial assets measured at amortized cost	-	122,363	- %	122,363	- %	
Amtai International Ltd.	Bond	IBM CORP	-	Financial assets measured at amortized cost	-	59,397	- %	59,397	- %	
Amtai International Ltd.	Bond	TORONTO-DOMINION BANK	-	Financial assets measured at amortized cost	-	59,895	- %	59,895	- %	
Amtai International Ltd.	Bond	ROYAL BANK OF CANADA	-	Financial assets measured at amortized cost	-	60,666	- %	60,666	- %	

(Continued)

Name of holder	Security		Relationship	Account title	Ending balance				Highest balance during the year	Note
	Category	Name	with company		Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	Percentage of ownership	
Amtai International Ltd.	Bond	SUMITOMO MITSUI FINL GRP	-	Financial assets measured at amortized cost	-	61,891	- %	61,891	- %	
Amtai International Ltd.	Bond	VOLKSWAGEN GROUP AMERICA	-	Financial assets measured at amortized cost	-	62,940	- %	62,940	- %	
Largan Industrial Optics Co., Ltd.	Open-end fund	FSITC Taiwan Money Market Fund	-	Financial assets mandatorily measured fair value through profit or loss	1,274	20,046	- %	20,046	- %	
Ba Fang International Investment Co.,Ltd.	Open-end fund	FSITC Taiwan Money Market Fund	-	Financial assets mandatorily measured fair value through profit or loss	12,756	200,760	- %	200,760	- %	
Ba Fang International Investment Co.,Ltd	Open-end fund	FSITC Money Market Fund	-	Financial assets mandatorily measured fair value through profit or loss	1,096	200,732	- %	200,732	- %	
Ba Fang International Investment Co.,Ltd	Open-end fund	Capital Money Market Fund	-	Financial assets mandatorily measured fair value through profit or loss	12,103	200,755	- %	200,755	- %	
Ba Fang International Investment Co.,Ltd	Open-end fund	UPAMC James Bond Money Market Fund	-	Financial assets mandatorily measured fair value through profit or loss	11,668	200,062	- %	200,062	- %	
Ba Fang International Investment Co.,Ltd	Open-end fund	CTBC Hwa Win Money Market Fundd	-	Financial assets mandatorily measured fair value through profit or loss	17,742	200,752	- %	200,752	- %	
Ba Fang International Investment Co.,Ltd	Open-end fund	Yuanta De-Li Money Market Fund	-	Financial assets mandatorily measured fair value through profit or loss	11,973	200,731	- %	200,731	- %	
Ba Fang International Investment Co.,Ltd	Open-end fund	JIH SUN MONEY MARKET FUND	-	Financial assets mandatorily measured fair value through profit or loss	13,115	200,063	- %	200,063	- %	
Ba Fang International Investment Co.,Ltd	Open-end fund	Union Money Market Fund	-	Financial assets mandatorily measured fair value through profit or loss	14,788	200,748	- %	200,748	- %	
Ba Fang International Investment Co.,Ltd	Open-end fund	Fubon Chi-Hsiang Money Market Fund	-	Financial assets mandatorily measured fair value through profit or loss	12,465	200,737	- %	200,737	- %	
Ba Fang International Investment Co.,Ltd	Stock	DeepMentor INC.	-	Financial assets at fair value through other comprehensive income	1,875	33,488	9.97 %	33,488	- %	

Note 1：Shareholding ratio of Fubon Financial Holding Co., Ltd. Preferred Shares C.

(iv) Individual securities acquired, or disposed, with an accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:

Name of company	Security		Account name	Name of counter-party	Relationship with the company	Beginning balance		Purchases		Sales				Ending Balance	
	Category	Name				Shares (thousands)	Amount	Shares (thousands)	Amount	Shares (thousands)	Price	Cost	Gain (loss) on disposal	Shares (thousands)	Amount
The Company	Open-end fund	Capital Money Market Fund	Financial assets mandatorily measured fair value through profit or loss	-	-	-	-	36,369	600,000	24,291	400,735	400,000	735	12,078	200,337
The Company	Open-end fund	Yuanta De-Li Money Market Fund	Financial assets mandatorily measured fair value through profit or loss	-	-	9,094	150,677	25,755	429,000	30,131	501,525	500,000	1,525	4,718	79,100
The Company	Open-end fund	Yuanta Wan Tai Money Market Fund	Financial assets mandatorily measured fair value through profit or loss	-	-	13,067	200,832	19,434	300,000	32,501	501,780	500,000	1,780	-	-

(Continued)

Name of company	Security Category	Security Name	Account name	Name of counter-party	Relationship with the company	Beginning balance Shares (thousands)	Beginning balance Amount	Purchases Shares (thousands)	Purchases Amount	Sales Shares (thousands)	Sales Price	Sales Cost	Sales Gain (loss) on disposal	Ending Balance Shares (thousands)	Ending Balance Amount
The Company	Open-end fund	Jih Sun Money Market Fund	Financial assets mandatorily measured fair value through profit or loss	-	-	11,749	177,063	60,934	924,000	59,561	902,521	900,000	2,521	13,122	200,173
The Company	Open-end fund	CTBC Hwa-win Money Market Fund	Financial assets mandatorily measured fair value through profit or loss	-	-	-	-	80,104	900,000	62,400	701,216	700,000	1,216	17,704	200,320
The Company	Open-end fund	Shin Kong Chi-Shin Money Market Fund	Financial assets mandatorily measured fair value through profit or loss	-	-	-	-	44,301	700,000	31,707	500,516	500,000	516	12,594	200,277
The Company	Open-end fund	FSITC Taiwan Money Market Fund	Financial assets mandatorily measured fair value through profit or loss	-	-	6,463	100,507	75,987	1,188,000	70,487	1,101,721	1,100,000	1,721	11,963	188,282
The Company	Open-end fund	Union Money Market Fund	Financial assets mandatorily measured fair value through profit or loss	-	-	22,463	301,353	66,736	900,000	74,442	1,002,632	1,000,000	2,632	14,757	200,328
The Company	Open-end fund	UPAMC James Bond Money Market Fund	Financial assets mandatorily measured fair value through profit or loss	-	-	-	-	45,653	777,000	41,158	701,030	700,000	1,030	4,495	77,081
The Company	Open-end fund	Fubon Chi-Hsiang Money Market Fund	Financial assets mandatorily measured fair value through profit or loss	-	-	-	-	50,056	800,000	43,838	701,121	700,000	1,121	6,218	100,127
The Company	Open-end fund	Taishin 1699 Money Market Fund	Financial assets mandatorily measured fair value through profit or loss	-	-	18,327	252,269	43,272	600,000	47,234	653,824	650,000	3,824	14,365	200,279
The Company	Stock	Ba Fang International Investment Co.,Ltd	Investments accounted for using equity method	-	-	-	-	226,500	2,265,000	-	-	-	-	226,500	2,232,668

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:None

(vi) Disposal of individual real estate with an amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

Name of company	Related party	Nature of relationship	Transaction details: Purchase/Sale	Transaction details: Amount	Transaction details: Percentage of total purchases/sales	Transaction details: Payment terms	Transactions with terms different from others: Unit price	Transactions with terms different from others: Payment terms	Notes/accounts receivable (payable): Ending balance	Notes/accounts receivable (payable): Percentage of total notes/accounts receivable (payable)	Note
The Company	Amtai International Ltd.	The Company's subsidiary	Purchases	2,179,439	19 %	120Days	-	-	(804,162)	(33)%	
The Company	Amtai International Ltd.	The Company's subsidiary	Sales	(10,074,359)	(21) %	60Days	-	-	1,878,201	18%	
The Company	Largan Digital Co., Ltd.	The Company's subsidiary	Purchases	847,740	7 %	30Days	-	-	(42,389)	(2)%	
The Company	Largan Digital Co., Ltd.	The Company's subsidiary	Sales	(786,410)	(2) %	30Days	-	-	78,772	1%	
The Company	Largan (Dongguan) Optronic Ltd.	The Company's subsidiary	Sales	(2,167,494)	(4) %	120Days	-	-	265,880	3%	

(Continued)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Largan Medical Co. Ltd.	The Company's subsidiary	Purchases	165,750	1 %	30Days	-	-	(32,251)	(1)%	
The Company	Largan Medical Co. Ltd.	The Company's subsidiary	Sales	(101,678)	- %	30Days	-	-	9,546	-%	
Amtai International Ltd.	The Company	The Company's subsidiary	Purchases	10,086,933	71 %	60Days	-	-	(1,878,201)	(86)%	
Amtai International Ltd.	The Company	The Company's subsidiary	Sales	(2,174,714)	(15) %	120Days	-	-	804,069	33%	
Amtai International Ltd.	Largan (Dongguan) Optronic Ltd.	The Company's subsidiary	Purchases	2,978,215	21 %	30Days	-	-	(260,788)	(12)%	
Amtai International Ltd.	Largan (Dongguan) Optronic Ltd.	The Company's subsidiary	Sales	(1,754,480)	(12) %	90Days			228,741	9%	
Amtai International Ltd.	Largan Digital Co., Ltd.	The Company's subsidiary	Purchases	1,142,109	8 %	30Days			(42,558)	(2)%	
Largan (Dongguan) Optronic Ltd.	Amtai International Ltd.	The Company's subsidiary	Purchases	1,752,551	41 %	90Days			(228,459)	(41)%	
Largan (Dongguan) Optronic Ltd.	Amtai International Ltd.	The Company's subsidiary	Sales	(2,951,263)	(57) %	30Days			260,438	30%	
Largan (Dongguan) Optronic Ltd.	The Company	The Company's subsidiary	Purchases	2,179,148	52 %	120Days	-	-	(266,028)	(47)%	

Note： The nature and the amounts of the purchases and sales transaction of the two parties are different due to their different categories of accounts. Therefore, the above transaction has been adjusted.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

Name of company	Related-party	Nature of relationship	Ending balance (Note2)	Turnover rate	Overdue		Amounts received in subsequent period	Loss allowance
					Amount	Action taken		
The Company	Amtai International Ltd.	The Company's subsidiary	1,898,826	4.11	-	None	893,313 (Note1)	-
The Company	Largan (Dongguan) Optronic Ltd.	The Company's subsidiary	265,880	10.25	-	None	243,347 (Note1)	-
Amtai International Ltd.	The Company	The Company's subsidiary	804,069	2.09	-	None	201,121 (Note1)	-
Amtai International Ltd.	Largan (Dongguan) Optronic Ltd.	The Company's subsidiary	229,070	15.13	-	None	222,805 (Note1)	-
Largan (Dongguan) Optronic Ltd.	Amtai International Ltd.	The Company's subsidiary	260,438	11.57	-	None	260,438 (Note1)	-

Note1: Until February 18, 2024.

Note2: Including other receivables.

(ix) Trading in derivative instruments: None

(Continued)

(x) Business relationships and significant intercompany transactions:

No.	Name of company	Name of counter-party	Nature of relationship (Note2)	Intercompany transactions 2023			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Amtai International Ltd.	1	Purchases	2,179,439	The sales prices and payment terms were same as those of sales to third parties.	4%
0	The Company	Amtai International Ltd.	1	Sales	10,074,359	The sales prices and payment terms were same as those of sales to third parties.	21%
0	The Company	Largan (Dongguan) Optronic Ltd.	1	Sales	2,167,494	The sales prices and payment terms were same as those of sales to third parties.	4%
1	Amtai International Ltd.	The Company	2	Purchases	10,086,933	The sales prices and payment terms were same as those of sales to third parties.	21%
1	Amtai International Ltd.	The Company	2	Sales	2,174,714	The sales prices and payment terms were same as those of sales to third parties.	4%
1	Amtai International Ltd.	Largan (Dongguan) Optronic Ltd.	3	Purchases	2,978,215	The sales prices and payment terms were same as those of sales to third parties.	6%
1	Amtai International Ltd.	Largan (Dongguan) Optronic Ltd.	3	Sales	1,754,480	The sales prices and payment terms were same as those of sales to third parties.	4%
2	Largan (Dongguan) Optronic Ltd.	Amtai International Ltd.	3	Purchases	1,752,551	The sales prices and payment terms were same as those of sales to third parties.	4%
2	Largan (Dongguan) Optronic Ltd.	Amtai International Ltd.	3	Sales	2,951,263	The sales prices and payment terms were same as those of sales to third parties.	6%
2	Largan (Dongguan) Optronic Ltd.	The Company	2	Purchases	2,179,148	The sales prices and payment terms were same as those of sales to third parties.	4%

Note1：The number filled in as follows:
1) 0 represents the company.
2) Subsidiaries are sorted in a numerical order starting from 1.
Note2：Transactions labeled as follows:
1) 1 represents the transactions form parent company to subsidiaries.
2) 2 represents the transactions from subsidiaries to parent company.
3) 3 represents the transactions between subsidiaries.
Note3：The nature and the amounts of the purchase and sales transaction of the two parties are different due to their different categories of accounts. Therefore, the above transaction has been adjusted and offset in the consolidated financial statements.

(Continued)

(b) Information on investees:

The following is the information on investees (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			High balance during the year	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value	Percentage of ownership			
The Company	Largan Digital Co., Ltd.	Taichung, Taiwan	Manufacturing of image capture device、image reader、camera and player etc.	411,359	411,359	26,636	49.37 %	813,961	49.37 %	472,629	277,395	The Company's subsidiary
The Company	Largan (Hong Kong) Ltd.	Hong Kong	Investment	658,555	658,555	31,100	100 %	378,635	100 %	18,239	18,239	The Company's subsidiary
The Company	Astro International Ltd.	Samoa	Investment	247,104	247,104	7,600	100 %	13,128,947	100 %	941,270	1,046,707	The Company's subsidiary
The Company	Largan Industrial Optics Co., Ltd.	Taichung, Taiwan	Manufacturing of Optical Instruments	550,000	550,000	55,000	100 %	264,430	100 %	(156,622)	(156,622)	The Company's subsidiary
The Company	Largan Health AI-Tech Co., Ltd.	Taipei, Taiwan	Sales of medical equipment	26,400	26,400	2,640	88 %	3,316	88 %	(4,683)	(4,122)	The Company's subsidiary
The Company	Photonicore Technologies Co., Ltd.	Tainan, Taiwan	Manufacturing of precision instrument、Optical Instruments、wired communication equipment and apparatus, etc.	349,030	87,000	34,903	76.04 %	300,463	76.04 %	(52,704)	(34,356)	The Company's subsidiary
The Company	Ba Fang International Investment Co.,Ltd	Taichung, Taiwan	Investment	2,265,000	-	226,500	100.00 %	2,232,668	100.00 %	(20,819)	(20,819)	The Company's subsidiary
Largan Digital Co., Ltd.	Largan Medical Co. Ltd.	Taichung, Taiwan	Manufacturing of Optical Instruments、Medical and Photo instruments sale etc.	246,017	246,017	22,273	40.5 %	333,074	40.5 %	177,078	71,716	The Company's subsidiary
Largan Digital Co., Ltd.	Alpha Holding Inc.	Samoa	Investment	118,415	118,415	3,700	100 %	36,929	100 %	3,493	3,493	The Company's subsidiary
Astro International Ltd.	Net International Trading Ltd.	British Virgin Islands	Investment	756,599	756,599	24,300	100 %	4,953,783	100 %	282,369	282,369	The Company's subsidiary
Astro International Ltd.	Amtai International Ltd.	Samoa	Sales of Optical part etc.	50,600	50,600	1,500	100 %	8,085,841	100 %	639,755	639,755	The Company's subsidiary
Astro International Ltd.	Largan Health Technology Inc.	Samoa	Investment	110,898	110,898	1,476	12 %	29,819	12 %	(315)	(37)	The Company's subsidiary
Largan Industrial Optics Co., Ltd.	Fang Yuan Co., Ltd.	Taichung, Taiwan	Investment	29,800	29,800	2,980	100 %	13,850	100 %	(1,852)	(1,852)	The Company's subsidiary
Largan Health AI-Tech Co., Ltd.	Charis Health Co., Ltd.	New Taipei City, Taiwan	Sales of medical equipment	4,900	4,900	490	98 %	(561)	98 %	(832)	(815)	The Company's subsidiary
Largan Medical Co. Ltd.	Beta International Ltd.	Samoa	investment	120,334	120,334	3,700	100 %	76,318	100 %	3,430	3,430	The Company's subsidiary
Largan Medical Co. Ltd.	Largan Health & Beauty Corporation	Taichung, Taiwan	Beauty services and sales of health products	25,000	-	2,500	50 %	23,655	50 %	(2,690)	(1,345)	The Company's joint venture
Alpha Holding Inc.	Largan Health Technology Inc.	Samoa	investment	110,898	110,898	1,476	12 %	29,819	12 %	(315)	(37)	The Company's subsidiary
Beta International Ltd.	Largan Health Technology Inc.	Samoa	investment	110,898	110,898	3,936	32 %	69,199	32 %	(315)	(101)	The Company's subsidiary
Largan Health Technology Inc.	Dynadx Corporation	U.S.A	Development of the software	12,318	12,195	11,132	100 %	4,094	100 %	(364)	(364)	The Company's subsidiary
Largan Health Technology Inc.	Largan Health Technology Co., Ltd.	Taichung, Taiwan	Sales of medical equipment	45,797	45,797	801	100 %	2,137	100 %	(43)	(43)	The Company's subsidiary
Ba Fang International Investment Co.,Ltd	TAIWAN APPLIED CRYSTAL CO., LTD.	Kaohsiung, Taiwan	Manufacturing of precision instrument、Optical Instruments, etc.	248,500	-	14,200	71 %	221,654	71 %	(54,380)	(26,846)	The Company's subsidiary

(Continued)

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, their main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of capital surplus	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of the investee	Percentage of ownership	High balance during the year Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow							
Largan (Dongguan) Optronic Ltd.	Production and sales of camera lenses, scanner lens optoelectronic devices, viewing windows, digital electronic cameras	HK$ 178,076	Note 1(a)	HK$ 85,986 US$ 7,474	-	-	HK$ 85,986 US$ 7,474	RMB$ 61,837	100%	100%	NT$ 271,617	NT$ 4,448,869	RMB$ 190,575

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2023(Note 2)	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
NT$720,853 (HK$85,986 and US$12,474)	NT$728,407 (HK$85,986 and US$12,720)	NT$99,306,241

Note 1(a): Indirectly investment in Mainland China through an existing company registered in the third region.

Note 2: Since Suzhou Largan had been liquidated, the cumulative investment amount remitted from Taiwan, including the Company's indirect investment in Suzhou Largan of US$5,000 thousand through Net International Trading Ltd., has yet to be repatriated before the year end of 2023.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in the "Information on significant transactions" and "Business relationships and significant intercompany transactions".

(d) Major shareholders:

Shareholder's Name	Shares	Percentage
Mao Yu Commemorate Co., Ltd.	18,910,616	14.16 %
Shih-ching, Chen	6,696,831	5.01 %

(Continued)

(14) Segment information

(a) General information

The Group has only one reportable segment which is optical lens segment. The optical lens segment engages mainly in the designing, manufacturing and selling of lens for perspective mirror, camera, single binoculars, microscope and scanner.

The profit or loss of the reportable segment of the Group includes depreciation, income tax expense, any extraordinary activity and other material non-cash items.

Accounting policies for the operating segments correspond to those stated in note 4. The profit after tax of the operating segment of the Group is measured by earnings after taxes and as the basis for performance measurement.

(b) The Group's operating segment information:

The information on the divisional profit and loss, divisional assets and divisional liabilities of the Group is consistent with the financial statements. Please refer to the consolidated balance sheet and consolidated statements of comprehensive income for details.

(c) Production information

Since the main industrial department of Group is the optical lens department, and its operating income, operating interests and the identifiable assets account for more than 90% of operating income and total assets, therefore, the Group is classified as a single product.

(d) Geographical information

In presenting information on the basis of geography, segment revenue is based on the geographic location of customers and segment assets are based on the geographical location of the assets.

Revenue from the external customers:

Geographical information	**2023**	**2022**
China	$ 16,936,888	19,638,355
Korea	15,631,026	10,241,099
Vietnam	7,993,862	9,159,948
Japan	4,868,416	7,367,435
Other countries	3,412,055	1,268,391
Total	**$ 48,842,247**	**47,675,228**

Non-current assets:

Geographical information		December 31, 2023	December 31, 2022
Taiwan	$	45,779,639	41,465,942
China		162,956	187,143
Samoa		29,818	29,862
Total	**$**	**45,972,413**	**41,682,947**

Non-current assets include property, plant and equipment, right-of-use assets, intangible assets, and other assets, excluding financial instruments and deferred tax assets.

(e) Major customers' information

		2023	
Customer		**Amount**	**%**
653021	$	12,844,863	26
643006		5,365,959	11
Total	**$**	**18,210,822**	**37**

		2022	
Customer		**Amount**	**%**
653021	$	8,665,494	18
643006		6,454,758	14
622020		5,962,965	12
Total	**$**	**21,083,217**	**44**

V. Parent Company Only Financial Statements of the Most Recent Year with Independent Auditors' Report and Notes

Independent Auditors' Report

To the Board of Directors of Largan Precision Co., Ltd.:

Opinion

We have audited the financial statements of Largan Precision Co., Ltd.("the Company"), which comprise the balance sheet as of December 31, 2023 and 2022, the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of 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 of 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 parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Inventory valuation

Please refer to Note 4(g), Note 5, and Note 6(f) for accounting policies, uncertainty of accounting estimates and assumptions, and related disclosures for inventory valuation.

Description of key audit matter:

Inventories are stated at the lower of cost or net realizable value. With the rapid development of technology, and significant changes in market demand, the severe volatility to sales may lead to risks, wherein the costs of inventories may exceed its net realizable values. Therefore, the valuation of inventories has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures include obtaining an inventory aging report, analyzing the movement of inventory aging and evaluating the reasonableness of the Company's accounting policies, such as allowance for inventory valuation and obsolescence; performing a retrospective test of the Company's historical accuracy of judgments with reference to inventory valuation and comparing with the current period to evaluate the appropriateness of the estimation and assumptions used; examining whether the valuation of inventories is in compliance with the accounting policies of the Company; understanding the basis of the selling price the management used to ensure the reasonableness of net realizable value of inventories; reviewing sales in the subsequent period, as well as assessing the basis of the net realizable value the Company used to determine the sufficiency of allowance of inventories and whether the related disclosures are appropriate.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRC, 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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only 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.

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 Standards on Auditing of 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 parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and 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 on the investment in other entities accounted for using the equity method in order to express an opinion on this 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 parent company only financial statements of the current period 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 Kuo, Shyh-Huar and Wu, Chun-Yuan.

KPMG

Taipei, Taiwan (Republic of China)
February 26, 2024

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

LARGAN PRECISION CO., LTD.

Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets:				
1100	Cash and cash equivalents (Note 6(a) and (v))	$ 96,739,270	50	99,041,251	54
1110	Current financial assets at fair value through profit or loss (Note 6(b) and (v))	1,866,565	1	1,400,291	1
1120	Current financial assets at fair value through other comprehensive income (Note 6(c) and (v))	4,396,324	2	2,895,791	2
1170	Accounts receivable, net (Note 6(d) and (v))	7,994,879	4	4,086,396	2
1180	Accounts receivable from related parties, net (Note 6(d), (v) and 7)	2,232,403	1	3,433,400	2
1200	Other receivables (Note 6(e) and (v))	851,647	-	571,338	-
1210	Other receivables from related parties (Note 6(e), (v) and 7)	33,279	-	48,570	-
1220	Current tax assets	-	-	86,289	-
1310	Inventories (Note 6(f))	3,856,388	2	4,381,793	2
1470	Other current assets(Note6(k))	145,529	-	177,870	-
1476	Other current financial assets (Note6(k),(v) and 8)	1,719,140	1	448,767	-
		119,835,424	61	116,571,756	63
	Non-current assets:				
1520	Non-current financial assets at fair value through other comprehensive income (Note 6(c) and (v))	3,086,000	1	1,054,000	1
1550	Investments accounted for using equity method (Note 6(g))	17,122,420	9	14,248,006	8
1600	Property, plant and equipment (Note 6(h) and 7)	40,801,230	21	37,541,071	20
1755	Right-of-use assets (Note 6(i))	69,416	-	118,706	-
1780	Intangible assets (Note 6(j))	226,378	-	145,269	-
1840	Deferred tax assets (Note 6(o))	316,157	-	335,677	-
1900	Other non-current assets (Note 6(k), (v) and 8)	3,124,776	2	2,794,666	1
1980	Other non-current financial assets (Note 6(k), (v) and 8)	10,964,083	6	12,672,236	7
		75,710,460	39	68,909,631	37
	Total assets	$ 195,545,884	100	185,481,387	100

	Liabilities and Equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities:				
2100	Short-term borrowings (Note 6(l) and (v))	$ -	-	18,773	-
2150	Notes payable (Note 6(v))	1,028	-	-	-
2170	Accounts payable (Note 6(v))	1,528,912	1	1,238,734	1
2180	Accounts payable to related parties (Note 6(v) and 7)	878,808	-	1,260,424	1
2200	Other payables (Note 6(p) and (v))	23,361,834	12	22,773,886	12
2220	Other payables to related parties (Note 6(v) and 7)	5,112	-	6,183	-
2230	Current tax liabilities	4,096,349	2	4,506,801	2
2280	Current lease liabilities (Note 6(m) and (v))	45,544	-	51,222	-
2300	Other current liabilities	13,320	-	50,411	-
		29,930,907	15	29,906,434	16
	Non-Current liabilities:				
2570	Deferred tax liabilities (Note 6(o))	11,400	-	332,874	-
2580	Non-current lease liabilities (Note 6(m) and (v))	23,054	-	67,694	-
2600	Other non-current liabilities (Note 6(v))	3,760	-	4,007	-
2640	Net defined benefit liabilities (Note 6(n))	66,362	-	61,278	-
		104,576	-	465,853	-
	Total liabilities	30,035,483	15	30,372,287	16
	Equity attributable to owners of parent: (Note 6(q))				
3110	Share capital	1,334,682	1	1,334,682	1
3200	Capital surplus	1,559,812	1	1,555,120	1
3300	Retained earnings	160,871,108	82	152,651,936	82
3400	Other equity interest	1,744,799	1	(432,638)	-
	Total equity attributable to owners of parent	165,510,401	85	155,109,100	84
	Total liabilities and equity	$ 195,545,884	100	185,481,387	100

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

LARGAN PRECISION CO., LTD.

Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		2023		2022	
		Amount	%	Amount	%
4000	**Operating revenues (Note 6(s) and 7)**	$ 47,665,159	100	45,478,371	100
5000	**Operating costs (Note 6(f), (n), (t) and 7)**	24,751,689	52	20,939,071	46
		22,913,470	48	24,539,300	54
5910	Realized profit from sales	260,145	1	472,171	1
5900	**Gross profit from operations**	23,173,615	49	25,011,471	55
6000	**Operating expenses (Note 6(n), (t) and 7):**				
6100	Selling expenses	249,267	1	334,693	1
6200	Administrative expenses	1,485,799	3	1,127,870	2
6300	Research and development expenses	4,095,555	9	4,082,100	9
	Total operating expenses	5,830,621	13	5,544,663	12
6900	**Operating income**	17,342,994	36	19,466,808	43
7000	**Non-operating income and expenses:**				
7100	Interest income (Note 6(u))	3,414,978	7	1,425,816	3
7010	Other income (Note 6(u) and 7)	121,786	-	52,003	-
7020	Other gains and losses (Note 6(u) and 7)	11,376	-	5,488,498	12
7050	Finance costs (Note 6(m) and (u))	(1,037)	-	(1,605)	-
7060	Share of profit (losses) of subsidiaries and joint ventures accounted for using equity method	1,126,422	3	1,618,473	4
		4,673,525	10	8,583,185	19
7900	**Profit before income tax**	22,016,519	46	28,049,993	62
7950	**Less: Income tax expenses (Note 6(o))**	4,114,197	8	5,424,944	12
	Profit for the period	17,902,322	38	22,625,049	50
8300	**Other comprehensive income:**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8311	Remeasurements of defined benefit obligation	(6,706)	-	12,951	-
8316	Unrealized (losses) gains on investments in equity instruments measured at fair value through other comprehensive income	2,130,043	4	(3,811)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
		2,123,337	4	9,140	-
8360	**Components of other comprehensive income that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(21,801)	-	1,302,402	2
8367	Unrealized losses on investments in debt instruments measured at fair value through other comprehensive income	69,195	-	(89,959)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
		47,394	-	1,212,443	2
	Other comprehensive income (loss) for the period, net of tax	2,170,731	4	1,221,583	2
8500	**Total comprehensive income for the period**	**$ 20,073,053**	**42**	**23,846,632**	**52**
	Earnings per share (NT Dollars) (Note 6(r))				
9750	**Basic earnings per share**	**$ 134.13**		**169.52**	
9850	**Diluted earnings per share**	**$ 132.62**		**166.89**	

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

LARGAN PRECISION CO., LTD.

Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings				Other equity interest				
	Share Capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total	Treasury shares	Total equity
Balance at January 1, 2022	$ 1,341,402	1,562,914	22,134,303	1,521,382	118,221,976	141,877,661	(1,986,787)	345,517	(1,641,270)	(1,400,985)	141,739,722
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	1,038,866	-	(1,038,866)	-	-	-	-	-	-
Special reserve	-	-	-	119,888	(119,888)	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	-	(10,477,254)	(10,477,254)	-	-	-	-	(10,477,254)
	-	-	1,038,866	119,888	(11,636,008)	(10,477,254)	-	-	-		(10,477,254)
Profit for the period	-	-	-	-	22,625,049	22,625,049	-	-	-	-	22,625,049
Other comprehensive income for the period	-	-	-	-	12,951	12,951	1,302,402	(93,770)	1,208,632	-	1,221,583
Total comprehensive income for the period	-	-	-	-	22,638,000	22,638,000	1,302,402	(93,770)	1,208,632	-	23,846,632
Retirement of treasury share	(6,720)	(7,794)	-	-	(1,386,471)	(1,386,471)	-	-	-	1,400,985	-
Balance at December 31, 2022	**$ 1,334,682**	**1,555,120**	**23,173,169**	**1,641,270**	**127,837,497**	**152,651,936**	**(684,385)**	**251,747**	**(432,638)**	**-**	**155,109,100**
Balance at January 1,2023	$ 1,334,682	1,555,120	23,173,169	1,641,270	127,837,497	152,651,936	(684,385)	251,747	(432,638)	-	155,109,100
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	2,823,645	-	(2,823,645)	-	-	-	-	-	-
Special reserve	-	-	-	(1,641,270)	1,641,270	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	-	(9,676,444)	(9,676,444)	-	-	-	-	(9,676,444)
	-	-	2,823,645	(1,641,270)	(10,858,819)	(9,676,444)	-	-	-	-	(9,676,444)
Other changes in capital surplus	-	4,692	-	-	-	-	-	-	-	-	4,692
Profit for the period	-	-	-	-	17,902,322	17,902,322	-	-	-	-	17,902,322
Other comprehensive income for the period	-	-	-	-	(6,706)	(6,706)	(21,801)	2,199,238	2,177,437	-	2,170,731
Total comprehensive income for the period	-	-	-	-	17,895,616	17,895,616	(21,801)	2,199,238	2,177,437	-	20,073,053
Balance at December 31, 2023	**$ 1,334,682**	**1,559,812**	**25,996,814**	**-**	**134,874,294**	**160,871,108**	**(706,186)**	**2,450,985**	**1,744,799**	**-**	**165,510,401**

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

LARGAN PRECISION CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		2023	2022
Cash flows from operating activities:			
Profit before income tax	$	22,016,519	28,049,993
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation expense		5,249,989	4,986,699
Amortization expense		120,664	84,918
Interest expense		1,037	1,605
Interest income		(3,414,978)	(1,425,816)
Dividend income		(83,236)	(8,326)
Share of profit of subsidiaries and joint ventures accounted for using equity method		(1,126,422)	(1,618,473)
(Profit) losses on disposal of property, plant and equipment		(38,654)	78
Unrealized foreign exchange profit		(8,745)	(70,568)
Realized profit from sales		(260,145)	(472,171)
Total adjustments to reconcile profit		439,510	1,477,946
Changes in operating assets and liabilities:			
Changes in operating assets:			
(Increase) decrease in financial assets measured at fair value through profit or loss		(466,274)	12,929,675
(Increase) decrease in account receivable (including from related parties)		(2,707,486)	1,632,004
Decrease in inventories		525,405	259,372
Decrease in other current assets		82,736	599,859
Total changes in operating assets		(2,565,619)	15,420,910
Changes in operating liabilities:			
Increase (decrease) in notes payable		1,028	(1,557)
Decrease in accounts payable (including to related parties)		(91,438)	(54,597)
Increase in other current liabilities		126,216	1,111,895
Decrease in net defined benefit liabilities		(1,622)	(25,764)
Total changes in operating liabilities		34,184	1,029,977
Total changes in operating assets and liabilities		(2,531,435)	16,450,887
Cash inflow generated from operations		19,924,594	45,978,826
Interest received		3,182,938	1,114,085
Dividends received		83,236	8,326
Interest paid		(1,037)	(1,605)
Income taxes paid		(4,740,489)	(4,331,638)
Net cash flows from operating activities		18,449,242	42,767,994
Cash flows from investing activities:			
Acquisition of financial assets at fair value through other comprehensive income		(1,318,925)	(672,609)
Acquisition of investments accounted for using equity method		(2,527,030)	(337,000)
Acquisition of property, plant and equipment		(8,146,832)	(8,210,071)
Proceeds from disposal of property, plant and equipment		154,672	513
Decrease (increase) in refundable deposits		6,086	(46)
Increase in other non-current assets		(336,196)	(902,591)
Acquisition of intangible assets		(201,501)	(159,199)
Decrease in other financial assets		437,780	317,100
Dividends received		924,439	3,111,893
Net cash flows used in investing activities		(11,007,507)	(6,852,010)
Cash flows from financing activities:			
(Decrease) increase in short-term borrowings		(18,819)	18,819
(Decrease) increase in guarantee deposits received		(247)	377
Payment of lease liabilities		(52,898)	(50,401)
Cash dividend paid		(9,676,444)	(14,635,600)
Overdue dividend transferred to capital surplus		4,692	-
Net cash flows used in financing activities		(9,743,716)	(14,666,805)
Net (decrease) increase in cash and cash equivalents		(2,301,981)	21,249,179
Cash and cash equivalents at beginning of period		99,041,251	77,792,072
Cash and cash equivalents at end of period	$	**96,739,270**	**99,041,251**

See accompanying notes to parent company only financial statements.

(1) Company history

Largan Precision Co., Ltd. (the "Company") was incorporated in April 1987 as a company limited by shares under the Company Act of the Republic of china (R.O.C). The registered address is No.11, Jingke Rd., Nantun Dist., Taichung City 40852, Taiwan (R.O.C.). The major business activities of the Company are the design, manufacture and sale of lens for perspective mirror, camera, single and double binoculars, fax machine, microscope and scanner etc. Please refer to Note 14.

The Company's common shares were listed on the Taiwan Stock Exchange (TWSE) in March 2002.

(2) Approval date and procedures of the financial statements:

The accompanying parent company only financial statements were authorized for issue by the Board of Directors on February 26, 2024.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The details of impact on the Company's adoption of the new amendments beginning January 1, 2023 are as follows：

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

In addition, the Company has adopted Amendments to IAS 12"International Tax Reform – Pillar Two Model Rules" on May 23, 2023. The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which applies retrospectively, and require new disclosures about the Pillar Two exposure for annual reporting periods beginning on or after January 1, 2023. However, because on December 31, 2023, no new legislation to implement the top-up tax was enacted or substantively enacted in any jurisdiction in which the Company operates and no related deferred taxes were recognised at that date, the retrospective application has no impact on the Company' s condensed interim financial statements. The Company is closely monitoring developments related to the implementation of the international tax reforms introducing a global minimum top-up tax.

(Continued)

(b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Company does not expect the other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

(4) Summary of material accounting policies

The material accounting policies presented in the financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the parent company only financial statements.

(a) Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the parent company only financial statements have been prepared on the historical cost basis:

1) Financial instruments at fair value through profit or loss are measured at fair value;

2) Financial assets at fair value through other comprehensive income are measured at fair value.

3) The defined benefit liabilities are measured at fair value of the plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency is determined based on the primary economic environment in which the entity operates. The Company’s financial statements are presented in New Taiwan Dollar, which is the Company’s functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(Continued)

(c) **Foreign currency**

(i) Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of the Company at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for an investment in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company's disposes any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Company disposes only part of investment in an associate of joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from, or payable to, a foreign operation is neither planned nor likely in the foreseeable future, Exchange differences arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income, and presented in the translation reserve in equity.

(d) **Classification of current and non-current assets and liabilities**

An asset is classified as current under one of the following criteria, and all other assets are classified as noncurrent.

(i) It expected to be realized, or intended to be sold or consumed, in its normal operating cycle;

(ii) It holds primarily for the purpose of trading;

(iii) It expected to be realized within twelve months after the reporting period; or

(Continued)

(iv) The asset is cash or a cash equivalent, unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

(i) It is expected to settle the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(e) **Cash and cash equivalents**

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(f) **Financial instruments**

Accounts receivable are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. An accounts receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at amortized cost; fair value through other comprehensive income (FVOCI); or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(Continued)

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL：

- it is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and

- it is contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL：

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

(Continued)

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above (e.g. financial assets held for trading and those that are managed and whose performance is evaluated on a fair value basis) are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes：

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management' s strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Company's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how managers of the business are compensated — e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

(Continued)

5) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial assets on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers：

- contingent events that would change the amount or timing of cash flows；
- terms that may adjust the contractual coupon rate, including variable rate features；
- prepayment and extension features；and
- terms that limit the Company’s claim to cash flows from specified assets（e.g. non-recourse features）

6) Impairment of financial assets

The Company recognizes its loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables, guarantee deposit paid and other financial assets) and debt investments measured at FVOCI.

The Company measures its loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL：

- debt securities that are determined to have low credit risk at the reporting date；and
- other debt securities and bank balances for which the credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company’s historical experience and informed credit assessment, as well as forward-looking information.

(Continued)

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 360 days past due or the debtor is unlikely to fully pay its credit obligations to the Company.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘ investment grade which is considered to be twA or higher per Taiwan Ratings’.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs resulting from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data：

– significant financial difficulty of the borrower or issuer；
– a breach of contract such as a default or being more than 360 days past due；
– the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider；
– it is probable that the borrower will enter bankruptcy or other financial reorganization；or
– the disappearance of an active market for a security because of financial difficulties.

(Continued)

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company’s procedures for recovery of amounts due.

7) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(ii) Financial liabilities and equity instrument

1) Classification of debt or equity

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

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in

(Continued)

profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

5) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(g) **Inventories**

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted-average method and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) **Joint Arrangements**

A joint arrangement is an arrangement of which two or more parties have joint control. The IFRS classifies joint arrangements into two types — joint operations and joint ventures, which have the following characteristics: (a) the parties are bound by a contractual arrangement; and (b) the contractual arrangement gives two or more of those parties joint control of the arrangement. IFRS 11 “Joint Arrangements” defines joint control as the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (ie activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control.

A joint venture is a joint arrangement whereby the Company has joint control of the arrangement (i.e. joint venturers) in which the Company has rights to the net assets of the arrangement , rather than rights to its assets and obligations for its liabilities. The Company recognizes its interest in a joint venture as an investment and accounts for that investment using the equity method in accordance with IAS 28 “Investments in Associates and Joint Ventures”, unless the Company qualifies for exemption from that Standard.

(Continued)

When assessing the classification of a joint arrangement, the Company considers the structure and legal form of the arrangement, the terms in the contractual arrangement, and other facts and circumstances. When the facts and circumstances change, the Company reevaluates whether the classification of the joint arrangement has changed.

(i) **Investment in subsidiaries**

The subsidiaries in which the Company holds controlling interest are accounted for under equity method in the non-consolidated financial statements. Under equity method, the net income, other comprehensive income and equity in the non-consolidated financial statement are the same as those attributable to the owners of the parent in the consolidated financial statements.

The changes in ownership of the subsidiaries are recognized as equity transaction.

(j) **Property, plant and equipment**

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

1)	Buildings	35 ~55years
2)	Machinery and equipment	2 ~ 10 years

Plant constitutes mainly building, electromechanical power engineering and cleanroom air conditioning project. Each such part is depreciated based on its useful life of 35~55 years, 8~ 10 years and 8~10 years, respectively.

(Continued)

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) **Leases**

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

– fixed payments, including in-substance fixed payments;

– variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

– amounts expected to be paid under a residual value guarantee; and

– payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

– there is a change in future lease payments arising from the change in an index or rate; or

– there is a change in the Company's estimate of the amount expected to be paid under a residual value guarantee; or

– there is a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

(Continued)

– there is a change in the lease term resulting from a change of its assessment on whether it will exercise an extension or termination option; or

– there are any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets, photocopying equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a practical expedient, the Company elects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

- the rent concessions occurring as a direct consequence of the COVID-19 pandemic;
- the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2022; and
- there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(ii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(Continued)

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of ‘other income’.

(l) **Intangible assets**

(i) Recognition and measurement

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

Computer software cost	1~3 years

Amortization methods, useful lives and residual values are reviewed at each annual reporting date and adjusted if appropriate.

(m) **Impairment of non-financial assets**

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(Continued)

(n) **Provisions**

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(o) **Revenue**

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company’s main types of revenue are explained below.

1) Sale of goods

The Company manufactures and sells various multiples lens to mobile phone manufacturers. The Company recognizes revenue when control of the products has been transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer’s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

2) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(p) **Employee benefits**

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(Continued)

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(q) **Income taxes**

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year, and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables is the best estimate of the tax amount expected to be paid or received that it is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(Continued)

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences.

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(r) **Earnings per share**

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share are calculated as the profit attributable to ordinary shareholders of the Company, divided by the weighted-average number of ordinary shares outstanding. Diluted earnings per share are calculated as the profit attributable to ordinary shareholders of the Company, divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee bonus.

(s) **Operating segments**

The Company has disclosed the information on operating segments in its consolidated financial statements. Hence, no further information is disclosed in the parent company only financial statements.

(Continued)

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

In preparing these parent company only financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. It recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows:

Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to note 6(f) for further description of the valuation of inventories.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Petty cash and cash on hand	$ 894	546
Demand deposits	3,898,091	2,506,011
Time deposits	92,840,285	96,534,694
Cash and cash equivalents in the parent company only statement of cash flows	**$ 96,739,270**	**99,041,251**

Please refer to note 6(v) for the exchange rate risk and sensitivity analysis of the financial assets and liabilities of the Company.

(b) Financial assets at fair value through profit or loss

	December 31, 2023	December 31, 2022
Mandatorily measured at fair value through profit or loss:		
Non-derivative financial assets		
Stocks unlisted in domestic markets	$ -	-
Beneficiary Certificate-open-end funds	1,866,565	1,400,291
Total	**$ 1,866,565**	**1,400,291**

(Continued)

For market risk, please refer to note 6(v).

(c) **Financial assets at fair value through other comprehensive income**

	December 31, 2023	December 31, 2022
Debt investments at fair value through other comprehensive income		
Current		
Corporate bonds	$ 2,160,783	926,959
Equity investments at fair value through other comprehensive income		
Current		
Stocks listed on domestic markets	$ 2,235,541	1,968,832
Non-Current		
Private Equity on domestic markets	$ 3,086,000	1,054,000

(i) Debt investments at fair value through other comprehensive income

The Company has assessed that the following securities were held within a business model whose objective was achieved by both collecting the contractual cash flows and by selling securities. Therefore, they have been classified as debt investments at fair value through other comprehensive income.

(ii) Equity investments at fair value through other comprehensive income

The Company designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Company intends to hold for long-term for strategic purposes.

There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments as of December 31, 2023 and 2022.

(iii) For market risk, please refer to note 6(v).

(iv) As of December 31, 2023 and 2022, the financial assets at fair value through other comprehensive income of the Company had not been pledged as collateral for long-term borrowing.

(Continued)

(d) **Accounts receivable**

	December 31, 2023	December 31, 2022
Accounts receivable-measured at amortized cost	$ 7,997,129	4,088,646
Accounts receivable from related parties-measured at amortized cost	2,232,403	3,433,400
Less: loss allowance	(2,250)	(2,250)
Total	**$ 10,227,282**	**7,519,796**

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowances provision were determined as follows:

	December 31, 2023		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance**
Current	$ 9,885,102	-	-
No more than 180 days past due	344,430	0.65 %	2,250
	$ 10,229,532		**2,250**

	December 31, 2022		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance**
Current	$ 7,381,192	-	-
No more than 180 days past due	140,854	1.6 %	2,250
	$ 7,522,046		**2,250**

The movements in the allowance for notes and accounts receivable were as follows:

	2023	2022
Balance at December 31 (Balance at January 1)	**$ 2,250**	**2,250**

The accounts receivable of the Company had not been pledged as collateral as of December 31, 2023 and 2022.

For further credit risk information, please refer to note 6(v).

(Continued)

(e) **Other receivables**

	December 31, 2023	December 31, 2022
Other receivables-Interest receivables	$ 655,114	442,303
Other receivables-Tax receivables	177,053	111,657
Other receivables-Others	19,480	17,378
Other receivables-Related parties	33,279	48,570
	$ 884,926	**619,908**

For further credit risk information, please refer to note 6(v).

(f) **Inventories**

	December 31, 2023	December 31, 2022
Finished goods	$ 1,771,439	2,343,312
Work in progress	994,679	526,438
Raw materials	938,327	1,377,370
Supplies	151,943	134,673
	$ 3,856,388	**4,381,793**

For the years ended December 31, 2023 and 2022, the amounts of inventories that were charged to cost of sales, and the net of provisions that were charged to cost of sales in the parent company only statement of comprehensive income for inventories written down to net realizable value, were $293,595 thousand and $331,059 thousand, respectively.

As of December 31, 2023 and 2022, the Company did not provide any inventories as collateral for its loans.

(g) **Investments accounted for using equity method**

A summary of the Company's financial information about investments accounted for using equity method at the reporting date is as follows:

	December 31, 2023	December 31, 2022
Subsidiary-Largan (Hong Kong) Limited.	$ 378,635	360,754
Subsidiary-Astro International Ltd.	13,128,947	12,735,961
Subsidiary-Largan Industrial Optics Co., Ltd.	264,430	421,052
Subsidiary-Ba Fang International Investment Co.,Ltd.	2,232,668	-
Subsidiary-Largan Digital Co., Ltd.	813,961	650,012
Subsidiary-Largan Health AI-Tech Co., Ltd.	3,316	7,438
Subsidiary-Photonicore Technologies Co.,Ltd.	300,463	-
Associate-Photonicore Technologies Co.,Ltd.	-	72,789
	$ 17,122,420	**14,248,006**

(Continued)

(i) Subsidiaries

The Company invested in establishing Ba Fang International Investment Co.,Ltd. and participated in the cash capital increase in July 2023, with investment amounts of $265,000 thousand and $2,000,000 thousand, respectively.

The Company participated in the cash capital increase of its subsidiary-Largan Industrial Optics Co., Ltd. in December 2022, with an investment amount of $250,000 thousand.

Please refer to the consolidated financial statements of the year 2023.

(ii) Associates

The Company's financial information for investments accounted for using equity method that are individually insignificant was as follows:

	2022
Attributable to the Company	
Loss from continuing operations	$ (14,211)
Other comprehensive loss	-
Comprehensive income	**$ (14,211)**

The Company participated in the cash capital increase of Photonicore Technologies Co.,Ltd. (Photonicore) in April 2022, with an investment amount of $87,000 thousand, and obtained 54.72% of Photonicore's shareholdings. Since the Company did not obtain a majority of board seats of Photonicore Technologies or control its relevant operations, the Company assessed that it did not have control over the company. Additionally, the Company participated in another cash capital increase of Photonicore Technologies with the amount of $262,030 thousand in July 2023, and the shareholding of Photonicore Technologies increased to 76.04%. The Company obtained a majority of board seats of Photonicore Technologies and the right to control its operations, Therefore, it is determined that the Company has control over Photonicore Technologies.

(iii) Collateral

As of December 31, 2023 and 2022, the Company did not provide any investment accounted for using equity method as collaterals for its loans.

(Continued)

(h) **Property, plant and equipment**

The cost, depreciation, and impairment of the property, plant and equipment of the Company in 2023 and 2022, were as follows:

	Land	Building and Construction	Machinery and equipment	Transportation equipment	Office equipment and other facilities	Rental assets	Construction in progress and testing equip	Total
Cost or deemed cost:								
Balance on January 1, 2023	$ 9,209,033	6,373,500	29,027,648	23,333	15,457,580	54,898	4,858,901	65,004,893
Additions	-	290,506	3,141,118	3,393	1,045,552	-	4,093,999	8,574,568
Disposal	-	-	(580,283)	(1,728)	(69,799)	-	-	(651,810)
Reclassification	-	1,216,414	51,689	-	765,091	-	(2,033,466)	(272)
Balance on December 31, 2023	**$ 9,209,033**	**7,880,420**	**31,640,172**	**24,998**	**17,198,424**	**54,898**	**6,919,434**	**72,927,379**
Balance on January 1,2022	$ 8,220,803	6,329,726	28,708,514	23,333	14,465,798	54,898	2,342,229	60,145,301
Additions	988,230	41,634	2,840,359	-	905,786	-	3,051,573	7,827,582
Disposal	-	(366)	(2,824,726)	-	(141,709)	-	-	(2,966,801)
Reclassification	-	2,506	303,501	-	227,705	-	(534,901)	(1,189)
Balance on December 31, 2022	**$ 9,209,033**	**6,373,500**	**29,027,648**	**23,333**	**15,457,580**	**54,898**	**4,858,901**	**65,004,893**
Depreciation and impairment loss:								
Balance on January 1,2023	$ -	1,154,780	16,305,972	16,317	9,964,292	22,461	-	27,463,822
Depreciation for the year	-	187,873	3,331,276	2,526	1,676,038	406	-	5,198,119
Disposal	-	-	(464,439)	(1,728)	(69,625)	-	-	(535,792)
Balance on December 31, 2023	**$ -**	**1,342,653**	**19,172,809**	**17,115**	**11,570,705**	**22,867**	**-**	**32,126,149**
Balance on January 1, 2022	$ -	968,442	15,934,335	13,825	8,555,836	22,055	-	25,494,493
Depreciation for the year	-	186,704	3,195,790	2,492	1,550,147	406	-	4,935,539
Disposal	-	(366)	(2,824,153)	-	(141,691)	-	-	(2,966,210)
Balance on December 31, 2022	**$ -**	**1,154,780**	**16,305,972**	**16,317**	**9,964,292**	**22,461**	**-**	**27,463,822**
Carrying amounts:								
Balance on December 31, 2023	**$ 9,209,033**	**6,537,767**	**12,467,363**	**7,883**	**5,627,719**	**32,031**	**6,919,434**	**40,801,230**
Balance on January 1, 2022	**$ 8,220,803**	**5,361,284**	**12,774,179**	**9,508**	**5,909,962**	**32,843**	**2,342,229**	**34,650,808**
Balance on December 31,2022	**$ 9,209,033**	**5,218,720**	**12,721,676**	**7,016**	**5,493,288**	**32,437**	**4,858,901**	**37,541,071**

In 2013, the Company acquired a piece of land, for the expansion of its factory, amounting to $120,086 thousand, which was recognized under property, plant and equipment. The title of the said land cannot be transferred to the Company due to its classification. Therefore, it was registered under the name of a different person. To ensure the right of both parties (including that of the Company's shareholders), the two parties entered into an agreement, with the notarization of the court. In the future, the Company will file an application to the relevant authorities, and go through proper procedures, for the land to be reclassified in order to make it possible for the deed to be transferred to the Company.

(Continued)

(i) **Right-of-use assets**

The Company leases buildings and constructions. Information about leases for which the Company has been a lessee is presented below:

		Building and construction
Cost:		
Balance at January 1, 2023	$	282,160
Additions		2,580
Balance at December 31,2023	**$**	**284,740**
Balance at January 1, 2022	$	267,422
Additions		14,738
Balance at December 31,2022	**$**	**282,160**
Accumulated depreciation:		
Balance at January 1, 2023	$	163,454
Depreciation for the year		51,870
Balance at December 31,2023	**$**	**215,324**
Balance at January 1, 2022	$	112,294
Depreciation for the year		51,160
Balance at December 31,2022	**$**	**163,454**
Carrying amounts:		
Balance at December 31, 2023	**$**	**69,416**
Balance at January 1, 2022	**$**	**155,128**
Balance at December 31, 2022	**$**	**118,706**

(j) **Intangible assets**

The costs and amortization of the intangible assets of Company in 2023 and 2022, were as follows:

		Computer Software
C**osts**:		
Balance at January 1, 2023	$	584,561
Additions		201,501
Reclassification		272
Balance at December 31,2023	**$**	**786,334**

(Continued)

		Computer Software
Balance at January 1, 2022	$	438,326
Additions		159,199
Disposal		(14,153)
Reclassification		1,189
Balance at December 31,2022	**$**	**584,561**
Amortization:		
Balance at January 1, 2023	$	439,292
Amortization for the year		120,664
Balance at December 31, 2023	**$**	**559,956**
Balance at January 1, 2022	$	368,527
Amortization for the year		84,918
Disposal		(14,153)
Balance at December 31, 2022	**$**	**439,292**
Carrying value:		
Balance at December 31, 2023	**$**	**226,378**
Balance at January 1, 2022	**$**	**69,799**
Balance at December 31, 2022	**$**	**145,269**

The following amortizations of intangible assets are included in the statement of comprehensive income:

		2023	2022
Operating cost	$	14,317	8,546
Operating expense		106,347	76,372
	$	**120,664**	**84,918**

(Continued)

(k) **Other current assets, other current financial assets, other non-current financial assets and other non-current assets**

The other current assets, other current financial assets, other non-current financial assets and other non-current assets of the Company were as follows:

	December 31, 2023	December 31, 2022
Other current financial assets	$ 1,719,140	448,767
Other current assets	145,529	177,870
Other non-current financial assets	10,964,083	12,672,236
Refundable deposits	16,336	22,422
Prepayment for equipment	3,106,550	2,770,984
Other non-current assets	1,890	1,260
	$ 15,953,528	**16,093,539**

(i) Other current (non-current) financial assets were restricted deposits and bank account for repatriation of offshore fund, which were pledged as collateral; please refer to note 8.

(ii) Other current assets were prepayment for purchases.

(iii) Refundable deposits had been pledged as collateral; please refer to note 8.

(iv) For further credit risk information, please refer to note6 (v).

(l) **Short-term borrowings**

The short-term borrowings were summarized as follows:

	December 31, 2023	December 31, 2022
Letters of credit	**$ -**	**18,773**
Unused credit Lines	**$ 1,300,000**	**2,581,227**
Range of interest rates	**0.42%~6.47%**	**0.44%~5.90%**

(m) **Lease liabilities**

The carrying amounts of the Company's lease liabilities were as follows:

	December 31, 2023	December 31, 2022
Current	**$ 45,544**	**51,222**
Non-current	**$ 23,054**	**67,694**

For the maturity analysis, please refer to note 6(v).

(Continued)

The amounts recognized in profit or loss were as follows:

	2023	2022
Interest on lease liabilities	$ **1,037**	**1,605**
Variable lease payments not included in the measurement of lease liabilities	$ **49**	**65**
Expenses relating to leases of low-value assets	$ **211**	**210**

The amounts recognized in the statement of cash flows by the Company were as follows:

	2023	2022
Total cash outflow for leases	$ **54,195**	**52,281**

(i) Real estate leases

The Company leases buildings for its factory space. The leases of factory space typically run for 3 to 5 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(ii) Other leases

The Company leases photocopying equipment, these leases are leases of low-value items. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

(n) **Employee benefits**

(i) Defined benefit plans

Reconciliation of the defined benefit obligations at present value and plan asset at fair value is as follows:

	December 31, 2023	December 31, 2022
Present value of the defined benefit obligations	$ 161,653	151,971
Fair value of plan assets	(95,291)	(90,693)
Net defined benefit liability	$ **66,362**	**61,278**

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average salary for the six months prior to retirement.

(Continued)

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of the Labor Funds, Ministry of Labor. With regards to the utilization of the funds, minimum earnings in the annual distribution on the final financial statements shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company’s Bank of Taiwan labor pension reserve account balance amounted to $95,291 thousand at the end of the reporting period. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in present value of the defined benefit obligations of the Company were as follows:

	2023	2022
Defined benefit obligations at January 1	$ 151,971	175,751
Benefit paid by the plan	(624)	(18,306)
Current service costs and interest cost (income)	3,264	1,827
Remeasurements loss (gain):		
-Financial assumptions	7,042	(7,301)
Defined benefit obligations at December 31	**$ 161,653**	**151,971**

3) Movements of the fair value of defined benefit plan assets

The movements in the fair value of the defined benefit plan assets of the Company were as follows:

	2023	2022
Fair value of plan assets at January 1	$ 90,693	75,758
Contributions paid by the employer	3,316	14,338
Benefits paid from plan assets	(624)	(5,534)
Interest income	1,570	481
Remeasurements loss (gain):		
－Return on plan assets excluding interest income	336	5,650
Fair value of plan assets at December 31	**$ 95,291**	**90,693**

(Continued)

4) Expenses recognized in profit or loss

The expenses recognized in profits or losses for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Current service costs	$ 501	607
Net interest of net liabilities for the defined benefit obligations	2,763	1,220
Plan assets interest income	(1,570)	(481)
	$ 1,694	**1,346**
Operating Costs	$ 1,233	990
Selling expenses	14	12
Administrative expenses	72	57
Research and development expenses	375	287
	$ 1,694	**1,346**
Return on plan assets	**$ 1,906**	**6,131**

5) Remeasurement in net defined benefit liability recognized in other comprehensive income

The Company's remeasurement in the net defined benefit liability recognized in other comprehensive income for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Accumulated amount at January 1	$ 72,145	85,096
Recognized during the period	6,706	(12,951)
Accumulated amount at December 31	**$ 78,851**	**72,145**

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2023	December 31, 2022
Discount rate	1.875 %	2 %
Increase in future salary rate	2 %	2 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one year - period after the reporting date is $3,284 thousand.

The weighted average lifetime of the defined benefit plans is 15.35 years.

(Continued)

7) Sensitivity analysis

On December 31, 2023 and 2022, if the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences of defined benefit obligations	
	Increase0.25%	Decrease0.25%
December 31, 2023		
Discount rate	$ (3,643)	3,775
Future salary increases rate	3,522	(3,409)
December 31, 2022		
Discount rate	$ (3,658)	3,797
Future salary increases rate	3,582	(3,462)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There were no changes in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

(ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to $221,426 thousand and $210,820 thousand for the years ended December 31, 2023 and 2022, respectively.

(iii) Short-term employee benefit

The Company's employee benefit liabilities were as follows:

	December 31, 2023	December 31, 2022
Compensated absences liability	$ 133,802	123,176

(Continued)

(o) **Income taxes**

(i) Income tax expense

The components of income tax for 2023 and 2022 were as follows:

		2023	2022
Current tax expense			
Current period	$	4,544,993	5,020,743
Adjustment for prior periods		(128,842)	(340,380)
Deferred tax expense			
Origination and reversal of temporary differences		(301,954)	744,581
	$	**4,114,197**	**5,424,944**

Reconciliation of income tax and profit before tax for 2023 and 2022 is as follows:

		2023	2022
Profit before income tax	**$**	**22,016,519**	**28,049,993**
Income tax using the Company's domestic tax rate	$	4,403,304	5,609,999
Investment tax credits		(491,834)	(456,271)
Changes in unrecognized temporary differences		(225,285)	(323,695)
Gains on disposal of investment		(4,194)	(12,158)
Income tax for repatriation of overseas earnings		166,715	697,859
Other income tax adjustments		138,179	85,242
Changes in provision in prior periods		(128,842)	(340,380)
Surtax on unappropriated earnings		256,154	164,348
Total	**$**	**4,114,197**	**5,424,944**

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

The entity is able to control the timing of the reversal of the temporary differences associated with the investments in subsidiaries as of December 31, 2023 and 2022. Also, the management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

		December 31, 2023	December 31, 2022
Aggregated amount of temporary differences related to investments in subsidiaries	**$**	**12,736,692**	**13,406,718**

(Continued)

2) Recognized deferred tax assets and liabilities

Changes in the amounts of deferred tax assets and liabilities for 2023 and 2022 were as follows:

Deferred Tax Assets:

		Unrealized profit from associates	Others	Total
Balance at January 1, 2023	$	162,315	173,362	335,677
Recognized profit or loss		(52,029)	32,509	(19,520)
Balance at December 31, 2023	**$**	**110,286**	**205,871**	**316,157**
Balance at January 1, 2022	$	256,749	505,766	762,515
Recognized loss		(94,434)	(332,404)	(426,838)
Balance at December 31, 2022	**$**	**162,315**	**173,362**	**335,677**

Deferred Tax Liabilities:

		Unrealized exchange gains	Others	Total
Balance at January 1, 2023	$	320,511	12,363	332,874
Recognized profit		(320,511)	(963)	(321,474)
Balance at December 31, 2023	**$**	**-**	**11,400**	**11,400**
Balance at January 1, 2022	$	-	15,131	15,131
Recognized profit or loss		320,511	(2,768)	317,743
Balance at December 31, 2022	**$**	**320,511**	**12,363**	**332,874**

3) Assessment of tax

The Company' s tax returns for the years through 2021 were assessed by the Taipei National Tax Administration.

(p) Other payables

The other payables were summarized as follows:

		December 31, 2023	December 31, 2022
Payables on remuneration to employees, directors and supervisors	$	19,450,389	19,562,823
Payables for plant and equipment		1,630,158	1,205,382
Others		2,281,287	2,005,681
	$	**23,361,834**	**22,773,886**

(Continued)

(q) **Capital and other equity**

(i) Ordinary Shares

As of December 31, 2023 and 2022, the Company's authorized ordinary shares each amounted to $2,000,000 thousand (including the amount of $100,000 thousand allocated for the exercise of employee stock options), as well as outstanding ordinary shares amounted to $1,334,682 thousand. All the above shares had a par value of $10 per share.

(ii) Capital Surplus

The balance of capital surplus as of December 31, 2023 and 2022 were as follows:

		December 31, 2023	December 31, 2022
Additional paid-in capital	$	809,780	809,780
Capital surplus-premium from merger		738,155	738,155
Dividend timeout not received by shareholder		11,877	7,185
	$	**1,559,812**	**1,555,120**

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

The Company's Articles of Incorporation stipulate that Company's net earnings semiannually should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, until the accumulated legal reserve equals the Company's paid-in capital. In addition, a special reserve in accordance with applicable laws and regulations shall also be set aside.

Then, any remaining profit, together with any undistributed retained earnings, shall be distributed according to the distribution plan proposed by the Board of Directors.

When it is distributed by issuing new shares, it should be submitted to the shareholders' meeting for approval. When it is distributed in cash, it should be authorized by the Board of Directors and reported to the shareholders meeting only.

(Continued)

Before the distribution of dividends, the Company shall first take into consideration its operating environment, industry developments, and the long-term interests of its stockholders, as well as its programs to maintain its operating efficiency and meet its capital expenditure budget and financial goals in determining the stock or cash dividends to be paid. After the above appropriations, dividend to be distributed shall be no less than 10% of the current-year retained earnings available for distribution. The cash dividends shall not be less than 30% of the total dividends.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with the regulation set by the Financial Supervisory Commission, a portion of current period earnings and undistributed prior period earnings shall be reclassified as a special earnings reserve during earnings distribution. The special earnings reserve will be recognized from the profit after income tax of the current period plus other current earnings and the undistributed retained earnings of the previous period. The net reduction of other shareholders' equity accumulated in the previous period shall be recognized from the undistributed retained earnings and shall not be distributed. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. The special reserve for the years ended December 31, 2023 and 2022, was $0 and $1,641,270 thousand, respectively.

3) Earnings distribution

The amounts of cash dividends on the appropriations of earnings for the second half of 2022 and the first half of 2022 and the second half of 2021 and the first half of 2021 had been approved during the board meeting held on February 20,2023、July 25, 2022、February 21, 2022 and October 25, 2021, respectively.

The relevant dividend distributions to shareholders were as follows:

	The second half of 2022		The first half of 2022	
	Amount per share	Total amount	Amount per share	Total amount
Dividends distributed to common shareholders:				
Cash	$ 46	6,139,537	39.5	5,271,994

	The second half of 2021		The first half of 2021	
	Amount per share	Total amount	Amount per share	Total amount
Dividends distributed to common shareholders:				
Cash	$ 39	5,205,260	31	4,158,346

(Continued)

The amounts of cash dividends on the appropriations of earnings for the second half of 2023 and the first half of 2023 had been approved during the Board meeting on February 26, 2024 and July 24, 2023, respectively.

The relevant dividend distributions to shareholders were as follows:

	The second half of 2023		The first half of 2023	
	Amount per share	Total amount	Amount per share	Total amount
Dividends distributed to common shareholders:				
Cash	$ 41	5,472,196	26.5	3,536,907

4) Treasury shares

On February 21, 2022, the Company's Board of Directors approved the retirement of 672 thousand treasury stocks with the effective date of capital reduction on April 25,2022.

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.

5) Other equity interests (net-of-taxes)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income
Balance at January 1, 2023	$ (684,385)	251,747
Exchange differences on foreign operations:		
The Company	(21,753)	-
Subsidiaries	(48)	-
Unrealized gains(losses) from financial assets measured at fair value through other comprehensive income:		
The Company	-	2,189,579
Subsidiaries	-	9,659
Balance at December 31, 2023	$ (706,186)	2,450,985

(Continued)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income
Balance at January 1, 2022	$ (1,986,787)	345,517
Exchange differences on foreign operations:		
The Company	1,299,427	-
Subsidiaries	2,975	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income:		
The Company	-	(93,817)
Subsidiaries	-	47
Balance at December 31, 2022	**$ (684,385)**	**251,747**

(r) **Earnings per share**

The calculation of basic earnings per share and diluted earnings per share for 2023 and 2022 were as follows:

	2023	2022
Basic earnings per share		
Profit of the Company for the year	**$ 17,902,322**	**22,625,049**
Weighted-average number of outstanding ordinary shares (in thousands)		
Issued ordinary shares at January 1	133,468	134,140
Effect of treasury shares held	-	(672)
Weighted average number of ordinary shares at December 31	**133,468**	**133,468**
	$ 134.13	**169.52**

(Continued)

	2023	2022
Diluted earnings per share		
Profit of the Company for the year (basic)	$ **17,902,322**	**22,625,049**
Weighted-average number of outstanding ordinary shares (in thousands) (basic)	133,468	133,468
Effect of dilutive potential common shares		
Effect of employee share bonus	1,525	2,099
Weighted-average number of ordinary shares (in thousands) (after adjustment of potential diluted ordinary shares)	**134,993**	**135,567**
	$ **132.62**	**166.89**

(s) **Revenue from contracts with customers**

The details of revenue were as follows:

	2023	2022
Sale of goods	$ 47,123,238	44,855,338
Other	541,921	623,033
	$ **47,665,159**	**45,478,371**

(t) **Employee compensation and directors' remuneration**

According to the Company' s Articles of Incorporation, the Company should distribute its remuneration of not less than 1%~30% and not more than 5% of annual profits to its employees and directors respectively, after offsetting accumulated deficits, if any. Employees, including employees of affiliate companies that meet certain conditions, are subject to the abovementioned remuneration, which is to be distributed in stock or cash.

For the year ended December 31, 2023 and 2022, the Company estimated its employee remuneration at $3,225,378 thousand and $4,071,461 thousand, and directors' remuneration at $241,903 thousand and $305,360 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration of employees and directors as specified in the Company's Articles. These remunerations were expensed under operating costs or operating expenses during 2023 and 2022. The amounts, as stated in the parent company only financial statements, are identical to those of the actual distributions for 2023 and 2022.

(Continued)

(u) **Non-operating income and expenses**

(i) Interest income

The details of interest income for 2023 and 2022 were as follows:

		2023	2022
Interest income from bank deposits	$	3,362,826	1,415,367
Interest income from financial assets measured at fair value through other comprehensive income		52,033	10,449
Other		119	-
	$	**3,414,978**	**1,425,816**

(ii) Other income

The details of other income for 2023 and 2022 were as follows:

		2023	2022
Rent income	$	18,757	18,336
Dividends income		83,236	8,326
Gains on technical services		19,793	25,341
	$	**121,786**	**52,003**

(iii) Other gains and losses

The details of other gains and losses for 2023 and 2022 were as follows:

		2023	2022
Foreign exchange (losses) gains	$	(196,108)	5,247,266
Gains (losses) on disposals of property, plant and equipment		38,654	(78)
Gains on financial assets at fair value through profit or loss		15,132	21,184
Others		153,698	220,126
	$	**11,376**	**5,488,498**

(iv) Finance costs

The details of finance costs for 2023 and 2022 were as follows:

		2023	2022
Interest expenses	**$**	**1,037**	**1,605**

(Continued)

(v) **Financial Instruments**

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

To minimize credit risk, the Company periodically evaluates the Company's financial positions and the possibility of collecting accounts receivable. Besides, the Company monitors and reviews the recoverable amount of its trade receivables to ensure the uncollectible amount are recognized appropriately as impairment loss. As of December 31, 2023 and 2022, 79% and 75%, respectively, of accounts receivable were derived from several major customers. Thus, the credit risk is significantly centralized.

3) Receivables and debt securities

For credit risk exposure of accounts receivable, please refer to note 6 (d).
Other financial assets at amortized cost includes other receivables, refundable deposits and other financial assets. Debt investments at fair value through other comprehensive income include corporate bonds. All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4 (f). Other financial assets at amortized cost and debt investments at fair value through other comprehensive income did not have impairment provision for the years ended December 31, 2023 and 2022.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, without the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within a year	Over 1 year
December 31, 2023				
Non-derivative financial liabilities				
Accounts and notes payable (including related parties)	$ 2,408,748	2,408,748	2,408,748	-
Other payables (including related parties)	23,366,946	23,366,946	23,366,946	-
Lease liabilities - current and non-current	68,598	69,434	46,003	23,431
Guarantee deposits received	3,760	3,760	-	3,760
	$ 25,848,052	**25,848,888**	**25,821,697**	**27,191**

(Continued)

	Carrying amount	Contractual cash flows	Within a year	Over 1 year
December 31, 2022				
Non-derivative financial liabilities				
Short-term borrowings	$ 18,733	18,733	18,733	-
Accounts and notes payable (including related parties)	2,499,158	2,499,158	2,499,158	-
Other payables (including related parties)	22,780,069	22,780,069	22,780,069	-
Lease liabilities-current and non-current	118,916	120,759	52,244	68,515
Guarantee deposits received	4,007	4,007	-	4,007
	$ 25,420,883	25,422,726	25,350,204	72,522

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to foreign currency risk

The Company's significant exposure to foreign currency risk was as follows:

	December 31, 2023			December 31, 2022		
	Foreign Currency	**Exchange Rates**	**New Taiwan Dollars**	**Foreign Currency**	**Exchange Rates**	**New Taiwan Dollars**
Financial Assets						
Monetary items						
USD	$ 1,853,906	30.7050	56,924,177	1,944,518	30.7100	59,716,161
JPY	11,669,902	0.2172	2,534,703	1,167,058	0.2324	271,224
CNY	690,416	4.3270	2,987,431	253,523	4.4080	1,117,529
Financial Liabilities						
Monetary items						
USD	76,614	30.7050	2,352,423	70,128	30.7100	2,153,642
JPY	264,565	0.2172	57,464	140,545	0.2324	32,663

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, financial assets at fair value through other comprehensive income, accounts and other receivables, and accounts and other payables that are denominated in foreign currency. A strengthening (weakening) 1% of the TWD against the USD, JPY, and CNY as of December 31, 2023 and 2022 would have increased (decreased) the net profit after tax by $480,291 thousand and $471,349 thousand, respectively. The analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for both periods.

(Continued)

3) Foreign exchange gain and loss on monetary items

Since the Company has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the years 2023 and 2022, the foreign exchange gain (loss) (including realized and unrealized portions) amounted to $(196,108) thousand and $5,247,266 thousand, respectively.

(iv) Interest rate analysis

Please refer to the note on liquidity risk management and the interest rate exposure of the Company's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate which increases or decreases by 1% when reporting to the internal management, which also represents the Company management's assessment of the reasonably possible interest rate change.

If the interest rate increases/decreases by 1%, with all other variable factors that remaining constant, the Company's net income would have decreased/increased by $0 and $150 thousand for the years ended December 31, 2023 and 2022, respectively. This is mainly due to the Company's borrowings in variable rates.

(v) Other market price risk

For the years ended December 31, 2023 and 2022, the sensitivity analysis for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss with all other variable factors remaining constant as illustrated below:

	2023		2022	
Prices of securities at the reporting date	**Other comprehensive income after tax**	**Net income**	**Other comprehensive income after tax**	**Net income**
1% increase	$ 53,215	18,666	30,228	14,003
1% decrease	$ (53,215)	(18,666)	(30,228)	(14,003)

(vi) Fair value of financial instruments

1) Categories and fair value of financial instruments

The fair value of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy, were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities disclosure of fair value information is not required:

(Continued)

The Company uses observable market data to evaluate its assets and liabilities when it is possible. The different levels have been defined as follows:

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

	December 31, 2023				
		Fair Value			
	Book Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss					
Non derivative financial assets mandatorily measured at fair value through profit or loss	$ 1,866,565	1,866,565	-	-	1,866,565
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	2,235,541	2,235,541	-	-	2,235,541
Private equity on domestic markets	3,086,000	-	3,086,000	-	3,086,000
Corporate bonds	2,160,783	2,160,783	-	-	2,160,783
Subtotal	7,482,324	4,396,324	3,086,000	-	7,482,324
Financial assets measured at amortized cost					
Cash and cash equivalents	96,739,270	-	-	-	-
Accounts receivable and other receivables (including related parties and excluding tax receivable)	10,935,155	-	-	-	-
Other financial assets-current and non-current	12,683,223	-	-	-	-
Refundable deposits	16,336	-	-	-	-
Subtotal	120,373,984	-	-	-	-
Total	**$ 129,722,873**	**6,262,889**	**3,086,000**	**-**	**9,348,889**
Financial liabilities at amortized cost					
Notes and accounts payable (including related parties)	$ 2,408,748	-	-	-	-
Other payables (including related parties)	23,366,946	-	-	-	-
Lease liabilities-current and non-current	68,598	-	-	-	-
Guarantee deposits received	3,760	-	-	-	-
Total	**$ 25,848,052**	**-**	**-**	**-**	**-**

(Continued)

	December 31, 2022				
		Fair Value			
	Book Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss					
Non derivative financial assets mandatorily measured at fair value through profit or loss	$ 1,400,291	1,400,291	-	-	1,400,291
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	1,968,832	1,968,832	-	-	1,968,832
Private equity on domestic markets	1,054,000	-	1,054,000	-	1,054,000
Corporate bonds	926,959	926,959	-	-	926,959
Subtotal	3,949,791	2,895,791	1,054,000	-	3,949,791
Financial assets measured at amortized cost					
Cash and cash equivalents	99,041,251	-	-	-	-
Accounts receivable and other receivables (including related parties and excluding tax receivable)	8,028,047	-	-	-	-
Other financial assets-current and non-current	13,121,003	-	-	-	-
Refundable deposits	22,422	-	-	-	-
Subtotal	120,212,723	-	-	-	-
Total	**$ 125,562,805**	**4,296,082**	**1,054,000**	**-**	**5,350,082**
Financial liabilities at amortized cost					
Short-term borrowings	$ 18,733	-	-	-	-
Notes and accounts payable (including related parties)	2,499,158	-	-	-	-
Other payables (including related parties)	22,780,069	-	-	-	-
Lease liabilities-current and non-current	118,916	-	-	-	-
Guarantee deposits received	4,007	-	-	-	-
Total	**$ 25,420,883**	**-**	**-**	**-**	**-**

2) Valuation techniques of financial instruments not measured at fair value

The Company estimates its financial instruments, that are not measured at fair value, by methods and assumption as follows:

If there is quoted price generated by transactions for financial assets and liabilities at amortized cost, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values. In addition, if the expiration date is approaching, or the future payable or receivable price is similar to the carrying amount, the fair value shall be assumed in the carrying amount in the balance sheets.

(Continued)

3) Valuation techniques for financial instruments measured at fair value.

Non-derivative financial instruments

Financial instruments traded in active markets are based on quoted market prices. The quoted price of a financial instrument obtained from main exchanges and on-the-run bonds from Taipei Exchange can be used as a basis to determine the fair value of the listed companies' equity instrument and debt instrument of the quoted price in an active market.

If a quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial union, pricing institute, or authorities, and such price can reflect those actual trading and frequently happen in the market, then the financial instrument is considered to have a quoted price in an active market. If a financial instrument is not in accord with the definition mentioned above, then it is considered to be without a quoted price in an active market. In general, market with low trading volume or high bid-ask spreads is an indication of a non-active market.

The fair value of the listed common shares, funds and bonds held by the Company are determined by reference to the market quotation.

Except for the above-mentioned financial instruments with an active market, measurements of fair value of financial instruments without an active market are based on a valuation technique. Privately equity of domestic companies that the Company hold was measured by using the Black-Scholes put evaluation model to calculate its liquidity discount and fair value.

4) Transfer between Level 1 and Level 2

There were no transfers from one level to another level in 2023 and 2022.

(w) **Financial risk management**

(i) Overview

The Company has exposure to the following risks from its financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

In this note expressed the information on risk exposure and objectives, policies and procedures of risk measurement and management. For detailed information, please refer to the related notes of each risk.

(Continued)

(ii) Structure of risk management

The Company’ s finance management department provides business services for the overall internal department. It sets the objectives, policies and processes for managing the risk and the methods used to measure the risk arising from both the domestic and international financial market operations. The Company minimizes the risk exposure through derivative financial instruments. The Board of Directors regulates the use of derivative financial instruments in accordance with the Company’ s policy on risks arising from financial instruments such as currency risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments, and the investments of excess liquidity. The internal auditors of the Company continue to review the amount of the risk exposure in accordance with the Company’s policies and the risk management's policies and procedures. The Company has no transactions in financial instruments (including derivative financial instruments) for the purpose of speculation.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company’s receivables from customers and investment securities.

1) Accounts receivable and other receivables

The Company's customers is significantly concentrated in a few customers. In order to reduce credit risk, the Company continuously evaluates the financial status of its major customers and their condition, and also regularly assesses the possibility of receivables recovery.

The Company did not have any collateral or other credit enhancement to avoid credit risk of the financial assets.

The Company has losses allowance for bad debts to reflect the estimated losses of its accounts receivable, other receivables and investments. The main components of the allowance account contain specific losses associated with individual major risks. The component, and the component of the combined loss established for the loss of a similar group of assets, has occurred but not yet identified. The loss allowance account is based on the occurring risk of a default and the rate of expected credit loss.

2) Investments

The exposure to credit risk for bank deposits, fixed income investments, and other financial instruments, is measured and monitored by the Company’s finance department. The Company only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Company does not expect any of the counterparties above to fail in meeting their obligations; hence, there is no significant credit risk arising from these counterparties.

3) Guarantees

At December 31, 2023 and 2022, no other guarantees were outstanding.

(Continued)

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, that will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Company's entities, primarily the New Taiwan Dollars (NTD). The currencies used in these transactions are the NTD, USD, CNY and JPY.

2) Interest rate risk

Please refer to note on the liquidity risk for interest rate risk of financial assets and financial liabilities.

3) Other market price risk

Please refer to note 6(v) for the sensitivity analysis of equity price risk.

(x) **Capital management**

The Company must maintain sufficient capital to establish and expand production capacity and equipment. Because the optical lens industry is highly subject to fluctuations in the booming cycle; the capital management of the Company is to ensure that it has sufficient and necessary financial resources to support its working capital requirements, capital expenditures, research and development activities, dividends and other business needs in the next 12 months.

(y) **Investing and financing activities not affecting current cash flow**

The Company's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2023 and 2022 were as follows:

Acquisition of right-of-use assets through lease, please refer to note 6(m).

(Continued)

Reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2023	Cash flows	Non-cash changes: Foreign exchange movement	Non-cash changes: Acquisition and changes in lease payments	December 31, 2023
Short-term borrowings	$ 18,773	(18,819)	46	-	-
Lease liabilities - current and non-current	118,916	(52,898)	-	2,580	68,598
Guarantee deposits received	4,007	(247)	-	-	3,760
Total liabilities from financing activities	**$ 141,696**	**(71,964)**	**46**	**2,580**	**72,358**

	January 1, 2022	Cash flows	Non-cash changes: Foreign exchange movement	Non-cash changes: Acquisition and changes in lease payments	December 31, 2022
Short-term borrowings	$ -	18,819	(46)	-	18,773
Lease liabilities - current and non-current	154,579	(50,401)	-	14,738	118,916
Guarantee deposits received	3,630	377	-	-	4,007
Total liabilities from financing activities	**$ 158,209**	**(31,205)**	**(46)**	**14,738**	**141,696**

(7) Related-party transactions

(a) For details of subsidiaries of the Company, please refer to note 4 (c) of the year 2023 consolidated financial report.

(b) Names and relationship with the Company

The followings are related parties that have had transactions with the Company during the periods covered in the parent company only financial statements.

Name of related party	Relationship with the Company
Amtai International Ltd. (Amtai)	Subsidiaries
Largan Digital Co., Ltd. (Largan Digital)	Subsidiaries
Largan Medical Co., Ltd. (Largan Medical)	Subsidiaries
Largan (Dongguan) Optronic Ltd. (Largan Dongguan)	Subsidiaries

(Continued)

Name of related party	Relationship with the Company
Largan Health AI-Tech Co., Ltd. (Largan Health AI-Tech)	Subsidiaries
Largan Industrial Optics Co., Ltd. (Largan Industrial Optics)	Subsidiaries
Fang Yuan Co., Ltd. (Fang Yuan)	Subsidiaries
Largan Education Foundation	The entity's chairman is the company's chairman

(c) Significant related-party transactions

(i) Sale of goods to related parties

The amounts of significant sales and receivables by the Company to its related parties were as follows:

	Sale		Receivables from related parties	
	2023	**2022**	**December 31, 2023**	**December 31, 2022**
Subsidiaries-Amtai	$ 10,074,359	16,367,280	1,878,201	3,023,431
Subsidiaries-Others	3,056,213	4,513,794	354,202	409,969
	$ 13,130,572	**20,881,074**	**2,232,403**	**3,433,400**

The sales price of the Company to its related parties is not comparable to other sales due to the differences in the sales of the goods. During 2023 and 2022, the collection terms for sales to related parties were month-end 30 to 120 days, which were not materially different from those of the third parties.

(ii) Purchases from related parties

1) The amounts of significant purchases and payables by the Company from its related parties were as follows:

	Purchases		Payables to related parties	
	2023	**2022**	**December 31, 2023**	**December 31, 2022**
Subsidiaries-Amtai	$ 2,179,439	3,383,832	804,162	1,243,243
Subsidiaries-Other	1,014,116	923,251	74,646	17,181
	$ 3,193,555	**4,307,083**	**878,808**	**1,260,424**

The purchases price of the Company to its related parties is not comparable to other purchases due to the differences in the purchases of the goods. During 2023 and 2022, the payment terms for purchases to related parties were month-end 30 to 120 days, which were not materially different from those of the third parties.

(Continued)

2) The disposed amount of both the purchased finished goods from related parties, and the purchased part of raw materials components from the Company, were included in financial statements as follows:

	2023	2022
Subsidiaries-Amtai	$ 865,577	1,268,991
Subsidiaries-Largan Digital	317,671	318,294
	$ 1,183,248	**1,587,285**

(iii) Provides and purchase technical services to related parties

During 2023 and 2022, the Company's income from providing technical services to its related parties were as follows (classified under the other gains):

	2023	2022
Subsidiaries−Amtai	$ 18,589	20,435
Subsidiaries−Largan Medical	1,204	4,906
	$ 19,793	**25,341**

During 2023 and 2022, the Company's expense from technical services from its related parties were as follows (classified under the other expense):

	2023	2022
Subsidiaries−Largan Digital	$ 1,320	3,580
Subsidiaries−Largan Industrial Optics	68,863	71,669
	$ 70,183	**75,249**

(iv) Purchases and disposals of property, plant and equipment

1) During 2023 and 2022, the Company's disposals of its equipment to its related parties are summarized as follows:

	2023			**2022**		
Subsidiaries:	**Carrying amount**	**Disposal price**	**Gain from disposal**	**Carrying amount**	**Disposal price**	**Gain from disposal**
Largan Digital	$ 116,018	154,017	37,999	360	382	22
Largan Medical	-	220	220	87	109	22
Largan Industrial Optics	-	-	-	18	22	4
	$ 116,018	**154,237**	**38,219**	**465**	**513**	**48**

(Continued)

2) During 2023 and 2022, the Company's purchase of its equipment from its related parties are summarized as follows:

	2023	2022
Subsidiaries	$ 2,623	77,972

3) During 2023 and 2022, the Company assisted its related parties to purchase other facilities as follows:

	2023	2022
Subsidiaries−Largan Digital	$ 61,206	234,297
Subsidiaries-Other	10,998	17,749
	$ 72,204	252,046

(v) Rental income

During 2023 and 2022, the Company's rental income on offices to the subsidiaries are summarized as follows:

	2023	2022
Subsidiaries−Largan Digital	$ 10,241	9,881
Subsidiaries−Largan Medical	5,505	4,805
Subsidiaries-Other	304	261
	$ 16,050	14,947

(vi) Other

1) For the years ended December 31, 2023 and 2022, the amounts of receivables and payables from property transactions、rental income, technical service and other transactions, which were classified under other receivables from related parties, and other payables to related parties, are summarized as follows:

	December 31, 2023		December 31, 2022	
	other receivables from related parties	other payables to related parties	other receivables from related parties	other payables to related parties
Subsidiaries−Amtai	$ 20,625	-	31,861	29
Subsidiaries−Largan Digital	9,785	478	8,233	1,032
Subsidiaries−Largan Medical	2,782	604	8,411	531
Subsidiaries-Largan Industrial Optics	74	3,843	45	4,469
Subsidiaries−Other	13	187	20	122
	$ 33,279	5,112	48,570	6,183

2) The amount donated by the Company to Largan Education Foundation in 2023 was $187,000 thousand.

(Continued)

(d) Key management personnel compensation

Key management personnel compensation comprised the following:

		2023	2022
Short-term employee benefits	$	159,524	227,619
Post-employment benefits		185	176
Other long-term benefits		-	-
Termination benefits		-	-
Share-based payments		-	-
	$	**159,709**	**227,795**

(8) Pledged assets:

The carrying values of pledged assets were as follow:

Pledged assets	Pledged to secure		December 31, 2023	December 31, 2022
Time deposit (classified under other current financial assets)	Customs office deposit	$	13,000	9,000
Time deposit (classified under other non-current assets)	Litigation deposit		22	4,733
Time deposit (classified under other non-current financial assets)	Completion deposit		310,001	310,001
		$	**323,023**	**323,734**

(9) Commitments and contingencies

(i) As at December 31, 2023 and 2022, the Company’ s outstanding letters of credit were $166,470 thousand and $248,880 thousand, respectively.

(ii) As of December 31, 2023 and 2022, the Company’ s outstanding purchase commitments for construction in progress, property and plant was $23,708,638 thousand； The amount of construction that has not yet occurred were $14,466,020 thousand and $17,655,879 thousand, respectively.

(iii) On August 11, 2023, The Taichung District Prosecutors Office in Taiwan conducted a search at the office of one of our employees due to a software licensing dispute. The company is currently clarifying the related dispute. However, since the case is still in the criminal investigation stage, the company can not anticipate the possible outcome at this time.

(10) Losses due to major disasters: None

(11) Subsequent events: None

(12) Other:

(Continued)

The followings are the summary statement of employee benefits, depreciation, depletion, and amortization expenses by function in the current period:

By function / By item	2023			2022		
	Operating cost	**Operating expenses**	**Total**	**Operating cost**	**Operating expenses**	**Total**
Employee benefits						
Salary	5,107,296	3,092,241	8,199,537	5,324,653	3,348,614	8,673,267
Labor and health insurance	447,808	170,272	618,080	415,024	153,210	568,234
Pension	151,858	71,262	223,120	148,726	63,440	212,166
Remuneration directors	-	241,903	241,903	-	305,360	305,360
Others	164,463	48,457	212,920	147,900	40,086	187,986
Depreciation	4,866,282	383,707	5,249,989	4,599,647	387,052	4,986,699
Amortization	14,317	106,347	120,664	8,546	76,372	84,918

Additional information on the numbers of employees and the employee benefits of the Company in 2023 and 2022:

	December 31, 2023	**December 31, 2022**
The numbers of employees	7,537	7,207
The numbers of directors excluding the employees	5	5
The average of employees' benefits	$ 1,229	1,339
The average of salary	$ 1,089	1,204
The average of salary adjustment	(9.55)%	
Supervisor's remuneration	$ -	-

The Company's salary and remuneration policy (including directors, managers and employees) are as follows:

The remunerations to directors, general managers and deputy general managers are in accordance with the Company's Articles of Incorporation and the managerial salary standards, which are reviewed by the Compensation Committee and approved by the board of directors.

Furthermore, the remuneration to the Company’s directors and managers is determined by Article 26 of the Company's Article of Incorporation. In addition to referencing to the Company’s overall operating performance, future risks, and development trends of the industry, as well as the responsibilities required by the individual for the position it held, its performance achievement rate and contribution to the Company, and also its overall participation in the Company's operations, taking into consideration its management capabilities (such as moral conduct), leadership ability, communication and coordination ability, as well as comprehensive management indicators, are included in the Company's core values. Relevant performance appraisal and remuneration reasonableness are reviewed by the Salary and Compensation Committee and the Board of Directors, and the remuneration system is reviewed at any time in accordance with the actual operating conditions and relevant laws and regulations.

(Continued)

In addition, the wages of the employees of the Company are paid based on the grade table set according to the complexity of their work, the degree of responsibilities, and the professional skills required.

The remuneration of employee includes salary and employee remuneration, and the distribution of employee remuneration is determined by the board of directors to whether distribute in stock or cash. The recipients may include employees of affiliated companies who meet certain conditions such as rank and performance. The above conditions will have to be approved by the board of directors.

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on the Company's significant transactions, required by the " Regulations Governing the Preparation of Financial Reports by Securities Issuers":

(i) Loans to other parties: None

(ii) Guarantees and endorsements for other parties: None

(iii) Securities held as of December 31, 2023 (excluding those investments in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Security		Relationship	Account title	Ending balance				Note
	Category	Name	with company		Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Stock	Micro Win Tech Inc.	-	Financial assets designated as at fair value through profit or loss	1.25	-	20.66 %	-	
The Company	Stock	Kintech Technology Co., Ltd.	-	Financial assets designated as at fair value through profit or loss	570	-	0.33 %	-	
The Company	Stock	AETAS TECHNOLOGY INCORPORATED	-	Financial assets designated as at fair value through profit or loss	125	-	0.25 %	-	
The Company	Open-end fund	Capital Money Market Fund	-	Financial assets mandatorily measured fair value through profit or loss	12,078	200,337	- %	200,337	
The Company	Open-end fund	Yuanta De-Li Money Market Fund	-	Financial assets mandatorily measured fair value through profit or loss	4,718	79,100	- %	79,100	
The Company.	Open-end fund	Jih Sun Money Market Fund	-	Financial assets mandatorily measured fair value through profit or loss	13,122	200,173	- %	200,173	
The Company	Open-end fund	CTBC Hwa Win Money Market Fund	-	Financial assets mandatorily measured fair value through profit or loss	17,704	200,320	- %	200,320	
The Company	Open-end fund	Cathay Taiwan Money Market Fund	-	Financial assets mandatorily measured fair value through profit or loss	1,574	20,087	- %	20,087	
The Company	Open-end fund	Shin Kong Chi-Shin Money-market Fund	-	Financial assets mandatorily measured fair value through profit or loss	12,594	200,277	- %	200,277	
The Company	Open-end fund	FSITC Taiwan Money Market Fund	-	Financial assets mandatorily measured fair value through profit or loss	11,963	188,282	- %	188,282	
The Company	Open-end fund	Mega Diamond Money Market Fund	-	Financial assets mandatorily measured fair value through profit or loss	15,518	200,174	- %	200,174	
The Company	Open-end fund	Union Money Market Fund	-	Financial assets mandatorily measured fair value through profit or loss	14,757	200,328	- %	200,328	
The Company	Open-end fund	UPAMC James Bond Money Market Fund	-	Financial assets mandatorily measured fair value through profit or loss	4,495	77,081	- %	77,081	
The Company	Open-end fund	Fubon Chi-Hsiang Money Market Fund	-	Financial assets mandatorily measured fair value through profit or loss	6,218	100,127	- %	100,127	
The Company	Open-end fund	Taishin 1699 Money Market Fund	-	Financial assets mandatorily measured fair value through profit or loss	14,365	200,279	- %	200,279	
The Company	Stock	AVISION INC.	-	Financial assets at fair value through other comprehensive income	4,253	29,305	1.96 %	29,305	
The Company	Stock	Fubon Financial Holding Co., Ltd. Preferred Shares C	-	Financial assets at fair value through other comprehensive income	25,200	1,386,000	7.56 %	1,386,000	Note1
The Company	Stock	Yuanta Financial Holding Co., Ltd.	-	Financial assets at fair value through other comprehensive income	4,877	134,596	0.04 %	134,596	
The Company	Stock	Cathay Financial Holding Co., Ltd.	-	Financial assets at fair value through other comprehensive income	5,941	271,809	0.04 %	271,809	
The Company	Stock	CTBC Financial Holding Co., Ltd.	-	Financial assets at fair value through other comprehensive income	3,510	99,509	0.02 %	99,509	

(Continued)

Name of holder	Security		Relationship with company	Account title	Ending balance				Note
	Category	Name			Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Stock	Fubon Financial Holding Co., Ltd.	-	Financial assets at fair value through other comprehensive income	3,294	213,442	0.03 %	213,442	
The Company	Stock	Mega Financial Holding Company Ltd.	-	Financial assets at fair value through other comprehensive income	1,583	62,036	0.01 %	62,036	
The Company	Stock	Hua Nan Financial Holdings Co., Ltd.	-	Financial assets at fair value through other comprehensive income	1,738	38,844	0.01 %	38,844	
The Company	Private equity	ABILITY OPTO-ELECTRONICS TECHNOLOGY CO., LTD.	-	Financial assets at fair value through other comprehensive income	20,000	3,086,000	14.04 %	3,086,000	
The Company	Bond	BANK OF AMERICA CORP	-	Financial assets at fair value through other comprehensive income	-	253,121	- %	253,121	
The Company	Bond	JPMORGAN CHASE & CO	-	Financial assets at fair value through other comprehensive income	-	255,064	- %	255,064	
The Company	Bond	IBM CORP	-	Financial assets at fair value through other comprehensive income	-	329,997	- %	329,997	
The Company	Bond	JOHNSON & JOHNSON	-	Financial assets at fair value through other comprehensive income	-	246,923	- %	246,923	
The Company	Bond	MIZUHO FINANCIAL GROUP	-	Financial assets at fair value through other comprehensive income	-	252,800	- %	252,800	
The Company	Bond	TSMC GLOBAL LTD	-	Financial assets at fair value through other comprehensive income	-	255,268	- %	255,268	
The Company	Bond	APPLE INC	-	Financial assets at fair value through other comprehensive income	-	256,047	- %	256,047	
The Company	Bond	NATIONAL AUSTRALIA BK/NY	-	Financial assets at fair value through other comprehensive income	-	62,192	- %	62,192	
The Company	Bond	WOORI BANK	-	Financial assets at fair value through other comprehensive income	-	61,853	- %	61,853	
The Company	Bond	PEPSICO INC	-	Financial assets at fair value through other comprehensive income	-	62,605	- %	62,605	
The Company	Bond	TORONTO-DOMINION BANK	-	Financial assets at fair value through other comprehensive income	-	62,296	- %	62,296	
The Company	Bond	EXPORT-IMPORT BANK KOREA	-	Financial assets at fair value through other comprehensive income	-	62,617	- %	62,617	

Note 1：Shareholding ratio of Fubon Financial Holding Co., Ltd. Preferred Shares C.

(iv) Individual securities acquired, or disposed, with an accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:

Name of company	Security		Account name	Name of counter-party	Relationship with the company	Beginning balance		Purchases		Sales				Ending Balance	
	Category	Name				Shares (thousands)	Amount	Shares (thousands)	Amount	Shares (thousands)	Price	Cost	Gain (loss) on disposal	Shares (thousands)	Amount
The Company	Open-end fund	Capital Money Market Fund	Financial assets mandatorily measured fair value through profit or loss	-	-	-	-	36,369	600,000	24,291	400,735	400,000	735	12,078	200,337
The Company	Open-end fund	Yuanta De-Li Money Market Fund	Financial assets mandatorily measured fair value through profit or loss	-	-	9,094	150,677	25,755	429,000	30,131	501,525	500,000	1,525	4,718	79,100
The Company	Open-end fund	Yuanta Wan Tai Money Market Fund	Financial assets mandatorily measured fair value through profit or loss	-	-	13,067	200,832	19,434	300,000	32,501	501,780	500,000	1,780	-	-
The Company	Open-end fund	Jih Sun Money Market Fund	Financial assets mandatorily measured fair value through profit or loss	-	-	11,749	177,063	60,934	924,000	59,561	902,521	900,000	2,521	13,122	200,173

(Continued)

Name of company	Security		Account name	Name of counter-party	Relationship with the company	Beginning balance		Purchases		Sales				Ending Balance	
	Category	Name				Shares (thousands)	Amount	Shares (thousands)	Amount	Shares (thousands)	Price	Cost	Gain (loss) on disposal	Shares (thousands)	Amount
The Company	Open-end fund	CTBC Hwa-win Money Market Fund	Financial assets mandatorily measured fair value through profit or loss	-	-	-	-	80,104	900,000	62,400	701,216	700,000	1,216	17,704	200,320
The Company	Open-end fund	Shin Kong Chi-Shin Money Market Fund	Financial assets mandatorily measured fair value through profit or loss	-	-	-	-	44,301	700,000	31,707	500,516	500,000	516	12,594	200,277
The Company	Open-end fund	FSITC Taiwan Money Market Fund	Financial assets mandatorily measured fair value through profit or loss	-	-	6,463	100,507	75,987	1,188,000	70,487	1,101,721	1,100,000	1,721	11,963	188,282
The Company	Open-end fund	Union Money Market Fund	Financial assets mandatorily measured fair value through profit or loss	-	-	22,463	301,353	66,736	900,000	74,442	1,002,632	1,000,000	2,632	14,757	200,328
The Company	Open-end fund	UPAMC James Bond Money Market Fund	Financial assets mandatorily measured fair value through profit or loss	-	-	-	-	45,653	777,000	41,158	701,030	700,000	1,030	4,495	77,081
The Company	Open-end fund	Fubon Chi-Hsiang Money Market Fund	Financial assets mandatorily measured fair value through profit or loss	-	-	-	-	50,056	800,000	43,838	701,121	700,000	1,121	6,218	100,127
The Company	Open-end fund	Taishin 1699 Money Market Fund	Financial assets mandatorily measured fair value through profit or loss	-	-	18,327	252,269	43,272	600,000	47,234	653,824	650,000	3,824	14,365	200,279
The Company	Stock	Ba Fang International Investment Co.,Ltd	Investments accounted for using equity method	-	-	-	-	226,500	2,265,000	-	-	-	-	226,500	2,232,668

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:None

(vi) Disposal of individual real estate with an amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Amtai International Ltd.	The Company's subsidiary	Purchases	2,179,439	19 %	120Days	-	-	(804,162)	(33)%	
The Company	Amtai International Ltd.	The Company's subsidiary	Sales	(10,074,359)	(21) %	60Days	-	-	1,878,201	18%	
The Company	Largan Digital Co., Ltd.	The Company's subsidiary	Purchases	847,740	7 %	30Days	-	-	(42,389)	(2)%	
The Company	Largan Digital Co., Ltd.	The Company's subsidiary	Sales	(786,410)	(2) %	30Days	-	-	78,772	1%	
The Company	Largan (Dongguan) Optronic Ltd.	The Company's subsidiary	Sales	(2,167,494)	(4) %	120Days	-	-	265,880	3%	
The Company	Largan Medical Co. Ltd.	The Company's subsidiary	Purchases	165,750	1 %	30Days	-	-	(32,251)	(1)%	
The Company	Largan Medical Co. Ltd.	The Company's subsidiary	Sales	(101,678)	- %	30Days	-	-	9,546	-%	

Note：The nature and the amounts of the purchases and sales transaction of the two parties are different due to their different categories of account. Therefore, the above transaction have been adjusted.

(Continued)

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

Name of company	Related-party	Nature of relationship	Ending balance (Note2)	Turnover rate	Overdue Amount	Overdue Action taken	Amounts received in subsequent period	Loss allowance
The Company	Amtai International Ltd.	The Company's subsidiary	1,898,826	4.11	-	None	893,313 (Note1)	-
The Company	Largan (Dongguan) Optronic Ltd.	The Company's subsidiary	265,880	10.25	-	None	243,347 (Note1)	-

Note1: Until February 18, 2024.

Note2: Including other receivables.

(ix) Trading in derivative instruments: None

(b) Information on investees:

The following is the information on investees (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount December 31, 2023	Original investment amount December 31, 2022	Balance as of December 31, 2023 Shares (thousands)	Percentage of ownership	Carrying value	Net income (losses) of investee	Share of profits/losses of investee	Note
The Company	Largan Digital Co., Ltd.	Taichung, Taiwan	Manufacturing of image capture device、image reader、camera and player etc.	411,359	411,359	26,636	49.37 %	813,961	472,629	277,395	The Company's subsidiary
The Company	Largan (Hong Kong) Ltd.	Hong Kong	Investment	658,555	658,555	31,100	100 %	378,635	18,239	18,239	The Company's subsidiary
The Company	Astro International Ltd.	Samoa	Investment	247,104	247,104	7,600	100 %	13,128,947	941,270	1,046,707	The Company's subsidiary
The Company	Largan Industrial Optics Co., Ltd.	Taichung, Taiwan	Manufacturing of Optical Instruments	550,000	550,000	55,000	100 %	264,430	(156,622)	(156,622)	The Company's subsidiary
The Company	Largan Health AI-Tech Co., Ltd.	Taipei, Taiwan	Sales of medical equipment	26,400	26,400	2,640	88 %	3,316	(4,683)	(4,122)	The Company's subsidiary
The Company	Photonicore Technologies Co., Ltd.	Tainan, Taiwan	Manufacturing of precision instrument、Optical Instruments、wired communication equipment and apparatus, etc.	349,030	87,000	34,903	76.04 %	300,463	(52,704)	(34,356)	The Company's subsidiary
The Company	Ba Fang International Investment Co.,Ltd	Taichung, Taiwan	Investment	2,265,000	-	226,500	100.0 %	2,232,668	(20,819)	(20,819)	The Company's subsidiary
Largan Digital Co., Ltd.	Largan Medical Co. Ltd.	Taichung, Taiwan	Manufacturing of Optical Instruments、Medical and Photo instruments sale etc.	246,017	246,017	22,273	40.5 %	333,074	177,078	71,716	The Company's subsidiary
Largan Digital Co., Ltd.	Alpha Holding Inc.	Samoa	Investment	118,415	118,415	3,700	100 %	36,929	3,493	3,493	The Company's subsidiary
Astro International Ltd.	Net International Trading Ltd.	British Virgin Islands	Investment	756,599	756,599	24,300	100 %	4,953,783	282,369	282,369	The Company's subsidiary
Astro International Ltd.	Amtai International Ltd.	Samoa	Sales of Optical part etc.	50,600	50,600	1,500	100 %	8,085,841	639,755	639,755	The Company's subsidiary
Astro International Ltd.	Largan Health Technology Inc.	Samoa	Investment	110,898	110,898	1,476	12 %	29,819	(315)	(37)	The Company's subsidiary
Largan Industrial Optics Co., Ltd.	Fang Yuan Co., Ltd.	Taichung, Taiwan	Investment	29,800	29,800	2,980	100 %	13,850	(1,852)	(1,852)	The Company's subsidiary
Largan Health AI-Tech Co., Ltd.	Charis Health Co., Ltd.	New Taipei City, Taiwan	Sales of medical equipment	4,900	4,900	490	98 %	(561)	(832)	(815)	The Company's subsidiary
Largan Medical Co. Ltd.	Beta International Ltd.	Samoa	investment	120,334	120,334	3,700	100 %	76,318	3,430	3,430	The Company's subsidiary
Largan Medical Co. Ltd.	Largan Health & Beauty Corporation	Taichung, Taiwan	Beauty services and sales of health products	25,000	-	2,500	50 %	23,655	(2,690)	(1,345)	The Company's joint venture
Alpha Holding Inc.	Largan Health Technology Inc.	Samoa	investment	110,898	110,898	1,476	12 %	29,819	(315)	(37)	The Company's subsidiary
Beta International Ltd.	Largan Health Technology Inc.	Samoa	investment	110,898	110,898	3,936	32 %	69,199	(315)	(101)	The Company's subsidiary

(Continued)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value			
Largan Health Technology Inc.	Dynadx Corporation	U.S.A	Development of the software	12,318	12,195	11,132	100 %	4,094	(364)	(364)	The Company's subsidiary
Largan Health Technology Inc.	Largan Health Technology Co., Ltd.	Taichung, Taiwan	Sales of medical equipment	45,797	45,797	801	100 %	2,137	(43)	(43)	The Company's subsidiary
Ba Fang International Investment Co.,Ltd	TAIWAN APPLIED CRYSTAL CO., LTD.	Kaohsiung, Taiwan	Manufacturing of precision instrument、Optical Instruments, etc.	248,500	-	14,200	71 %	221,654	(54,380)	(26,846)	The Company's subsidiary

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, their main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of capital surplus	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Largan (Dongguan) Optronic Ltd.	Production and sales of camera lenses, scanner lens optoelectronic devices, viewing windows, digital electronic cameras	HK$ 178,076	Note 1(a)	HK$ 85,986 US$ 7,474	-	-	HK$ 85,986 US$ 7,474	RMB$ 61,837	100%	NT$ 271,617	NT$ 4,448,869	RMB$ 190,575

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
NT$720,853 (HK$85,986 and US$12,474)	NT$728,407 (HK$85,986 and US$12,720)	NT$99,306,241

Note 1(a): Indirectly investment in Mainland China through an existing company registered in the third region.

Note 2: Since Suzhou Largan had been liquidated, the cumulative investment amount remitted from Taiwan, including the Company's indirect investment in Suzhou Largan of US$5,000 thousand through Net International Trading Ltd., has yet to be repatriated before the year end of 2023.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China are disclosed in the "Information on significant transactions".

(d) Major shareholders:

Shareholder's Name	Shares	Percentage
Mao Yu Commemorate Co., Ltd.	18,910,616	14.16 %
Shih-ching, Chen	6,696,831	5.01 %

(14) Segment information

Please refer to the 2023 consolidated financial statement.

(Continued)

LARGAN PRECISION CO., LTD.

Statement of cash on hand and demand deposits

December 31, 2023

(Expressed in Thousands of NTD;
Expressed in Dollars of Foreign Currencies)

Items	Description	Amount
Cash	Cash	$ 85
	Cash on foreign Currency	809
	Subtotal	894
Cash in banks	Demand deposits	901,257
	Demand deposit on foreign Currency	
	(USD10,820,950.72×30.705	
	GBP1,455.07×39.15	
	JPY11,669,315,078×0.2172	
	EUR382,218.85×33.98	
	HKD57,706.51×3.929	
	CNY26,974,429.66 ×4.327	
	CHF310.27×36.485)	2,996,834
	Time deposits	58,465,000
	Time deposits on foreign currency	
	(USD1,092,485,999.97×30.705	
	CNY171,517,114.03×4.327	
	EUR2,600,000×33.98)	34,375,285
	Subtotal	96,738,376
Total		**$ 96,739,270**

LARGAN PRECISION CO., LTD.

Statement of Current Financial Assets at Fair Value through Profit or Loss

December 31, 2023

(Expressed in Thousands of NTD;
Expressed in Dollars of Unit cost and price)

Names of financial investment	Description	Unit in thousands	Acquisition	Fair Value Unit price	Fair Value Total amount
Capital Money Market Fund	Open-end fund	12,078	$ 200,000	16.59	200,337
Yuanta De-Li Money Market Fund	Open-end fund	4,718	79,000	16.77	79,100
Jih Sun Money Market Fund	Open-end fund	13,122	200,000	15.25	200,173
CTBC Hwa-win Money Market Fund	Open-end fund	17,704	200,000	11.32	200,320
Cathay Taiwan Money Market Fund	Open-end fund	1,574	20,000	12.76	20,087
Shin Kong Chi-Shin Money Market Fund	Open-end fund	12,594	200,000	15.90	200,277
FSITC Taiwan Money Market Fund	Open-end fund	11,963	188,000	15.74	188,282
Mega Diamond Money Market Fund	Open-end fund	15,518	200,000	12.90	200,174
Union Money Market Fund	Open-end fund	14,757	200,000	13.58	200,328
UPAMC James Bond Money Market Fund	Open-end fund	4,495	77,000	17.15	77,081
Fubon Chi-Hsiang Money Market Fund	Open-end fund	6,218	100,000	16.10	100,127
Taishin 1699 Money Market Fund	Open-end fund	14,365	200,000	13.94	200,279
			$ 1,864,000		**1,866,565**

LARGAN PRECISION CO., LTD.

Statement of Current Financial Assets at Fair Value through Other Comprehensive Income

December 31, 2023

(Expressed in Thousands of NTD; Expressed in Dollars of Unit cost and price)

				Fair Value	
Names of financial investment	**Description**	**Unit in thousands**	**Acquisition**	**Unit price**	**Total amount**
Equity Securities					
AVISION INC	Stock	4,253	$ 40,280	6.89	29,305
Yuanta Financial Holding Co., Ltd	Stock	4,877	96,517	27.60	134,596
Cathay Financial Holding Co., Ltd	Stock	5,941	249,509	45.75	271,809
CTBC Financial Holding Co., Ltd	Stock	3,510	75,249	28.35	99,509
Fubon Financial Holding Co., Ltd	Stock	3,294	163,901	64.80	213,442
Mega Financial Holding Company Ltd	Stock	1,583	48,799	39.20	62,036
Hua Nan Financial Holdings Co., Ltd	Stock	1,738	35,833	22.35	38,844
Fubon Financial Holding Co., Ltd	Preferred Shares C	25,200	1,512,000	55.00	1,386,000
Subtotal			**2,222,088**		**2,235,541**
Corporate Bond					
BANK OF AMERICA CORP	Bond	-	249,525	91.60	253,121
JPMORGAN CHASE & CO	Bond	-	247,584	92.30	255,064
IBM CORP	Bond	-	265,842	97.08	268,279
JOHNSON & JOHNSON	Bond	-	243,556	89.35	246,923
MIZUHO FINANCIAL GROUP	Bond	-	247,864	91.48	252,800
TSMC GLOBAL LTD	Bond	-	249,902	92.37	255,268
APPLE INC	Bond	-	248,720	92.66	256,047
WOORI BANK	Bond	-	62,410	100.72	61,853
NATIONAL AUSTRALIA BK/NY	Bond	-	62,581	101.27	62,192
IBM CORP	Bond	-	61,703	100.50	61,718
PEPSICO INC	Bond	-	62,791	101.95	62,605
TORONTO-DOMINION BANK	Bond	-	62,389	101.44	62,296
EXPORT-IMPORT BANK KOREA	Bond	-	62,733	101.97	62,617
Subtotal			2,127,600		2,160,783
Total			**$ 4,349,688**		**4,396,324**

LARGAN PRECISION CO., LTD.

Statement of Accounts Receivable

December 31, 2023

(Expressed in Thousands of NTD)

Client No.	Description	Amount
Accounts receivable-unrelated parties		
653021	Operating	$ 3,522,730
643006	Operating	1,030,375
723045/823045	Operating	1,024,332
723044	Operating	616,066
Other (Note)	Operating	1,803,626
Total		7,997,129
Impairment loss on allowance		(2,250)
Net amount		**$ 7,994,879**

Note: The amount of each item in others does not exceed 5% of the account balance.

Statement of Other Receivables

Items	Description	Amount
Interest receivables	Income interest of cash in bank	$ 655,114
Tax receivables	Income tax refund of exercise tax	177,053
Others (Note)		19,480
Total		**$ 851,647**

Note: The amount of each item in others does not exceed 5% of the account balance.

LARGAN PRECISION CO., LTD.

Statement of Inventories

December 31, 2023

(Expressed in Thousands of NTD)

Item	Amount		Note
	Cost	Market Value	
Finish goods	$ 2,666,794	3,845,939	Market value of net realizable value
Work in progress	994,679	1,627,594	Market value of net realizable value
Raw materials	1,148,485	1,090,270	Market value of net realizable value
	4,809,958	**6,563,803**	
Loss on allowance for doubtful accounts	(953,570)		
Total	**$ 3,856,388**		

Statement of Other Current Assets and Other Current Financial Assets

Items	Description	Amount
Other current assets	Prepayment for purchases	$ 62,724
	Temporary payment	62,441
	Prepayment for insurances	13,439
	Others (Note)	6,925
		$ 145,529
Restricted cash in bank－current	Customs office deposit	$ 13,000
	Bank account for repatriation of offshore fund	1,706,140
		$ 1,719,140

Note: The amount of each item in others does not exceed 5% of the account balance.

LARGAN PRECISION CO., LTD.

Statement of Non-Current Financial Assets at Fair Value through Other Comprehensive Income

December 31, 2023

(Expressed in Thousands of NTD,
Expressed in Dollarsof Unit cost and price)

Names of financial Investment				Fair Value	
Equity Securities	Description	Unit in thousands	Acquisition	Unit price	Total amount
ABILITY OPTO-ELECTRONICS TECHNOLOGY CO., LTD.	Stock	20,000	$ **598,400**	154.30	**3,086,000**

LARGAN PRECISION CO., LTD.

Statement of Changes in Investments Accounted for Equity Method

January 1, 2023 to December 31, 2023

(Expressed in Thousands of NTD)

Names of Investee	Beginning balance			Addition		Decrease							Ending balance			
	Shares	Percentage of ownership	Amount	Shares	Amount	Shares	Amount	Profit or loss of investment	Amount of exchange on translation of foreign financial statement	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Cash dividends	Other (Note)	Shares	Percentage of ownership	Amount	Pledge of collateral
Largan (Hong Kong) Limited	31,100	100.00	360,754	-	-	-	-	18,239	(358)	-	-	-	31,100	100.00	378,635	None
Largan Digital Co., Ltd.	26,636	49.37	650,012	-	-	-	-	277,395	(48)	(313)	(101,218)	(11,867)	26,636	49.37	813,961	None
Astro International Ltd.	7,600	100.00	12,735,961	-	-	-	-	1,046,707	(21,395)	21,485	(925,823)	272,012	7,600	100.00	13,128,947	None
Largan Industrial Optics Co., Ltd.	55,000	100.00	421,052	-	-	-	-	(156,622)	-	-	-	-	55,000	100.00	264,430	None
Largan Health Al-Tech Co., Ltd.	2,640	88.00	7,438	-	-	-	-	(4,122)	-	-	-	-	2,640	88.00	3,316	None
Photonicore Technologies Co., Ltd.	8,700	54.72	72,789	26,203	262,030	-	-	(34,356)	-	-	-	-	34,903	76.04	300,463	None
Ba Fang International Investment Co.,Ltd	-	-	-	226,500	2,265,000	-	-	(20,819)	-	(11,513)	-	-	226,500	100.00	2,232,668	None
Total			$ 14,248,006		2,527,030		-	1,126,422	(21,801)	9,659	(1,027,041)	260,145			17,122,420	

Note: The unrealized gain (loss) is referred to the downstream transactions and upstream transactions.

LARGAN PRECISION CO., LTD.

Statement of changes in Property, Plant, and Equipment

January 1, 2023 to December 31, 2023

(Expressed in Thousands of NTD)

Please refer to note 6 (h).

Statement of Other Non-current Assets and Other Non-current Financial Assets

December 31, 2023

Items	Description	Amount
Restricted cash in bank-non-current	Bank account for repatriation of offshore fund	$ 10,654,082
Restricted cash in bank-non-current	Completion deposit	310,001
Prepayment for equipment	Prepaid machine equipment	3,106,550
Others (Note)		18,226
Total		**$ 14,088,859**

Note: The amount of each item in others does not exceed 5% of the account balance.

LARGAN PRECISION CO., LTD.

Statement of Bank Loan

December 31, 2023

(Expressed in Thousands of NTD)

Creditor	Type of loan	Ending balance	Contract Period	Range of interest rate	Loan Commitment	Collateral
Mizuho Bank	Credit loan	$ -	Due within a year	0.42%~6.47%	1,300,000	None

LARGAN PRECISION CO., LTD.

Statement of Accounts Payable

December 31, 2023

(Expressed in Thousands of NTD)

Vendor Name	Description	Amount
Accounts payable-unrelated parties		
100902	operating	$ 512,202
110185	operating	193,050
110059	operating	180,620
100107	operating	121,130
100896	operating	98,630
100873	operating	90,136
Others (Note)	operating	333,144
Total		**$ 1,528,912**

Note: The amount of each item in others does not exceed 5% of the account balance.

Statement of Other Payables

Please refer to note 6 (p).

LARGAN PRECISION CO., LTD.

Statement of Other Current Liabilities and Other Non-current Liabilities

December 31, 2023

(Expressed in Thousands of NTD)

Items	Description	Amount
Other current liabilities	Receipts under custody	$ 6,796
	Temporary receipts	6,524
		$ 13,320
Other non-current liabilities	Guarantee deposits received	**$ 3,760**

Statement of Operating Income

For 2023

Items	Quantity (unit in thousands)	Amount
Lens	1,113,817	$ 45,650,823
Others (Note)		2,014,336
Total		**$ 47,665,159**

Note: The amount of each item in others does not exceed 10% of the account balance.

LARGAN PRECISION CO., LTD.

Statement of Operating Costs

For 2023

(Expressed in Thousands of NTD)

Items	Amount
Goods	
Goods, beginning of year	$ -
Addition:Goods purchased	205
Decrease:Goods, end of year	-
Others	2
Cost of goods	203
Raw materials and supplies	
Raw materials and supplies, beginning of year	1,553,465
Addition:Raw materials and supplies purchased	8,654,284
Decrease:Raw materials and supplies, end of year	1,148,485
Sale of raw materials and supplies	10,917
Raw materials and supplies loss	8,800
Scrapped	2,210
Others	908,937
Raw materials and supplies used	8,128,400
Direct labor	2,134,824
Manufacturing expense	12,925,624
Manufacturing Cost	23,188,848
Addition:Work in progress, beginning of year	526,438
Decrease:Work in progress, end of year	994,679
Cost of finished goods	22,720,607
Addition:Finished goods, beginning of year	3,145,460
Finished goods purchased	1,595,157
Finished goods surplus	11,664
Decrease:Finished goods, end of year	2,666,794
Scrapped	262,167
Other	169,479
Production and marketing costs	24,374,448
Other	377,038
Operating costs	**$ 24,751,689**

LARGAN PRECISION CO., LTD.

Statement of Operating Expenses

For 2023

(Expressed in Thousands of NTD)

Items	Selling expenses	Administrative Expenses	Research and development expenses
Payroll	$ 88,609	502,919	2,500,713
Import and export expense	69,716	-	-
Depreciation	257	109,570	273,880
Amortization	2	83,519	22,826
Consumable expense	-	-	804,006
Donation expense	-	327,800	-
Professional service fees	-	113,919	137,867
Others (note)	90,683	348,072	356,263
	$ 249,267	**1,485,799**	**4,095,555**

Note: The amount of each item in others does not exceed 5% of the account balance.

VI. Impact on the Company's financial status due to financial difficulties experienced by the Company and its affiliate companies in the most recent year and as of the publication date of this Annual Report: None.

Chapter 7. Review and Analysis of the Company's Financial Position and Financial Performance, and Risk Management

I. Financial Position Analysis

Unit: NT$ thousands

Item \ Year	2023	2022	Difference	
			Amount	Proportion of change (%)
Current assets	134,321,141	129,202,046	5,119,095	3.96
Long-term investment	1,369,213	760,100	609,113	80.14
Property, plant and equipment	41,135,130	37,831,252	3,303,878	8.73
Intangible assets	238,909	149,131	89,778	60.20
Deferred income tax assets	316,157	335,677	(19,520)	(5.82)
Right-of-use assets	92,146	144,125	(51,979)	(36.07)
Other assets	17,665,112	16,548,035	1,117,077	6.75
Total assets	195,137,808	184,970,366	10,167,442	5.50
Current liabilities	29,517,322	29,387,923	129,399	0.44
Non-current liabilities	110,085	473,343	(363,258)	(76.74)
Total Liabilities	29,627,407	29,861,266	(233,859)	(0.78)
Capital stock	1,334,682	1,334,682	-	-
Capital surplus	1,559,812	1,555,120	4,692	0.30
Retained earnings	160,871,108	152,651,936	8,219,172	5.38
Other equity	1,744,799	(432,638)	2,177,437	(503.29)
Equity attributable to owners of the parent company	165,510,401	155,109,100	10,401,301	6.71

The increase in long-term investments over the previous period was due to the increase in reinvestment.
The increase in intangible assets from the previous period was due to an increase in computer software.
The decrease in right-of-use assets from the previous period was due to the increase in accumulated depreciation.
The decrease in non-current liabilities from the previous period was due to the decrease in deferred

income tax liabilities.
The increase in other equity from the previous period was due to the increase in unrealized gains (losses) from financial assets measured at fair value through other comprehensive income.

II. Financial Performance

(I) Financial Performance Analysis

Unit: NT$ thousands

Item / Year	2023	2022	Increase (decrease)	Proportion of change (%)
Operating revenue	48,842,247	47,675,228	1,167,019	2.45
Operating costs	25,036,696	21,579,583	3,457,113	16.02
Gross Profit	23,793,684	26,082,674	(2,288,990)	(8.78)
Operating expenses	5,986,271	5,698,555	287,716	5.05
Operating income	17,807,413	20,384,119	(2,576,706)	(12.64)
Non-operating income (expenses)	4,294,568	7,442,583	(3,148,015)	(42.30)
Net profit for the period before tax	22,101,981	27,826,702	(5,724,721)	(20.57)
Minus: Income tax expenses	4,199,659	5,201,653	(1,001,994)	(19.26)
Net income	17,902,322	22,625,049	(4,722,727)	(20.87)

Explanation of major variations:

Non-operating income

The decrease in non-operating income from the previous year was mainly due to an increase in foreign exchange loss.

Net income

The decrease in net income from the previous year was mainly due to the decrease in non-operating income.

III. Cash Flow

(I) Changes in Cash Flow in the Most Recent Fiscal Year

Item \ Year	2023	2022	Proportion of change (%)
Cash flow ratio	61.65%	150.43%	(59.02%)
Cash flow adequacy ratio	145.15%	160.01%	(9.29%)
Cash flow reinvestment ratio	4.29%	16.06%	(73.29%)

Analysis:

1. Cash flow ratio: The decrease in cash flow ratio is mostly attributable to to decline in net cash flow from operating activities.
2. Cash flow reinvestment ratio: The decrease in cash flow reinvestment ratio is mostly attributable to the decline in net cash flow from operating activities.

(II) Projected Cash Flow in the Following Year: The Company does not provide financial forecasts, including cash flow projections, for the following year.

IV. Impact of Major Capital Expenditures on the Company's Financial Operations for the Most Recent Fiscal Year

(I) Use and source of funding of major capital expenditures:

Unit: NT$ thousands

April 9, 2024

Plan	Actual or Expected Source of Capital	Total Capital Required	Actual or Expected Capital Expenditure	
			Actual Expenditures	Expected Expenditures
Land and building	Own funds	17,648,561	4,069,956	4,069,956

(II) Expected potential benefits:

The Company's capital expenditures are necessary to grow the business and to maintain competitiveness.

V. Reinvestment Policy for the Most Recent Fiscal Year, Main Reasons for Profits/Losses Generated Thereby, Plan for Improving Re-investment Profitability, and Investment Plans for the Coming Year:

The Company's reinvestments in the most recent year were related to upstream and downstream industries within the scope of the Company's main business. For reinvestments with weaker business performance, the Company will dedicate efforts to improve product quality and channel distribution in order to improve profitability.

VI. Risk Management and Assessment

(I) Impacts of interest and foreign exchange rate fluctuations and inflation on the Company’s profit and loss, and countermeasures:

1. Interest rate: The Company mainly adopts L/C loans and changes in interest rates have little impact on the Company's profitability.
2. Exchange rate: The Company may engage in forward contracts to hedge risks to currency exposure in its net asset positions by using research reports from financial institutions as a reference.
3. Inflation: The Company's products are used in consumer electronics, which are not significantly impacted by inflation risks.

(II) Policies for high-risk, high-leverage investments, capital lending, endorsements, guarantees, and derivatives transaction, main reasons for the profits or losses generated thereby, and countermeasures:The Company does not have the aforementioned transactions in the recent year.

(III) Research and development (R&D) projects and estimated R&D expenditures:

The Company has two development strategies. The first is to continuously refine product precision, and the second is to diversify product application. Therefore, the R&D of products is continuous and these developments are inter-related and will affect one another.

As such, the Company will continue to invest in R&D, and R&D expenses are expected to grow each year.

(IV) Impacts of changes in domestic and foreign government policies and laws on the Company’s financial operations, and future countermeasures:

The Company's financial operations are conducted in accordance with applicable regulations and so far there has been no material impact to the Company due to government policy changes.

(V) Impacts of industry and technology changes (including information and communications security risks) to the Company’s financial operations, and future countermeasures:

Improvements in technology help the adoption of new product applications, improve business scale and product design capabilities as well as help to lower production costs, which should all have positive impacts on the Company's operations.

Malicious cyber attacks constantly occur, and are ever evolving and changing, and the risks to information systems are increasing. In order to prevent these constantly changing cyber security threats, the Company adopts active information security strengthening procedures:

Introducing next-generation firewall threat detection, malicious malware and program detection, multi layer mail gateway scanning systems to filter trash, phishing, or malicious emails, deploying antivirus software, monitoring online activity and establishing contingency plans in case of cyber attacks, as well as simulating irregularities to reduce cyber risk. To the publication date of the Annual Report, the Company has not had any major information security incident.

(VI) Impacts of changes in corporate image on the company's crisis management and future countermeasures:

The Company’s policy is to disclose financial and business information as required by applicable regulation, and to not make false representations. The Company shall continue to uphold this principle in the future.

(VII) Expected benefits and potential risks related to mergers and acquisitions:

The Company does not have any recent merger or acquisition plans.

(VIII) Expected benefits and potential risks of capacity expansion:

The Company continues to expand capacity and upgrade equipment with its own funds, and the expected benefits are in line with the Company’s expectations as of the publication date of this Annual Report.

(IX) Risk of procurement and sales concentration, and future countermeasures:

Sales:

The Company's revenues are concentrated in a small number of customers. To lower credit risks, the Company constantly monitors the financial payment status of its main customers and regularly evaluates the collectability of accounts receivables.

Procurement:

The Company has long standing relationships with its raw materials suppliers which consist of major domestic and foreign companies, thus ensuring a stable and sufficient supply of raw materials.

(X) Impacts and risks arising from major transfer or replacement of shares by Directors, Supervisors, or shareholders with over 10% of shares in the Company: None.

(XI) Impact of change in Company management and associated risks: None.

(XII) Litigious or non-litigious matters: None.

(XIII) Other material risks: None.

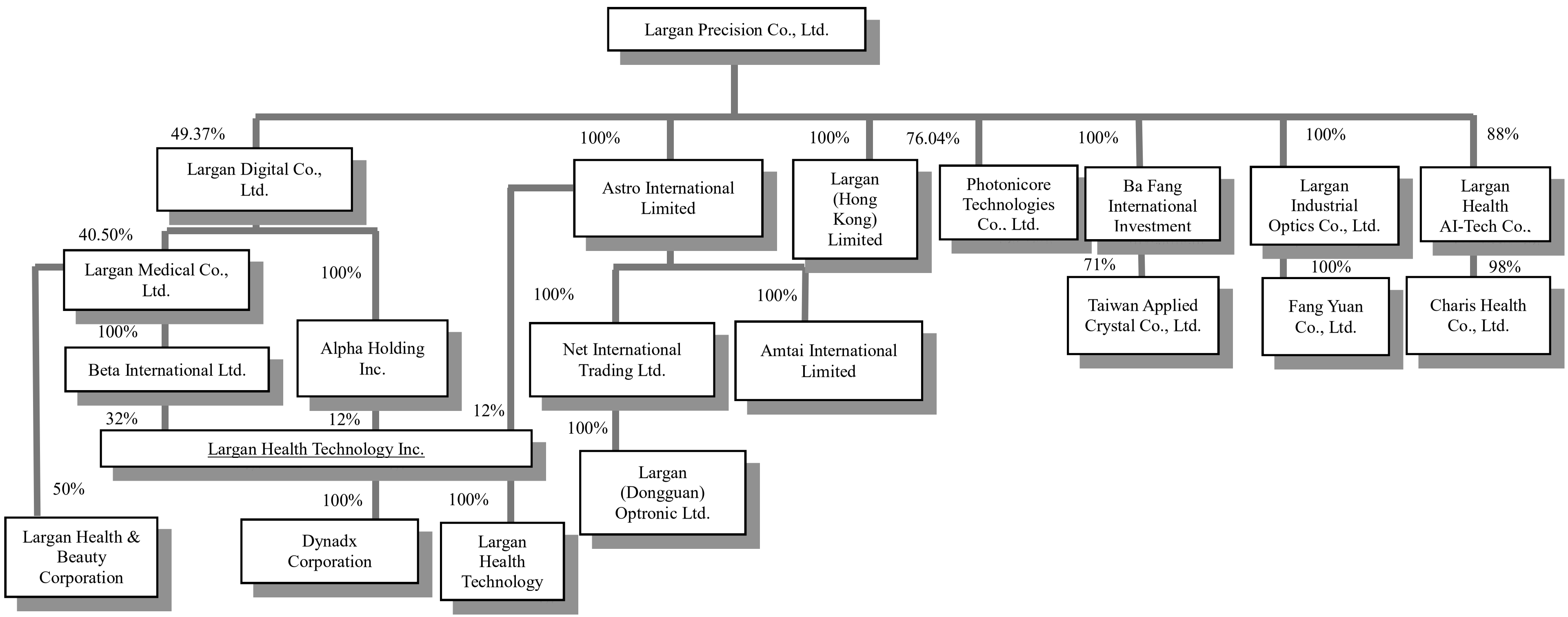
VII. Other Important Matters: None.

Chapter 8. Special Disclosure

I. Information on Affiliates

(I) Organizational chart of affiliates:

As of December 31, 2023



(II) Basic information of affiliated companies:

As of December 31, 2023

Unit: $

Name of Affiliate	Establishment Date	Address	Capital Stock	Business Activities
NET International Trading Ltd.	1998.11.19	Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands VG1110.	USD24,300,000	Investment
Largan (Hong Kong) Limited	1993.03.25	Room912, Champion Building, 301-309 Nathan Road,(Jordan Mtr Station) Kowloon.	HKD31,100,000	Investment
Largan (Dongguan) Optronic Ltd.	1996.03.22	No. 5, Tutang Gongye Road, Tutang Management Area, Changping Town, Dongguan City, Guandong Province	HKD 178,076,100	Production of lenses and optical components for digital cameras
Largan Digital Co., Ltd.	1997.03.12	No. 18, Gongyequ 7th Road, Xitun District, Taichung City	NTD539,577,500	Production and processing of image capture devices, image readers, cameras, and video cameras
Astro International Ltd.	2004.02.02	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	USD7,600,000	Investment
Amtai International Ltd.	2004.02.02	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	USD1,500,000	Sale of lenses and optical components
Largan Medical Co., Ltd.	2004.10.25	2F, No. 14, Gongyequ 23rd Road, Nantun District, Taichung City	NTD550,000,000	Production of optical instruments; wholesale and retail of medical and imaging equipment
Largan Industrial Optics Co., Ltd.	2013.4.24	1F, No. 4, Gongyequ 16th Road, Xitun District, Taichung City	NTD550,000,000	Photographic and optical equipment manufacturing.
Fang Yuan Co., Ltd.	2013.4.26	No. 18, Gongyequ 7th Road, Xitun District, Taichung City	NTD29,800,000	General investments.
Alpha Holding Inc.	2017.2.18	Unit 25, 2nd Floor, Nia Mall, Saleufi Street, Apia, Samoa	USD3,700,000	Investment

Name of Affiliate	Establishment Date	Address	Capital Stock	Business Activities
Beta International Limited	2017.2.18	Unit 25, 2nd Floor, Nia Mall, Saleufi Street, Apia, Samoa	USD3,700,000	Investment
Largan Health Technology Inc.	2017.2.18	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	USD12,300,000	Investment
Largan Health Technology Co., Ltd.	2011.2.17	3F, No. 14, Gongyequ 23rd Road, Nantun District, Taichung City	NTD8,004,700	Wholesale and retail of medical equipment
Largan Health AI-Tech Co., Ltd.	2019.1.31	No.52, Ln. 10, Jihu Rd., Neihu Dist., Taipei City	NTD30,000,000	Wholesale and retail of medical equipment
DynaDx Corporation	2005.2.17	406 .Tasman Drive, Sunnyvale, CA 94089	USD 1,195,955.91	Software development
Charis Health Co., LTd.	2021.10.14	B1-8, No. 266, Sec. 1, Wenhua 2nd Rd., Linkou Dist., New Taipei City	NTD 5,000,000	Wholesale and retail of medical equipment
Photonicore Technologies Co., Ltd.	2020.1.14	4F., No. 12, Ln. 31, Sec. 1, Huandong Rd., Xinshi Dist., Tainan City	NTD 459,000,000	General apparatus manufacturing, optical apparatus manufacturing, wired communication machinery and equipment manufacturing, etc.
Taiwan Applied Crystal Co., Ltd.	2022.10.28	No. 105, Gaoping 39th Street, Xiaogang District, Kaohsiung City	NTD 200,000,000	General apparatus manufacturing, optical apparatus manufacturing, etc.
Ba Fang International Investment Co., Ltd.	2023.07.12	1F, No. 11, Jingke Rd., Nantun District, Taichung City	NTD 2,265,000,000	Investment
Largan Health & Beauty Corporation	2023.07.24	No. 1, Gongyequ 5th Rd., Xitun District, Taichung City	NTD 50,000,000	Wholesale and retail of beauty services and health products

(III) Information on shareholders with deemed control and affiliation: None.

(IV) Businesses included in the affiliated companies' overall operations:

The Company and affiliate companies' businesses mainly include the research, development, production, manufacturing, and sales of various photoscopes, video cameras, cameras, telescopes, microscopes, fax machines, scanners, multiple signal reader lenses, lenses, mobile phone lenses and cameras, as well as wholesale and retail of medical equipment.

(V) Directors, Supervisors and Presidents of all affiliated companies:

Unit: shares; %

Name of Business	Title	Name or Representative	Shares Held	
			Number of shares	Shareholding Ratio
NET International Trading Ltd.	Director	Astro International Ltd.	24,300,000	100
	Representative	Representatives: En-Ping Lin	-	-
Largan (Hong Kong) Limited	Director	Sheng-Lien Wang, En-Ping Lin	-	-
Largan (Dongguan) Optronic Ltd.	Chairman/Director	Sheng-Lien Wang/ En-Ping Lin, Chung-Shih Lin	-	-
Largan Digital Co., Ltd.	Chairman	En-Ping Lin	1,109,000	2.06
Largan Digital Co., Ltd.	Director	Chun-Ming Chen	580,000	1.07
Largan Digital Co., Ltd.	Supervisor	Chung-Jen Liang	1,428,000	2.65
Astro International Ltd.	Director	Largan Precision Co., Ltd.	7,600,000	100
	Representative	Representatives: En-Ping Lin	-	-
Amtai International Ltd	Director	Astro International Ltd.	1,500,000	100
	Representative	Representatives: En-Ping Lin	-	-
Largen Medical Co., Ltd.	Director	Shih-Ching Chen	1,263,579	2.30
Largen Medical Co., Ltd.	Chairman	En-Ping Lin	593,354	1.08
Largen Medical Co., Ltd.	Supervisor	Chung-Jen Liang	1,823,777	3.32
Largan Industrial Optics Co., Ltd.	Chairman/Director	Largan Precision Co., Ltd.	55,000,000	100
	Representative:	Representatives: En-Ping Lin	-	-
Fang Yuan Co., Ltd.	Chairman/Director	Largan Industrial Optics Co., Ltd.	2,980,000	100
	Representative:	Representatives: Mei-Yu Lin	-	-
Alpha Holding Inc.	Director	En-Ping Lin	-	-
Beta International Limited	Director	En-Ping Lin	-	-
Largan Health Technology Inc.	Director	En-Ping Lin, En-Chou Lin, Sheng-Lien Wang, Cheng-Kuo Lai, Chung-Shih Lin, Yu-I Tseng, Chao-Liang Yen	-	-
Dynadx Corporation	Chairman	Ning Hong	-	-
Largan Health Technology Co., Ltd.	Chairman/Director	Largan Health Technology Inc.	800,470	100
	Representative:	Representatives: Cheng-Kuo Lai/ En-Ping Lin, Chung-Shih Lin	-	-
	Supervisor	Largan Health Technology Inc.	800,470	100
	Representative	Representatives: Ma-Li Lin	-	-
Largan Health AI-Tech Co., Ltd.	Chairman/Director	Cheng-Kuo Lai/En-Ping Lin, Yu-I Tseng	-	-

Name of Business	Title	Name or Representative	Shares Held	
			Number of shares	Shareholding Ratio
	Supervisor	Chi-Hung Li		
Charis Health Co., Ltd.	Chairman/Director	Kuei-Fen Chao/ Sheng-Lien Wang, Hui-Ju Tsai	5000/-	1/-
	Supervisor	Chiu-Hui Hsieh	-	-
Photonicore Technologies Co., Ltd.	Chairman/Director Representative:	Largan Precision Co., Ltd.	34,903,000	76.04
		Representative: You-Chih Huang/Hsing-Ju Tsaur	-	-
	Director Representative	Lightel Technologies Inc.	9,000,000	19.61
		Representative: Jen-Chieh Ou	-	-
	Supervisor	Wen-Feng Liu	300,000	0.65
Taiwan Applied Crystal Co., Ltd.	Chairman/Director Representative:	Ba Fang International Investment Co., Ltd.	14,200,000	71
		Representative: You-Chih Huang/Hsing-Ju Tsaur	-	-
	Director	Wei-Chang Lin	609,392	3.05
	Supervisor	Kao-Yu Hsu		
Ba Fang International Investment Co., Ltd.	Chairman/Director Representative:	Largan Precision Co., Ltd.	226,500,000	100
		Representative: En-Ping Lin/You-Chih Huang.Hsing-Ju Tsaur	-	-
Largan Health & Beauty Corporation	Chairman/Director Representative:	Quan Xuan Co., Ltd.	2,500,000	50
		Representative: Mu-Jong Liu/Kuo-Ching Wu	-	-
	Director Representative	Largen Medical Co., Ltd.	2,500,000	50
		Representative: Sheng-Lien Wang	-	-
	Supervisor	Hsing-Ju Tsaur	-	-

(VI) Overview of Operations of Affiliates:

Unit: NT$ thousands

Name of Business	Capital Stock	Total Assets	Total Liabilities	Net Value	Operating revenue	Operating income	Net Income (Loss) for the Period (after tax)	Earnings per Share (NT$) (after tax)
Largan (Hong Kong) Limited	122,192	378,687	52	378,635	0	(136)	18,239	0.59
Net International Trading Ltd.	746,132	4,951,328	297	4,951,031	0	(603)	282,369	11.62
Astro - Samoa	233,358	13,497,126	68,068	13,429,058	0	(35)	941,270	123.85
Amtai - Samoa	46,058	10,737,056	2,234,138	8,502,918	14,624,700	258,348	639,755	426.5
Largan (Dongguan) Optronic Ltd.	699,661	5,131,079	815,324	4,315,755	5,207,699	245,120	271,617	Note 1
Largan Digital Co., Ltd.	539,578	2,264,566	479,905	1,784,661	2,000,135	395,739	472,629	8.76
Largan Medical Co., Ltd.	550,000	991,827	189,873	801,954	643,742	199,070	177,078	3.22
Largan Industrial Optics Co., Ltd.	550,000	331,367	66,937	264,430	27,009	(159,516)	(156,622)	(2.85)
Ba Fang International Investment Co., Ltd.	2,265,000	2,232,906	238	2,232,668	0	(747)	(20,819)	(0.09)
Fang Yuan Co., Ltd.	29,800	14,088	237	13,851	0	(1,935)	(1,852)	(0.62)
Alpha Holding Inc.	113,609	104,997	68,068	36,929	0	(35)	3,493	0.94
Beta International Limited	113,609	144,386	68,068	76,318	0	(35)	3,430	0.93
Largan Health Technology Inc.	377,672	248,488	0	248,488	0	(37)	(315)	(0.03)
Largan Health Technology Co., Ltd.	8,005	2,220	85	2,135	-	(44)	(43)	(0.05)
Dynadx Corporation	36,845	1,269	3	1,266	0	(339)	(364)	(0.03)
Largan Health AI-Tech Co., Ltd.	30,000	6,591	2,822	3,769	4674	(4,185)	(4,683)	(1.56)
Charis Health Co., Ltd.	5,000	962	1,535	(573)	122	(919)	(832)	(1.66)
Taiwan Applied Crystal Co., Ltd.	200,000	265,684	14,988	250,696	6000	(56,304)	(54,380)	(2.72)
Photonicore Technologies Co., Ltd.	459,000	360,748	15,073	345,675	7668	(54,267)	(52,704)	(1.15)
Largan Health & Beauty Corporation	50,000	48,687	1,376	47,311	2,949	(3,722)	(2,690)	(0.54)

Note 1: Not applicable as these companies are not limited by shares.

(VII) Consolidated Financial Statements of Affiliates:

Description: The companies that should be incorporated in the consolidated financial statements of affiliated companies are the same as those that should be incorporated in the consolidated financial statements of parent and subsidiary companies in accordance with IFRS 27 recognized by the Financial Supervisory Commission. In addition, the related information that must be disclosed in the consolidated financial report of affiliated companies has been fully disclosed in the consolidated financial statements of parent and subsidiary companies. Therefore, the Company only issued a statement on the first page of the consolidated financial statements of parent and subsidiary companies and shall not prepare separate consolidated financial statements of affiliated companies or issue a statement for the consolidated financial statements of affiliated companies. (Please refer to page 96 of the Annual Report)

(VIII) Affiliation Report: Not applicable.

Description: The Company is not a subordinate company of other affiliated companies and an affiliation report is thus not required.

II. Private placement of securities of the past year as of the publication date of this Annual Report: None.

III. Holding or disposal of the Company's shares by the subsidiaries of the most recent year as of the publication date of this Annual Report: None.

IV. Other Supplementary Information: None.

Chapter 9. Any event which has a material impact on the shareholders' equity or securities prices as prescribed in Subparagraph 2, Paragraph 2, Article 36 of the Securities and Exchange Act that has occurred in the most recent year as of the publication date of this Annual Report: None