

**Largan Precision Co., Ltd**

**2024 Annual General Shareholders' Meeting**

**Meeting Agenda Handbook**  
(Translation)

June 7, 2024

**Notice to readers:**

*This is a translation of the agenda for the 2024 Annual General Shareholders' Meeting 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.*

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**Chapter 1. Largan Precision Co., Ltd.**  
**2024 Annual General Shareholders' Meeting Procedures**

1. Call Meeting to Order
2. Chairman's Address
3. Report Items
4. Proposals
5. Extemporaneous Motions
6. Meeting Adjourned

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

Time: 9 a.m., June 7, 2024 (Friday)

Venue: No. 300, Chenggong W. Rd., Wuri Dist., Taichung City,  
(Nan Shan Life Insurance Company Ltd. Education & Training Center)

Method of Meeting: Physical Meeting

1. Call Meeting to Order  
(report number of shares in attendance)
2. Chairman's Address
3. Report Items
  - (1) 2023 Business Report.
  - (2) Audit Report of the Audit Committee.
  - (3) 2023 Employee and Director Compensation Report
  - (4) 2023 Cash Dividend Earnings Distribution Report
4. Proposals
  - (1) 2023 Business Report and Financial Statements
  - (2) 2023 Earnings Distribution
5. Extemporaneous Motions
6. Meeting Adjourned

## Report Items

1. 2023 Business Report

Description: Please refer to Attachment I on Page 5 of the Handbook.

2. Audit Report of the Audit Committee

Description: Please refer to Attachment II on Page 6 of the Handbook.

3. 2023 Employee and Director Compensation Report

Description: The compensation to directors and employees for 2023 are distributed in accordance with the Company's Articles of Incorporation. The compensation to directors is NT\$241,903,365 and the compensation to employees is NT\$3,225,378,184 both in cash.

4. 2023 Cash Dividend Earnings Distribution Report

Description: In accordance with the Company's Articles of Incorporation, the Board of Directors is authorized to distribute cash dividends on a semi-annual basis. The following table shows the distribution of dividends for 2023:

<b>2023</b>	<b>Dividend Payout Date (Year/Month/Day)</b>	<b>Cash Dividends Per Share (NT\$)</b>	<b>Total Cash Dividends (NT\$)</b>
First Half	2023/09/14	26.5	3,536,907,221
Second Half	2024/04/17	41	5,472,196,077
Total		67.5	9,009,103,298

## **Proposals**

Item 1: Adoption of the 2023 Business Report and Financial Statements  
(Proposed by the Board of Directors)

Description:

- (1) The Parent Company Only Financial Statements and Consolidated Financial Statements prepared and delivered by the Board of Directors have been audited by KPMG Taiwan. The Financial Statements and the Business Report have been reviewed and verified by the Audit Committee.
- (2) Please refer to Attachment I on page 5 and Attachment III on pages 7~21 for the abovementioned Business Report, Auditors' Report and Financial Statements.
- (3) The proposed reports and statements are submitted for adoption.

Resolution:

Item 2: Adoption of 2023 Earnings Distribution.  
(Proposed by the Board of Directors)

Description:

The 2023 Earnings Distribution proposal was approved by the Board of Directors. Please refer to Attachment IV on page 22 for the Earnings Distribution Table.

Resolution:

## **Extemporaneous Motions**

## **Meeting Adjourned**

# **Largan Precision Co., Ltd.**

## **2023 Business Report**

In 2023, the Company's revenue was NT\$48,842,247 thousand and net profit after tax was NT\$17,902,322 thousand. The Company's 2023 business results and 2024 business plan are summarized below:

### **I. 2023 Business Report**

- (I) Business results: In 2023, Largan Precision's consolidated revenue was NT\$48,842,247 thousand, a 2% increase from NT\$47,675,228 thousand in 2022; net profit after tax was NT\$17,902,322 thousand, a 21% decrease from NT\$22,625,049 thousand in 2022. Net profit per share after tax 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 making overall production and sales more competitive.
- (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, add new product lines, and improve the scale and quality of products. We shall also commit ourselves to the development of other 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 in the production of each product. We shall fully develop the Company's core expertise and continue to strengthen the Company's competitiveness to fulfill the expectations of our shareholders and the public, and we would like to express our sincere gratitude to all our customers, suppliers, shareholders and employees for the long-standing support.

Chairman: En-Ping Lin

President:

You-Chih Huang

Chief Accounting Officer: Hsing-Ju Tsaur

**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



## 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)

		December 31, 2023		December 31, 2022		December 31, 2023		December 31, 2022					
		Amount	%	Amount	%	Amount	%	Amount	%				
<b>Assets</b>													
<b>Current assets:</b>													
1100	Cash and cash equivalents (Note 6(a) and (v))	\$	96,739,270	50	99,041,251	54	2100	Short-term borrowings (Note 6(l) and (v))	\$	-	18,773	-	
1110	Current financial assets at fair value through profit or loss (Note 6(b) and (v))		1,866,565	1	1,400,291	1	2150	Notes payable (Note 6(v))		1,028	-	-	
1120	Current financial assets at fair value through other comprehensive income (Note 6(c) and (v))		4,396,324	2	2,895,791	2	2170	Accounts payable (Note 6(v))		1,528,912	1	1,238,734	
1170	Accounts receivable, net (Note 6(d) and (v))		7,994,879	4	4,086,396	2	2180	Accounts payable to related parties (Note 6(v) and 7)		878,808	-	1,260,424	
1180	Accounts receivable from related parties, net (Note 6(d), (v) and 7)		2,232,403	1	3,433,400	2	2200	Other payables (Note 6(p) and (v))		23,361,834	12	22,773,886	
1200	Other receivables (Note 6(e) and (v))		851,647	-	571,338	-	2220	Other payables to related parties (Note 6(v) and 7)		5,112	-	6,183	
1210	Other receivables from related parties (Note 6(e), (v) and 7)		33,279	-	48,570	-	2230	Current tax liabilities		4,096,349	2	4,506,801	
1220	Current tax assets		-	-	86,289	-	2280	Current lease liabilities (Note 6(m) and (v))		45,544	-	51,222	
1310	Inventories (Note 6(f))		3,856,388	2	4,381,793	2	2300	Other current liabilities		13,320	-	50,411	
1470	Other current assets (Note 6(k))		145,529	-	177,870	-				29,930,907	15	29,906,434	
1476	Other current financial assets (Note 6(k), (v) and 8)		1,719,140	1	448,767	-				29,930,907	15	29,906,434	
			119,835,424	61	116,571,756	63						16	
<b>Non-current assets:</b>													
	Non-current financial assets at fair value through other comprehensive income (Note 6(c) and (v))		3,086,000	1	1,054,000	1	2570	Deferred tax liabilities (Note 6(o))		11,400	-	332,874	
1550	Investments accounted for using equity method (Note 6(g))		17,122,420	9	14,248,006	8	2580	Non-current lease liabilities (Note 6(m) and (v))		23,054	-	67,694	
1600	Property, plant and equipment (Note 6(h) and 7)		40,801,230	21	37,541,071	20	2600	Other non-current liabilities (Note 6(v))		3,760	-	4,007	
1755	Right-of-use assets (Note 6(i))		69,416	-	118,706	-	2640	Net defined benefit liabilities (Note 6(n))		66,362	-	61,278	
1780	Intangible assets (Note 6(j))		226,378	-	145,269	-				104,576	-	465,853	
1840	Deferred tax assets (Note 6(o))		316,157	-	335,677	-				30,035,483	15	30,372,287	
1900	Other non-current assets (Note 6(k), (v) and 8)		3,124,776	2	2,794,666	1						16	
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							
			\$ 195,545,884	100	185,481,387	100							
<b>Total assets</b>													
<b>Liabilities and Equity</b>													
<b>Current liabilities:</b>													
	Short-term borrowings (Note 6(l) and (v))												
	Notes payable (Note 6(v))												
	Accounts payable (Note 6(v))												
	Accounts payable to related parties (Note 6(v) and 7)												
	Other payables (Note 6(p) and (v))												
	Other payables to related parties (Note 6(v) and 7)												
	Current tax liabilities												
	Current lease liabilities (Note 6(m) and (v))												
	Other current liabilities												
					</								

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)**

		<b>2023</b>		<b>2022</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000	<b>Operating revenues (Note 6(s) and 7)</b>	\$ 47,665,159	100	45,478,371	100
5000	<b>Operating costs (Note 6(f), (n), (t) and 7)</b>	<u>24,751,689</u>	<u>52</u>	<u>20,939,071</u>	<u>46</u>
		22,913,470	48	24,539,300	54
5910	Realized profit from sales	<u>260,145</u>	<u>1</u>	<u>472,171</u>	<u>1</u>
5900	<b>Gross profit from operations</b>	<u>23,173,615</u>	<u>49</u>	<u>25,011,471</u>	<u>55</u>
6000	<b>Operating expenses (Note 6(n), (t) and 7):</b>				
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	<u>4,095,555</u>	<u>9</u>	<u>4,082,100</u>	<u>9</u>
	<b>Total operating expenses</b>	<u>5,830,621</u>	<u>13</u>	<u>5,544,663</u>	<u>12</u>
6900	<b>Operating income</b>	<u>17,342,994</u>	<u>36</u>	<u>19,466,808</u>	<u>43</u>
7000	<b>Non-operating income and expenses:</b>				
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	<u>1,126,422</u>	<u>3</u>	<u>1,618,473</u>	<u>4</u>
		<u>4,673,525</u>	<u>10</u>	<u>8,583,185</u>	<u>19</u>
7900	<b>Profit before income tax</b>	22,016,519	46	28,049,993	62
7950	<b>Less: Income tax expenses (Note 6(o))</b>	<u>4,114,197</u>	<u>8</u>	<u>5,424,944</u>	<u>12</u>
	<b>Profit for the period</b>	<u>17,902,322</u>	<u>38</u>	<u>22,625,049</u>	<u>50</u>
8300	<b>Other comprehensive income:</b>				
8310	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>2,123,337</u>	<u>4</u>	<u>9,140</u>	<u>-</u>
8360	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>				
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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>47,394</u>	<u>-</u>	<u>1,212,443</u>	<u>2</u>
	<b>Other comprehensive income (loss) for the period, net of tax</b>	<u>2,170,731</u>	<u>4</u>	<u>1,221,583</u>	<u>2</u>
8500	<b>Total comprehensive income for the period</b>	<u>\$ 20,073,053</u>	<u>42</u>	<u>23,846,632</u>	<u>52</u>
	<b>Earnings per share (NT Dollars) (Note 6(r))</b>				
9750	<b>Basic earnings per share</b>	<u>\$ 134.13</u>		<u>169.52</u>	
9850	<b>Diluted earnings per share</b>	<u>\$ 132.62</u>		<u>166.89</u>	

See accompanying notes to parent company only financial statements.

**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)

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
<b>Cash flows from operating activities:</b>		
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)
<b>Total adjustments to reconcile profit</b>	<b>439,510</b>	<b>1,477,946</b>
<b>Changes in operating assets and liabilities:</b>		
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
<b>Total changes in operating assets</b>	<b>(2,565,619)</b>	<b>15,420,910</b>
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)
<b>Total changes in operating liabilities</b>	<b>34,184</b>	<b>1,029,977</b>
<b>Total changes in operating assets and liabilities</b>	<b>(2,531,435)</b>	<b>16,450,887</b>
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)
<b>Net cash flows from operating activities</b>	<b>18,449,242</b>	<b>42,767,994</b>
<b>Cash flows from investing activities:</b>		
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
<b>Net cash flows used in investing activities</b>	<b>(11,007,507)</b>	<b>(6,852,010)</b>
<b>Cash flows from financing activities:</b>		
(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	-
<b>Net cash flows used in financing activities</b>	<b>(9,743,716)</b>	<b>(14,666,805)</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(2,301,981)</b>	<b>21,249,179</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>99,041,251</b>	<b>77,792,072</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 96,739,270</b>	<b>99,041,251</b>

See accompanying notes to parent company only financial statements.

## **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 for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements 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	
	Amount	%	Amount	%
<b>Assets</b>				
<b>Current assets:</b>				
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), (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(i))	152,532	-	184,951	-
1476 Other current financial assets (Note 6(i), (w) and 8)	1,720,140	1	449,767	-
	<u>134,321,141</u>	<u>69</u>	<u>129,202,046</u>	<u>70</u>
<b>Non-current assets:</b>				
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 (Note 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
	<u>60,816,667</u>	<u>31</u>	<u>55,768,320</u>	<u>30</u>
<b>Total assets</b>	<u>\$ 195,137,808</u>	<u>100</u>	<u>184,970,366</u>	<u>100</u>
<b>Liabilities and Equity</b>				
<b>Current liabilities:</b>				
2100 Short-term borrowings (Note 6(m) and (w))				
2150 Notes payable (Note 6(w))				
2170 Accounts payable (Note 6(w))				
2180 Accounts payable to related parties (Note 6(w) and 7)				
2200 Other payables (Note 6(q) and (w))				
2220 Other payables to related parties (Note 6(w) and 7)				
2230 Current tax liabilities				
2280 Current lease liabilities (Note 6(n) and (w))				
2300 Other current liabilities				
	<u>85,601</u>	<u>-</u>	<u>123,000</u>	<u>-</u>
	<u>29,517,322</u>	<u>15</u>	<u>29,387,923</u>	<u>16</u>
<b>Non-Current liabilities:</b>				
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	-
	<u>110,085</u>	<u>-</u>	<u>473,343</u>	<u>-</u>
	<u>29,627,407</u>	<u>15</u>	<u>29,861,266</u>	<u>16</u>
<b>Total liabilities</b>				
<b>Equity:</b>				
<b>Equity attributable to owners of parent (Note 6(r)):</b>				
Share capital	1,334,682	1	1,334,682	1
Capital surplus	1,559,812	1	1,555,120	1
Retained earnings	160,871,108	82	152,651,936	82
Other equity interest	1,744,799	1	(432,638)	-
	<u>165,510,401</u>	<u>85</u>	<u>155,109,100</u>	<u>84</u>
<b>Total equity attributable to owners of parent:</b>				
	<u>165,510,401</u>	<u>85</u>	<u>155,109,100</u>	<u>84</u>
<b>Total liabilities and equity</b>	<u>\$ 195,137,808</u>	<u>100</u>	<u>184,970,366</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

## 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 <b>Operating revenue</b> (Note 6(t) and 7)	\$ 48,842,247	100	47,675,228	100
5000 <b>Operating costs</b> (Note6(g),(o),(u) and 7)	<u>25,036,696</u>	<u>51</u>	<u>21,579,583</u>	<u>45</u>
	23,805,551	49	26,095,645	55
5920 Unrealized profit from sales	<u>(11,867)</u>	<u>-</u>	<u>(12,971)</u>	<u>-</u>
5900 <b>Gross profit from operations</b>	<u>23,793,684</u>	<u>49</u>	<u>26,082,674</u>	<u>55</u>
6000 <b>Operating expenses</b> ((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	<u>4,191,167</u>	<u>9</u>	<u>4,153,972</u>	<u>9</u>
<b>Total operating expenses</b>	<u>5,986,271</u>	<u>13</u>	<u>5,698,555</u>	<u>12</u>
6900 <b>Operating income</b>	<u>17,807,413</u>	<u>36</u>	<u>20,384,119</u>	<u>43</u>
7000 <b>Non-operating income and expenses:</b>				
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))	<u>212,034</u>	<u>1</u>	<u>240,925</u>	<u>-</u>
	<u>4,294,568</u>	<u>9</u>	<u>7,442,583</u>	<u>15</u>
7900 <b>Profit before income tax</b>	22,101,981	45	27,826,702	58
7950 <b>Less: Income tax expenses</b> (Note 6(p))	<u>4,199,659</u>	<u>8</u>	<u>5,201,653</u>	<u>11</u>
<b>Profit for the period</b>	<u>17,902,322</u>	<u>37</u>	<u>22,625,049</u>	<u>47</u>
8300 <b>Other comprehensive income:</b>				
8310 <b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>2,123,337</u>	<u>4</u>	<u>9,140</u>	<u>-</u>
8360 <b>Components of other comprehensive income that will be reclassified to profit or loss</b>				
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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>47,394</u>	<u>-</u>	<u>1,212,443</u>	<u>3</u>
<b>Other comprehensive income for the period, net of tax</b>	<u>2,170,731</u>	<u>4</u>	<u>1,221,583</u>	<u>3</u>
8500 <b>Total comprehensive income for the period</b>	<u>\$ 20,073,053</u>	<u>41</u>	<u>23,846,632</u>	<u>50</u>
<b>Earnings per share</b> (NT Dollars)(Note 6(s))				
9750 <b>Basic earnings per share</b>	<u>\$ 134.13</u>		<u>169.52</u>	
9850 <b>Diluted earnings per share</b>	<u>\$ 132.62</u>		<u>166.89</u>	

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	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
<b>Balance at January 1, 2022</b>	\$ 1,341,402	1,562,914	22,134,303	1,521,382	118,221,976	(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)
	-	-	1,038,866	119,888	(11,636,008)	-	-	-	-	(10,477,254)
Profit for the year	-	-	-	-	22,625,049	-	-	-	-	22,625,049
Other comprehensive income for the period	-	-	-	-	12,951	1,302,402	(93,770)	1,208,632	-	1,221,583
Total comprehensive income for the period	-	-	-	-	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)	-	-	-	1,400,985	-
<b>Balance at December 31, 2022</b>	<u>\$ 1,334,682</u>	<u>1,555,120</u>	<u>23,173,169</u>	<u>1,641,270</u>	<u>127,837,497</u>	<u>(684,385)</u>	<u>251,747</u>	<u>(432,638)</u>	<u>-</u>	<u>155,109,100</u>
<b>Balance at January 1, 2023</b>	\$ 1,334,682	1,555,120	23,173,169	1,641,270	127,837,497	(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)
	-	-	2,823,645	(1,641,270)	(10,858,819)	-	-	-	-	(9,676,444)
Other changes in capital surplus	-	4,692	-	-	-	-	-	-	-	4,692
Profit for the period	-	-	-	-	17,902,322	-	-	-	-	17,902,322
Other comprehensive income for the period	-	-	-	-	(6,706)	(21,801)	2,199,238	2,177,437	-	2,170,731
Total comprehensive income for the period	-	-	-	-	17,895,616	(21,801)	2,199,238	2,177,437	-	20,073,053
<b>Balance at December 31, 2023</b>	<u>\$ 1,334,682</u>	<u>1,559,812</u>	<u>25,996,814</u>	<u>-</u>	<u>134,874,294</u>	<u>(706,186)</u>	<u>2,450,985</u>	<u>1,744,799</u>	<u>-</u>	<u>165,510,401</u>

See accompanying notes to consolidated financial statements.

**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)**

	<b>2023</b>	<b>2022</b>
<b>Cash flows from operating activities:</b>		
Profit before income tax	\$ 22,101,981	27,826,702
<b>Adjustments:</b>		
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 foreign exchange gain	(8,840)	(70,568)
Unrealized profit from sales	11,867	12,971
Property, plant and equipment transferred to expenses	-	400
<b>Total adjustments to reconcile profit</b>	<b>1,155,773</b>	<b>3,121,770</b>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
(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
<b>Total changes in operating assets</b>	<b>(4,132,648)</b>	<b>15,308,115</b>
<b>Changes in operating liabilities:</b>		
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)
<b>Total changes in operating liabilities</b>	<b>135,611</b>	<b>1,044,624</b>
<b>Total changes in operating assets and liabilities</b>	<b>(3,997,037)</b>	<b>16,352,739</b>
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)
<b>Net cash flows from operating activities</b>	<b>18,198,563</b>	<b>44,207,085</b>
<b>Cash flows from investing activities:</b>		
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	-
<b>Net cash flows used in investing activities</b>	<b>(11,151,026)</b>	<b>(9,792,853)</b>
<b>Cash flows from financing activities:</b>		
(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	-
<b>Net cash flows used in financing activities</b>	<b>(9,750,247)</b>	<b>(14,672,676)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>20,979</b>	<b>1,280,781</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(2,681,731)</b>	<b>21,022,337</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>110,171,631</b>	<b>89,149,294</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 107,489,900</b>	<b>110,171,631</b>

See accompanying notes to consolidated financial statements.

**Largan Precision Co., Ltd.****2023 Earnings Distribution Table**

Unit: NT\$

Item	Amount	
	Subtotal	Subtotal
<b>Beginning Balance</b>		<b>120,781,438,828</b>
Less: Change in remeasurement of defined benefit plans for the period	(6,704,881)	
Add: Reversal of special reserve		
Reversal in the first half of 2023	432,637,999	
Add: Net income after tax for the year	17,902,321,655	
<b>Earnings available for distribution</b>		<b>139,109,693,601</b>
Less: Appropriation for legal reserve		
Amount appropriated in the first half of 2023	(698,492,064)	
Difference for the year	(1,091,069,613)	
Distribution items:		
Less: Dividends to shareholders - cash (Note)		
Earnings distribution resolved for the first half of 2023 (NT\$26.5/share)	(3,536,907,221)	
Earnings distribution resolved for the second half of 2023 (NT\$41/share)	(5,472,196,077)	
<b>Undistributed earnings at the end of the period</b>		<b>128,311,028,626</b>

Note: The Company's 2023 earnings shall be distributed first.

Chairman: En-Ping Lin

President:

You-Chih Huang

Chief Accounting Officer: Hsing-Ju Tsaur



# Largan Precision Co., Ltd. Articles of Incorporation

## Chapter 1 General Provisions

- Article 1: The Company is incorporated as a company limited by shares under the Company Act of the Republic of China, and its name is 大立光電股份有限公司. The Company's name in English is Largan Precision Co., Ltd.
- Article 2: The Company engages in the following businesses:
1. CE01010 Photographic and optical equipment manufacturing.
  2. CQ01010 Die manufacturing.
  3. F601010 Intellectual property
  4. F113030 Wholesale of precision instruments
  5. F401010 International trade.
  6. I501010 Product designing
  7. CF01011 Medical materials and equipment manufacturing.
  8. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 2-1: The total amount of the Company's investments in other entities may exceed 40% of its paid-in capital, and is not subject to the restriction of total investment amount stipulated in Article 13 of the Company Act.
- Article 2-2: The Company may provide guarantees for companies in the same industry specified above, and provide endorsement and guarantee for loans funded from government authorities and financial institutions when necessary for its operations.
- Article 3: The Company's head office is established in Taichung City. When necessary, the Company may establish branch offices domestically or overseas, subject to resolution by its Board of Directors.
- Article 4: The Company's public announcements shall be made pursuant to Article 28 of the Company Act.

## Chapter 2 Shares

- Article 5: The total capital stock of the Company is in the amount of two billion New Taiwan Dollars (NT\$2,000,000,000) divided into 200 million (200,000,000) common shares, at a par value of Ten New Taiwan Dollars (NT\$10) each. The Board of Directors is authorized to issue the shares in multiple installments.
- A total of NT\$100,000,000 totaling 10 million (10,000,000) shares of the aforementioned capital shall be reserved for the issuance of employee stock options at NT\$10 per share, and may be issued in installments upon resolution by the Board of Directors.

- Article 6: The Company's share certificates shall be name bearing, and registered, signed or sealed by the Director representative of the Company. The share certificates shall be issued after certification by banks competent to serve as attestors for the issuance of share certificates.
- The Company may be exempted from printing share certificates for the shares issued. The Company not printing its share certificate shall register the issued stock with the securities depository and custodian institution. Requirements in the two preceding paragraphs shall not apply.
- Article 7: The Company shall administer all shareholder services in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies" and related regulations.
- Article 8: In the event of reissue of share certificates due to loss or damage, the Company may charge a fee to cover the cost and the applicable stamp duty.
- Article 9: Share transfer registration shall be suspended 60 days prior to the convening date of a regular shareholders' meeting, or 30 days prior to the convening date of a special shareholders' meeting, or 5 days prior to the record date on which dividends, bonuses or other benefits are scheduled for distribution by the Company.
- Article 9-1: Transfer of shares to employees at prices below the Company's actual average repurchase price or issue of employee stock options below the market price (net worth per share) are subject to a shareholders' meeting resolution and must be resolved with the presence of shareholders representing more than one-half of the total number of outstanding shares, and voted in favor by more than two-thirds of votes present.

### Chapter 3 Shareholders' Meeting

- Article 10: Shareholders' meeting shall be of two types: general meetings and special meetings. General shareholders' meetings are convened annually within six months after the end of each fiscal year. Special meetings shall be convened according to the law when necessary. The notice for convening a shareholders' meeting shall be given to each shareholders 30 days before a general meeting and 15 days before a special meeting. The date, location, and purpose of the meeting shall be notified to all shareholders. The notices for the shareholders' meeting prescribed in the preceding paragraph may be distributed in electronic form, subject to agreement by the recipient thereof. The Company's shareholders' meetings can be held by video conference or other methods announced by the central competent authority.
- Article 11: A shareholder who cannot attend a shareholders' meeting may appoint a proxy to attend on his/her behalf by executing a power of attorney in accordance with Article 177 of the Company Act.
- Article 12: Where a shareholders' meeting is convened by the Board of Directors, the meeting shall be presided over by the Chairman of the Board. In case of his absence, the Chairman shall designate a Director to act on his behalf. In the absence of such designation, the

Directors shall elect one person from among themselves to serve as chairman of the meeting.

For shareholders' meetings convened by any other person having the convening right other than the Board of Directors, he/she will act as the chairman of that meeting, however, if there are two or more persons having the convening right, the chairman of the meeting shall be elected from among themselves.

Article 13: All shareholders are entitled to one vote for each share held, except for shares that have no voting power under the circumstances stipulated in Article 179 of the Company Act.

Article 14: Unless otherwise provided for in the Company Act, a resolution shall be adopted if voted in favor by a majority of votes by attending shareholders representing more than one-half of the total number of voting shares.

Article 15: Resolutions made during the shareholders' meeting shall be recorded in the minutes in accordance with Article 183 of the Company Act.

#### Chapter 4 Directors and Audit Committee

Article 16: The Company shall have seven to nine Directors. The term of office for Directors shall be three years and all shall be eligible for re-election. The total proportion of shares held by all Directors of the Company shall be subject to regulations prescribed by the securities authority.

The Company shall have, among the aforementioned Directors, at least three independent Directors, and the number of Independent Directors shall not be less than one-fifth of the total number of Directors. The Company's Directors shall be elected by the shareholders from among the nominees listed in the roster of candidates based on a candidate nomination system.

The "Directors" referred to in these Articles of Incorporation include Independent Directors.

The candidate nomination system shall be implemented in accordance with Article 192-1 of the Company Act.

Article 16-1: Meetings of the Board of Directors shall be convened quarterly and Directors shall be notified of the purpose of the meeting at least seven days in advance. A meeting may be convened at any time in case of urgent circumstances. The notice for a Board of Directors meeting may be made in writing, or by facsimile, email, or other methods.

Article 17: In the case that the number of vacancies on the Board of Directors reaches one-third of the total number of Directors, then the Board of Directors shall convene, within 60 days, a special shareholders' meeting to elect succeeding Directors or Supervisors to fill such vacancies; the term of office of the newly elected members shall be the same as remaining term of the predecessor.

- Article 18: In case election of the Board of Directors cannot be completed before the expiration of the term of office, the term of office for the existing Directors shall be extended until the new Directors elect assume office.
- Article 19: The Board of Directors shall be formed by the Directors. The Chairman and Vice Chairman shall be elected by a majority of votes in a meeting attended by over two-thirds of the Directors. The Board of Directors shall execute all matters of the Company in accordance with applicable laws, regulations, these Articles of Incorporation, and resolutions adopted at shareholders' meeting and by the Board of Directors.
- Article 20: The Company's business strategies and other important matters shall be decided by resolutions adopted by the Board of Directors. The first meeting of the Board of Directors for each new term shall be convened in accordance with Article 203 of the Company Act. Other meetings shall be convened and presided over by the Chairman. If the Chairman is unable to perform his/her duties, the Vice Chairman shall act on the Chairman's behalf. If the Vice Chairman is also unavailable or unable to perform his/her duties, the Chairman shall designate one of the Directors to act on his/her behalf. In the absence of such a designation, the Directors shall elect from among themselves an acting Chairman of the Board of Directors.
- Article 21: Unless otherwise provided for in the Company Act, the adoption of a resolution at a Board of Directors meeting shall require a majority vote in favor of the resolution by more than one-half of the Directors in attendance of the meeting. If a Director is unable to attend a meeting, he/she may appoint another Director to attend the meeting on his/her behalf by completing the Company's proxy form, specifying the scope of authority with respect to the subjects to be discussed at the meeting. Each Director may act as a proxy for one other Director only.
- Article 22: Resolutions adopted at the meeting of the Board of Directors shall be recorded in the minutes and signed or sealed by the Chairman. The minutes shall be distributed to each Director within 20 days after the meeting. The minutes shall include a summary of the essential points of the proceedings and the results of the meeting. The minutes shall be kept by the Company along with the attendance list with signatures of the Directors in attendance and the proxy authorization forms for proxy attendees.
- Article 23: Deleted.
- Article 23-1: Directors of the Company shall be entitled to remuneration for their duties regardless of profit or loss. The Board of Directors is authorized to determine the remuneration within the standards for maximum salaries established in the Company's Remuneration Policy based on the level of their participation in the Company's operations and the value of their contribution. The Board of Directors may pay transportation allowances to Directors based on prevailing rates in the industry. Directors of the Company who work in the Company shall be entitled to monthly salaries in accordance with salary standards of regular managerial officers in addition to the Director compensation specified in Article 26 of these Articles of Incorporation.

Article 23-2: The Board of Directors is authorized to take out liability insurance for the Directors with respect to the liabilities resulting from exercising their duties during their term of office to reduce the risk of material damages to the Company and shareholders caused by illegal actions of its Directors.

#### Chapter 5 Managerial Officers and Staff

Article 24: The Company may appoint a number of managerial officers in accordance with applicable regulations. The appointment, dismissal and compensation of such managerial officers shall be governed by Article 29 of the Company Act.

#### Chapter 6 Final Accounts

Article 25: The Board of Directors of the Company shall prepare and submit the following documents at the end of each fiscal year to the general shareholders' meeting for adoption, in accordance with regulations:

1. Business report.
2. Financial statements.
3. Proposal Concerning Distribution of Earnings or Offset of Losses

Article 26: 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.

Employee 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.

Article 26-1: The Company's surplus earnings distribution or loss off-setting proposal may be proposed at the close of each half fiscal year.

Where the Company has a profit at the end of each half fiscal year, the Company shall estimate and reserve the taxes to be paid, offset losses according to regulation, estimate and reserve employees and Directors' compensation, and allocate 10% as legal reserve, unless accumulated legal reserve has reached the total paid-in capital. Then, set aside or reverse a special reserve in accordance with relevant regulations or as requested by the competent authorities.

If a surplus remains, the balance combined with undistributed retained earnings from preceding periods shall be distributed according to the distribution plan proposed by the Board of Directors. If distributing in the form of new shares to be issued, the Company shall follow the provisions of Article 240 of the Company Act. If distributing in the form

of cash, it shall be approved by the Board of Directors.’

Where there is a profit at the end of each fiscal year, besides payment of income tax and offset of losses in preceding years, the remaining shall be distributed as follows:

1. Allocate 10% as legal reserve, unless accumulated legal reserve has reached the total paid-in capital.
2. Where necessary, set aside or reverse a special reserve in accordance with relevant regulations.

If a surplus remains, the balance combined with undistributed retained earnings from preceding periods shall be distributed according to the distribution plan proposed by the Board of Directors.

If distributing in the form of new shares to be issued, the plan shall be submitted to the shareholders’ meeting for approval. If distributing in the form of cash, the Board of Directors shall adopt a resolution by a majority vote at a meeting attended by over two thirds of the Directors and report such distribution to the shareholders' meeting.

Pursuant to Article 241 of Company Act, the Company may distribute its legal reserve and capital reserve, in whole or in part, by issuing new shares or by cash to its shareholders in proportion to the number of shares being held by each of them in the method specified above.

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.

#### Chapter 7 Supplemental Provisions

- Article 27: The internal organizational rules and bylaws of the Company shall be established separately by the Board of Directors.
- Article 28: Matters not addressed in these Articles of Incorporation shall be governed by the Company Act and other applicable regulations.
- Article 29: These Articles of Incorporation were enacted and first amended on April 30, 1987.  
The 2nd amendment was made on March 22, 1989.  
The 3rd amendment was made on August 30, 1990.  
The 4th amendment was made on January 15, 1992.  
The 5th amendment was made on July 29, 1992.  
The 6th amendment was made on September 29, 1992.  
The 7th amendment was made on October 29, 1992.  
The 8th amendment was made on May 10, 1993.

The 9th amendment was made on May 22, 1993.  
The 10th amendment was made on July 3, 1993.  
The 11th amendment was made on March 2, 1994.  
The 12th amendment was made on April 20, 1997.  
The 13th amendment was made on June 6, 1997.  
The 14th amendment was made on July 15, 1997.  
The 15th amendment was made on October 15, 1997.  
The 16th amendment was made on February 10, 1998.  
The 17th amendment was made on June 10, 1998.  
The 18th amendment was made on June 30, 1998.  
The 19th amendment was made on May 15, 1999.  
The 20th amendment was made on July 15, 2000.  
The 21st amendment was made on September 23, 2000.  
The 22nd amendment was made on July 16, 2001.  
The 23rd amendment was made on November 9, 2001.  
The 24th amendment was made on June 28, 2002.  
The 25th amendment was made on June 9, 2003.  
The 26th amendment was made on June 11, 2004.  
The 27th amendment was made on June 14, 2005.  
The 28th amendment was made on June 14, 2006.  
The 29th amendment was made on June 15, 2007.  
The 30th amendment was made on June 13, 2008.  
The 31st amendment was made on June 10, 2009.  
The 32nd amendment was made on June 14, 2010.  
The 33rd amendment was made on June 9, 2011.  
The 34th amendment was made on June 18, 2012.  
The 35th amendment was made on June 10, 2015.  
The 36th amendment was made on June 8, 2016.  
The 37th amendment was made on June 12, 2018.  
The 38th amendment was made on June 12, 2019.  
The 39th amendment was made on August 25, 2021.  
The 40th amendment was made on June 8, 2022.

These Articles of Incorporation shall be effective and implemented following approval from the shareholders' meeting.

Largan Precision Co., Ltd.

Chairman: En-Ping Lin

## **Largan Precision Co., Ltd.**

### **Rules and Procedures of Shareholders' Meeting**

- Article 1: Unless otherwise provided for in applicable laws or regulation, shareholders' meetings of this Company (hereinafter referred to as the Company) shall be conducted in accordance with these Rules and Procedures.
- Article 2: The Company shall provide attending shareholders with an attendance book to sign in, or attending shareholders may submit attendance cards in lieu of signing in. The number of attending shares shall be calculated according to the attendance book and the attendance cards submitted plus the number of shares exercised by correspondence or electronic means.
- Article 3: Attendance and voting rights at shareholders' meetings shall be calculated based on the numbers of shares represented.
- Article 4: The venue of shareholders' meetings shall be on the Company's premises or at another place convenient for shareholders to attend and suitable for such a meeting. The meeting shall begin no earlier than 9 a.m. and no later than 3 p.m.
- Article 5: If a shareholders' meeting is convened by the Board of Directors, the Chairman of the Board of Directors shall be the chairman presiding at the meeting. If the Chairman of the Board of Directors is on leave or unable to perform his duties for any other reason, the Vice Chairman shall preside at the meeting on the Chairman's behalf. If the Vice Chairman is also on leave or unable to perform his duties for any other reason, the Chairman of the Board of Directors shall appoint a Managing Director to act on his behalf. If there are no Managing Directors, the Chairman shall appoint a Director to act on his behalf. If the Chairman does not make such a designation, the Managing Directors or Directors shall select one person from among themselves to serve as chair.
- If the shareholders' meeting is convened by any other person entitled to convene the meeting other than the Board of Directors, such person shall be the chair of the meeting.
- Article 6: The Company may appoint designated counsel, certified public accountants or other relevant persons to attend the shareholders' meeting.
- Staff handling administrative affairs of a shareholders' meeting shall wear identification badges or armbands.
- Article 7: The Company's shareholders' meetings must be videotaped or audio recorded and kept for at least one year.
- Article 8: The chair shall call the meeting to order at the appointed time. However, if the attending shareholders do not represent more than one-half of the total number of issued shares, the chair may postpone the meeting time. No more than two such postponements, for a combined total of no more than one hour shall be made. If after two postponements the attending shareholders still represent less than one-half of the total number of issued shares but represent more than one-third of the total issued shares, provisional resolutions may be adopted in accordance with Article 175, Paragraph 1 of the Company Act.
- If during the process of the meeting the number of issued shares represented by the shareholders present becomes sufficient to constitute the quorum, the chair may submit the provisional resolutions to the meeting for approval in accordance with Article 174 of the Company Act.
- Article 9: The agenda of the shareholders' meeting shall be set by the Board of Directors if the meeting is convened by the Board of Directors. The meeting shall proceed in accordance with the agenda unless otherwise resolved at the meeting.



The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting that is convened by any person other than the Board of Directors entitled to convene a meeting.

Unless otherwise resolved at the meeting, the chair cannot announce adjournment of the meeting before all the items (including extemporary motions) listed in the agenda are resolved.

The shareholders cannot designate any other person as chair and continue the meeting in the same or another place after the meeting is adjourned.

Article 10: When a shareholder presents at the meeting wishes to speak, a speaker's slip shall be filled out with summary of the speech, the shareholder's number (or the number on their attendance card) and the name of the shareholder. The sequence of speeches by shareholders shall be decided by the chair.

If a shareholder present at the meeting submits a speaker's slip but does not speak, the shareholder shall be deemed to have not spoken.

In case the contents of the speech of a shareholder are inconsistent with the contents of the speaker's slip, the spoken content shall prevail.

Unless otherwise permitted by the chair and the speaking shareholder, no shareholder shall interrupt the speech of other shareholders, otherwise the chair shall stop such interruption.

Article 11: Unless otherwise permitted by the chair, each shareholder shall not speak more than twice on the same discussion item and each speech may not exceed five minutes.

If a shareholder violates the rules outlined in the preceding paragraph or exceeds the scope of the discussion item, the chair may stop the shareholder's speech.

Article 12: Any legal entity designated as proxy by a shareholder to be present at the meeting may appoint only one representative to attend the meeting.

If a legal entity is a shareholder and designates two or more representatives to attend the meeting, only one representative can speak for each discussion item.

Article 13: After the speech of a shareholder, the chair may respond in person or designate another person to respond.

Article 14: The chair may announce to end the discussion of any resolution and call for a vote if the chair deems it appropriate.

Article 15: The chair shall appoint persons responsible for monitoring and counting ballots. However, the persons responsible for monitoring ballots must be shareholders. The result of voting shall be announced on-site at the meeting and placed on record.

Article 16: During the meeting, the chair may, at his discretion, set time for intermission.

Article 17: A resolution shall be adopted by a majority of the votes represented by the shareholders present at the meeting. At the time of a vote, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders for each proposal, followed by a poll of the shareholders. On the same day after the meeting, the results of each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the Market Observation Post System.

All shareholders are entitled to one vote for every share held, except for the circumstances stipulated in Article 179 of the Company Act where shares are not assigned voting rights. When one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3% of the voting rights represented by the total number of issued shares. Any excess of that percentage shall not be included in the calculation.

- Article 18: When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the sequence of voting. If any one of them has been adopted, the other proposals will then be deemed vetoed, and no further voting shall be required.
- Article 19: The chair may instruct disciplinary officers (or security personnel) to help maintain order at the meeting place. Such disciplinary officers or security personnel shall wear arm bands which identify their roles as "Disciplinary Officer."
- Article 20: These Rules and Procedures shall be implemented following approval by a shareholders' meeting. The same applies in the case of amendments.

## Largan Precision Co., Ltd.

### Table of Directors' Shareholdings

Book closure date: April 9, 2024

Title	Name	Elected Date	Shares Held When Elected		Shares Held As Of The Closing Date	
			Number of shares held	Shareholding (%)	Number of shares held	Shareholding (%)
Chairman Director	Mao Yu Commemorate Co., Ltd. Representative: En-Ping Lin Representative: En-Chou Lin	2022.06.08	18,910,616	14.17%	18,910,616	14.17%
Vice Chairman	You-Chih Huang	2022.06.08	94,228	0.07%	48,228	0.04%
Director	Chung-Jen Liang	2022.06.08	2,091,721	1.57%	2,091,721	1.57%
Director	Ming-Yuan Hsieh	2022.06.08	3,606,585	2.70%	3,606,585	2.70%
Director	Chun-Ming Chen	2022.06.08	119,446	0.09%	119,446	0.09%
Independent Director	Ming-Hua Peng	2022.06.08	56,604	0.04%	56,604	0.04%
Independent Director	Shan-Chieh Yen	2022.06.08	No shares held	0%	No shares held	0%
Independent Director	Chun-Yi, Lu	2022.06.08	No shares held	0%	No shares held	0%
Number and Percentage of Shares Held by All Directors					24,833,200	18.61%

1. Number of Issued Ordinary Shares of the Company: 133,468,197 shares
2. The Company has three independent directors. In accordance with Article 26 of the Securities and Exchange Act and the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies" issued by the Securities and Futures Bureau, the shareholding percentage of all directors other than independent directors shall be reduced to 80% if more than two independent directors are elected.
3. The number of shares held by all directors of the Company meet the legal percentage requirements.

Thank You