Stock Code:3008

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

LARGAN PRECISION CO., LTD. AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022

Address: No.11, Jingke Rd., Nantun Dist., Taichung City 40852, Taiwan (R.O.C.)
Telephone: 886-4-3600-2345

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.

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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.

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

LARGAN PRECISION CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(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.

LARGAN PRECISION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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	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.

(iii) Subsidiaries excluded from consolidation:

Name of investor	Name of subsidiary	Principal activity	Percentage of Ownership	
			December 31, 2023	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.

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.

(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.

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;

- 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.

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

– 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).

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.

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.

(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

– 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.

(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.

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.

(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.

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.

(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.

(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).

(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**

(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:

		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**

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

(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**

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**

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.

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.

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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**

(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**

(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.

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(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)**

(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)

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	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.

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

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).

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	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**

	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	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

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(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)

LARGAN PRECISION CO., LTD. AND SUBSIDIARIES
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(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**

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(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)

LARGAN PRECISION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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 %	

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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	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	- %	

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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	
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	-	-

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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	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				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%	

(Continued)

LARGAN PRECISION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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LARGAN PRECISION CO., LTD. AND SUBSIDIARIES
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(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.

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LARGAN PRECISION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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

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LARGAN PRECISION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow				Percentage of ownership			
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 %

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LARGAN PRECISION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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**