

Letter to Shareholders

To our shareholders:

Affected by the worsened global capital market and the world financial crisis, the K Laser Group's consolidated sales of 2008 slightly decreased by 4.96% from 2007 to reach 3.5 billion NT dollars. Gross profit margin of 2008 was 25%, and the net operating profit was 88 million NT dollars. Compared to 2007, the decreases in profit margin and net profit were caused by: 1) writing off the cost of the deferred China Group IPO in Hong Kong stock market; 2) writing off convertible note and valuation loss on inventory; and 3) dramatically decreased demands for security products and cold foil products in Korea, Eastern Europe, and Russia where the economies were hard hit by the global financial crisis.

With that said, it is remarkable that the K Laser Group's consolidated sales only dropped about 5% and maintained profitable in this global financial storm. It shows the value of K Laser brand name. In 2008, we had also accomplished a few expansions in Thailand and Korea to further explore the hologram paper and lamination film markets in Asia. Additionally we invested a great deal on R&D to become self-sufficient of raw materials in order to shorten the supply chain to maintain a healthy profit margin. While those investments may affect our short-term profit, we expect to see them pay off in 2009.

This year, we continue to see the global financial crisis ripple outward its effects, and the asset quality and solvency continue to be the issues for many enterprises. In these circumstances, we will strengthen our management on inventory and account receivables, and exercise tighter cost controls for 2009. In sales & marketing, we will keep on pushing our film products to the middle- and high-end printing & packaging markets. In addition, we are developing new technologies and products that can yield better gross margin. Several major research projects, such as seamless technology and optical film development have gained significant progress. We expect to begin producing new products using the new technology in the second half of the year. On top of the expansion in Thailand and Korea, our new manufacturing plant in Mexico has been completed this year and it will help us compete successfully in the hologram film and paperboard markets in North America and Latin America. We believe that those expansions will gradually yield returns when the economy eventually recovers.

All in all, we will take advantage of our global operation, and exercise resource integration and resource sharing to get through the rough times. Soon with the production of seamless products as well as optical film products, we will see the K Laser Group's revenues surge along with the economy that gets to the next emerging growth cycle. Here, we would like to take this chance to thank our shareholders for your supports and our employees for their great efforts. We will keep the great spirit of teamwork and continue to lead K Laser successfully in the future.

Sincerely,



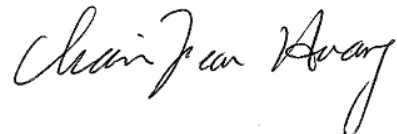
Alex Kuo
Chairman

Sincerely,



Daniel Kuo
CEO

Sincerely,



Chien-Fong Huang
Director